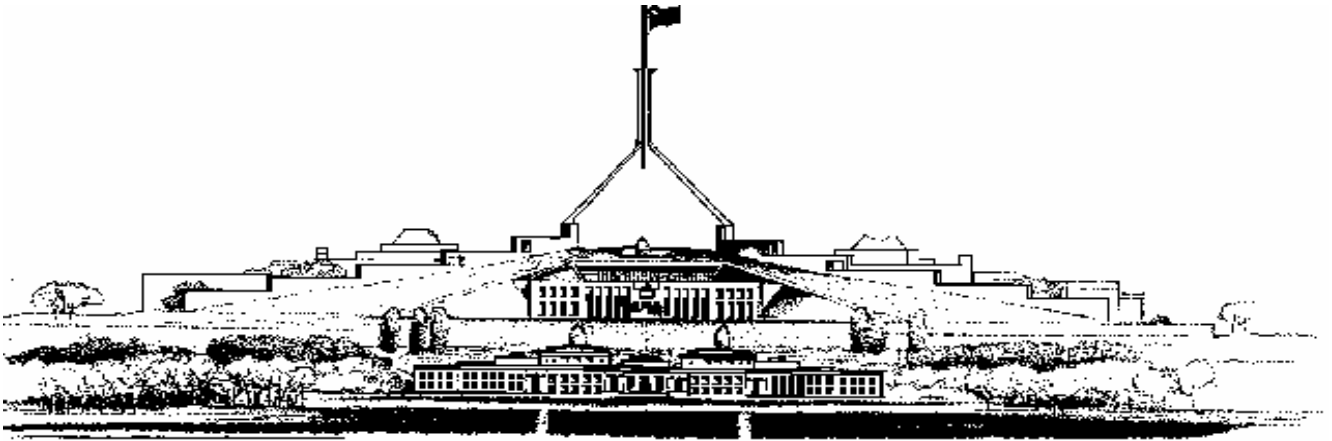




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 6, 2008

Wednesday, 28 May 2008

FORTY-SECOND PARLIAMENT
FIRST SESSION—SECOND PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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SITTING DAYS—2008

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

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

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

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Deputy Speaker—Ms Anna Elizabeth Burke MP

Second Deputy Speaker—Hon. Bruce Craig Scott MP

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

Manager of Opposition Business—Hon. Joseph Benedict Hockey MP

Deputy Manager of Opposition Business—Mr Luke Hartsuyker MP

Party Leaders and Whips

Australian Labor Party

Leader—Hon. Kevin Michael Rudd MP

Deputy Leader—Hon. Julia Eileen Gillard MP

Chief Government Whip—Hon. Leo Roger Spurway Price MP

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

Liberal Party of Australia

Leader—Hon. Brendan John Nelson MP

Deputy Leader—Hon. Julie Isabel Bishop MP

Chief Opposition Whip—Hon. Alex Somlyay MP

Opposition Whip—Mr Michael Andrew Johnson MP

Deputy Opposition Whip—Ms Nola Bethwyn Marino MP

The Nationals

Leader—Hon. Warren Errol Truss MP

Chief Whip—Mrs Kay Elizabeth Hull MP

Whip—Mr Paul Christopher Neville MP

Printed by authority of the House of Representatives

Members of the House of Representatives

Members	Division	Party
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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
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Bishop, Hon. Bronwyn Kathleen	Mackellar, NSW	LP
Bishop, Hon. Julie Isabel	Curtin, WA	LP
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Ciobo, Steven Michele	Moncrieff, Qld	LP
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Collins, Julie Maree	Franklin, Tas	ALP
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Crean, Hon. Simon Findlay	Hotham, Vic	ALP
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D'Ath, Yvette Maree	Petrie, Qld	ALP
Debus, Hon. Robert John	Macquarie, NSW	ALP
Downer, Hon. Alexander John Gosse	Mayo, SA	LP
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Elliot, Hon. Maria Justine	Richmond, NSW	ALP
Ellis, Annette Louise	Canberra, ACT	ALP
Ellis, Hon. Katherine Margaret	Adelaide, SA	ALP
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Farmer, Hon. Patrick Francis	Macarthur, NSW	LP
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Ferguson, Hon. Martin John, AM	Batman, Vic	ALP
Fitzgibbon, Hon. Joel Andrew	Hunter, NSW	ALP
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Garrett, Hon. Peter Robert, AM	Kingsford Smith, NSW	ALP
Gash, Joanna	Gilmore, NSW	LP
Georganas, Steven	Hindmarsh, SA	ALP

Members of the House of Representatives

Members	Division	Party
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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
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Hawke, Alexander George	Mitchell, NSW	LP
Hawker, Hon. David Peter Maxwell	Wannon, Vic	LP
Hayes, Christopher Patrick	Werriwa, NSW	ALP
Hockey, Hon. Joseph Benedict	North Sydney, NSW	LP
Hull, Kay Elizabeth	Riverina, NSW	Nats
Hunt, Hon. Gregory Andrew	Flinders, Vic	LP
Irons, Stephen James	Swan, WA	LP
Irwin, Julia Claire	Fowler, NSW	ALP
Jackson, Sharryn Maree	Hasluck, WA	ALP
Jenkins, Henry Alfred	Scullin, Vic	ALP
Jensen, Dennis Geoffrey	Tangney, WA	LP
Johnson, Michael Andrew	Ryan, Qld	LP
Katter, Hon. Robert Carl	Kennedy, Qld	Ind
Keenan, Michael Fayat	Stirling, WA	LP
Kelly, Hon. Michael Joseph, AM	Eden-Monaro, NSW	ALP
Kerr, Hon. Duncan James Colquhoun, SC	Denison, Tas	ALP
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Laming, Andrew Charles	Bowman, Qld	LP
Ley, Hon. Sussan Penelope	Farrer, NSW	LP
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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
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Markus, Louise Elizabeth	Greenway, NSW	LP
Marles, Richard Donald	Corio, Vic	ALP
May, Margaret Ann	McPherson, Qld	LP
Melham, Daryl	Banks, NSW	ALP
Mirabella, Sophie	Indi, Vic	LP
Morrison, Scott John	Cook, NSW	LP
Moylan, Hon. Judith Eleanor	Pearce, WA	LP
Murphy, Hon. John Paul	Lowe, NSW	ALP
Neal, Belinda Jane	Robertson, NSW	ALP
Nelson, Hon. Brendan John	Bradfield, NSW	LP
Neumann, Shayne Kenneth	Blair, Qld	ALP

Members of the House of Representatives

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

Members of the House of Representatives

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

PARTY ABBREVIATIONS

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

Heads of Parliamentary Departments

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

RUDD MINISTRY

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

[The above ministers constitute the cabinet]

RUDD MINISTRY—*continued*

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

SHADOW MINISTRY

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

[The above constitute the shadow cabinet]

SHADOW MINISTRY—*continued*

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

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Wednesday, 28 May 2008

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

**FIRST HOME SAVER ACCOUNTS
BILL 2008**

First Reading

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

Bill read a first time.

Second Reading

Mr SWAN (Lilley—Treasurer) (9.01 am)—

That this bill be now read a second time.

First home saver accounts will help bring the dream of homeownership closer to a reality for many thousands of young Australians.

Rising house prices have increased financial pressures on households and made it harder to save a deposit for a first home.

Homeownership is vital to the economic and social wellbeing of Australians.

It is a stable base from which to participate in society, and the primary asset for most families.

In recognition of this, we committed in the election campaign to introducing first home saver accounts.

Today, the government is delivering on that promise.

First home saver accounts are the first of their kind in Australia and will provide a tax effective way for Australians to save for a first home to live in, through a combination of government contributions and low taxes.

For example, a couple each earning average incomes, both putting aside 10 per cent of their income into individual first home saver accounts, would be able to save more than \$88,000 after five years.

The introduction of the accounts will also help spark a new savings culture amongst young Australians.

The government has undertaken an extensive consultation process and has improved the accounts in line with industry and community comment. The result is a policy that is fairer and simpler to administer.

The legislation for first home saver accounts is contained in three bills.

- The main bill is the First Home Saver Accounts Bill 2008, which establishes the accounts, provides for the payment of the government contribution and governs their operation and prudential regulation.
- The First Home Saver Accounts (Consequential Amendments) Bill 2008 contains consequential amendments to other Commonwealth laws, chiefly the taxation and corporations law.
- The Income Tax (First Home Saver Accounts Misuse Tax) Bill 2008 imposes the misuse tax to clawback benefits obtained by an account holder who improperly uses the accounts.

The main features of the accounts are as follows:

- An individual can open an account if they are aged 18 or over and under 65; have not previously purchased or built a first home in which to live; do not have, or have not previously had, a first home saver account; and provide their tax file number to the provider.
- Personal contributions can be made by the account holder or a parent or grandparent, and can only be made from after-tax income.
- The account is supported by government contributions. The government will contribute an extra 17 per cent on the first

\$5,000 of personal contributions made into the account each year. This will be indexed to average weekly ordinary time earnings. This means that an individual contributing \$5,000 will receive a government contribution of \$850.

- There is an overall account balance cap of \$75,000, which is indexed to average weekly ordinary time earnings. Earnings can still accrue once the cap is reached.
- In addition, earnings on account balances are taxed at the account provider level at the statutory rate of 15 per cent, rather than in the hands of the individual account holder at their marginal tax rate.
- As a general rule, in order to access money to purchase a first home, personal contributions of at least \$1,000 must have been made in each of at least four financial years.
- Individual contributions are not taxed as they are made from after-tax income; government contributions are not taxed and withdrawals to purchase a first home are not taxed.

From 1 October 2008, accounts can be offered by banks, building societies and credit unions, public offer superannuation providers, life insurance companies, and friendly societies.

The bill also provides a framework to prudentially regulate public offer superannuation providers.

Providers that are banks, building societies and credit unions; and life insurance companies will continue to be prudentially regulated under the Banking Act 1959 and Life Insurance Act 1995 respectively.

The government is investing around \$1.2 billion over four years in the First Home Saver Accounts policy, including administrative costs.

This is part of a package of measures costing \$2.2 billion over four years to boost housing supply and assist those most in need; namely, first home buyers and renters on low and moderate incomes.

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

The SPEAKER—Order! The debate must now be adjourned. It is not possible for the chair to give the member for Maranoa the call from the position he is in at the moment, unless he has had greatness thrust upon him that I am not aware of. If he wishes to go to his position or perhaps the member for Macarthur would assist the chamber.

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

Leave granted for the debate to be resumed at a later hour.

The SPEAKER—Before we proceed, while the chair is tranquil about there not being somebody from the opposition executive at the table from time to time, it is required for the chamber to proceed. We do require a member of the government executive to be at the table on all occasions because there are some things under the standing orders that are required to be done by a minister or parliamentary secretary.

**FIRST HOME SAVER ACCOUNTS
(CONSEQUENTIAL AMENDMENTS)
BILL 2008**

First Reading

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

Bill read a first time.

Second Reading

Mr SWAN (Lilley—Treasurer) (9.07 am)—I move:

That this bill be now read a second time.

This bill is the second in a package of three bills that implements the government's elec-

tion commitment to introduce first home saver accounts to help home buyers save for their first home.

This bill supplements the main bill, the First Home Saver Accounts Bill 2008, by proposing consequential amendments, chiefly to taxation and Corporations Law, that are necessary to implement the accounts.

The taxation amendments establish the tax treatment of first home saver accounts, which has the following main features.

Individual contributions to first home saver accounts are not taxed when contributed to accounts because they can only be made out of post-tax income.

Government contributions to accounts are not taxed.

Earnings on first home saver accounts are taxed to the account provider at the statutory rate of 15 per cent rather than to the individual account holders at their marginal income tax rates.

Withdrawals to purchase a first home are not taxed and other withdrawals are generally not taxed.

Where account holders improperly use the accounts, a tax, called the first home saver account misuse tax, applies in specified circumstances to claw back benefits they have obtained.

The bill also contains amendments to the Corporations Act 2001 and the Australian Securities and Investments Commissions Act 2001 to ensure that the financial services licensing, conduct, advice and disclosure rules apply appropriately to first home saver accounts.

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

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

Leave granted for the debate to be resumed at a later hour.

INCOME TAX (FIRST HOME SAVER ACCOUNTS MISUSE TAX) BILL 2008

First Reading

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

Bill read a first time.

Second Reading

Mr SWAN (Lilley—Treasurer) (9.10 am)—I move:

That this bill be now read a second time.

This bill is the last in a package of three bills that implement the government's election commitment to introduce first home saver accounts to help home buyers save for their first home.

The purpose of the bill is to impose the first home saver accounts misuse tax. Where account holders improperly use the accounts, the tax applies in specified circumstances to claw back benefits they have obtained.

In accordance with the Commonwealth's usual legislative practice, the tax is imposed by a separate bill to safeguard the legislation against possible constitutional challenge.

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

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

Leave granted for the debate to be resumed at a later hour.

EVIDENCE AMENDMENT BILL 2008

First Reading

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

Bill read a first time.

Second Reading

Mr McCLELLAND (Barton—Attorney-General) (9.12 am)—I move:

That this bill be now read a second time.

This bill marks an important step in evidence law reform.

Members would be aware that the Commonwealth, New South Wales, Tasmania, the Australian Capital Territory and Norfolk Island have been part of a uniform evidence law regime for over 10 years.

In 2005, the Australian, New South Wales and Victorian Law Reform commissions were asked to inquire into the operation of that regime and to propose updates and amendments. Their work took some 18 months, involved consultations in every state and territory and more than 130 written submissions. This culminated in their report, *Uniform evidence law*.

The commissions reported that the uniform evidence laws are working well. They found no major structural problems with the legislation or with its underlying policy. Their recommendations were aimed at fine tuning the acts and promoting uniform evidence laws that are more coherent and accessible; less complex and reform unsatisfactory and archaic aspects of the common law. These reforms will increase efficiencies for the courts, legal practitioners and business and in turn, benefit the broader community who access the courts.

In developing this bill, the Commonwealth has worked constructively with the states and territories through the Standing Committee of Attorneys-General. The standing committee established a working group which considered the report's recommendations and developed a model bill that implemented many of the commissions' recommendations. The model was also considered by an expert reference group. The standing committee endorsed the final model bill at its meeting in July 2007.

The Evidence Amendment Bill varies from the Standing Committee of Attorneys-

General model in only two regards—it does not introduce a professional confidential relationship privilege and does not extend existing client legal privilege and public interest immunity to pre-trial proceedings. These are matters that have been canvassed in the media extensively. The government notes they are significant issues and we will be considering these matters separately.

It is appropriate that the government considers issues relating to privilege as it develops its response to the Australian Law Reform Commission report, *Privilege in perspective*, which I tabled earlier this year.

I can also advise that the government's election policy, Government Information: Restoring Trust and Integrity, included commitments relating to journalist shield issues, and the government is working on implementation of these commitments.

Many of the amendments proposed in this bill today are largely technical and in some cases they address developments in case law. For example, the amendments:

- provide further guidance on the hearsay rule;
- introduce a general test for the coincidence rule;
- help to ensure the reliability of admissions in criminal proceedings; and
- provide that the court may make an advance ruling or advance finding in relation to any evidentiary issue.

This bill also contains some significant reforms. For example, it extends compellability provisions in the Evidence Act to ensure that same-sex couples cannot be compelled to give evidence against their partner. This supplements the work being done by the government to remove same-sex discrimination from a wide range of Commonwealth laws.

The compellability provisions will also be extended to provide that de facto partners who may not cohabit but are in a genuine de facto relationship will have the same right to object to giving evidence against their de facto partner in a criminal proceeding as currently exists for a married spouse.

The bill also provides new exceptions to the hearsay and opinion rules for evidence/opinion given by a member of an Aboriginal or Torres Strait Islander group about the existence or non-existence, or the content, of the traditional laws and customs of the group. The oral tradition of Aboriginal or Torres Strait Islander traditional laws and customs does not fit well within existing hearsay and opinion rules. Yet evidence of these matters is relevant in a variety of areas such as native title, family law, criminal law defences and sentencing. These amendments will make that evidence easier to provide and more appropriately reflects how knowledge of traditional laws and customs is recorded.

This bill also addresses the misconception that the evidence of children is inherently less reliable than that of adults. Specifically the bill provides that warnings by a judge as to the reliability of a child's evidence should only be given where there are circumstances particular to the child witness that warrant a warning. Research conducted in recent years demonstrates that children's cognitive and recall skills have been undervalued. For example, the joint ALRC and HREOC report *Seen and heard: priority for children in the legal process* noted that very young children are able to remember and retrieve from memory very large amounts of information, especially when the events are personally experienced and highly meaningful.

These reforms will apply generally but will have particular significance where the child witness has been the victim of an offence.

Also, the bill recognises that the standard question and answer format for giving evidence may be unsuitable for a number of witnesses, such as children, and people with an intellectual disability. Its provisions extend the use of narrative evidence by providing the court with the power to direct a witness to give evidence wholly or partly in narrative form. This gives the court flexibility in receiving the best possible evidence.

Again these reforms will apply generally but will have particular significance where a child or a person with an intellectual disability has been the victim of an offence. Of course, before making such a direction the court will take into account a range of matters, including fairness to all parties. The fact that these provisions have been introduced, in the context of children and people with an intellectual disability perhaps being among the most vulnerable in our community, is a significant advance.

Further, this bill revises the test for determining a witness's competence to give evidence. This will enhance the participation of witnesses, including children and persons with an intellectual disability, in proceedings and ensure that relevant information is before the court.

Finally, the bill introduces a duty on the court to disallow improper questions put to a witness during cross-examination. This includes questions which may be misleading or unduly harassing, intimidating, offensive or repetitive. This replaces the current approach which permits a court to disallow such questions. The commission's report had found that this approach in practice had not provided a sufficient degree of protection for vulnerable witnesses.

I am pleased to note that the New South Wales government has already implemented the model evidence reforms and that Victoria and other jurisdictions have signalled their

intention to join the uniform evidence scheme.

In addition to implementing the model evidence bill, this bill amends the Amendments Incorporation Act 1905, which will be renamed the Acts Publication Act 1905. These amendments will provide for certain printed and electronic versions of acts (including compilations of acts) to be taken, unless the contrary is proven, to be a complete and accurate record of those acts. This will facilitate parties before the courts being able to prove the current state of the law.

This is a practical reform to improve the accessibility of freely available authoritative information about Australia's laws and will allow courts to rely on electronic versions of Commonwealth acts.

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

JUDICIARY AMENDMENT BILL 2008

First Reading

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

Bill read a first time.

Second Reading

Mr McCLELLAND (Barton—Attorney-General) (9.21 am)—I move:

That this bill be now read a second time.

This bill responds to the 2003 decision of the High Court of Australia in *British American Tobacco v Western Australia*. This case relates to the recovery of invalid taxes paid under Western Australian law. The High Court held that a limitation period and a related special notice requirement in Western Australian laws applicable to actions against the Crown in right of Western Australia were not applied by section 79 of the Judiciary Act 1903 where proceedings were in federal jurisdiction.

Cases challenging the constitutional validity of a tax, including a state tax, are, by virtue of section 76(i) of the Constitution, matters in federal jurisdiction.

Section 79 of the Judiciary Act applies state and territory laws to proceedings in courts exercising federal jurisdiction in that state or territory 'except as otherwise provided by the Constitution or the laws of the Commonwealth'.

In the BAT case, to which I have referred, the High Court held that a special limitation period applicable to actions against the Crown would be inconsistent with section 64 of the Judiciary Act as the limitation period would not apply as between subject and subject. As the law was inconsistent with section 64, it was 'otherwise provided ... by a law of the Commonwealth' and so was not picked up by section 79 of the Judiciary Act.

It was also held in the case that the right to proceed and related notice provision conferred by the state law was not picked up by section 79 of the Judiciary Act as it would have been inconsistent with section 39(2) of the Judiciary Act which implies a right to proceed.

All of the states and territories have special limitation periods with respect to the recovery of taxes paid under a mistake of fact or law, including constitutionally invalid taxes. For example, Victoria, New South Wales, Queensland, Tasmania, and Western Australia impose a 12-month limitation period from the date of the payment of the tax. South Australia imposes a 6-month restriction, as do the Northern Territory and the Australian Capital Territory governments.

This is an example of the Rudd Labor government's commitment to cooperative federalism. This is a matter that has long languished on the books of the Standing Committee of Attorneys-General for over four years because of the previous govern-

ment declining to act for political reasons completely unrelated to the substance of the proposed legislation. The bill assists in restoring the states and territories to the position they were in before the BAT case. It does so by amending section 79 of the Judiciary Act to make clear that nothing in the Judiciary Act precludes state and territory laws applicable to the recovery of invalid state and territory taxes from applying where the relevant proceedings are in federal jurisdiction.

It is desirable that there be a special, short limitation period applicable to proceedings to recover invalid state and territory taxes. Otherwise, claims could be made many years after a tax has been paid, with potentially far-reaching consequences for government budgeting.

The bill implements recommendations of the Standing Committee of Attorneys-General which have as their objective the protection of state and territory revenue. I commend this Bill.

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

LAW OFFICERS LEGISLATION AMENDMENT BILL 2008

First Reading

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

Bill read a first time.

Second Reading

Mr McCLELLAND (Barton—Attorney-General) (9.26 am)—I move:

That this bill be now read a second time.

The Law Officers Legislation Amendment Bill 2008 will provide Solicitors-General with an entitlement to long service leave.

Until 31 December 1997, the salary and leave entitlements for the person holding the office of Solicitor-General were the same as

those of a judge of the Federal Court of Australia. Section 16 of the Law Officers Act 1964 provided at the same time that the Solicitor-General would have a non-contributory pension under the Judges Pension Act 1968, while section 16A provided a payment to the Solicitor-General on retirement in lieu of long service leave.

In accordance with the former government's wish to break the nexus between the terms and conditions of the Solicitor-General and those applying to a judge, the Law Officers Amendment Act 1998 amended the Law Officers Act to vary the terms and conditions of service for the office of Solicitor-General. After 31 December 1997, the terms and conditions of the Solicitor-General became similar to those of senior members of the Australian Public Service. The act terminated the Solicitor-General's entitlements to a judge's pension and payment in lieu of long service leave. It also provided for the Solicitor-General's remuneration to be determined by the Remuneration Tribunal.

By 2003, it became apparent that the changes made by the 1998 amendments to the Solicitor-General's employment conditions had not taken account of the previous long service leave entitlement. With the amendment of section 16A of the Law Officers Act, the entitlement to a judge's pension and payment in lieu of long service leave no longer applied to the office of Solicitor-General after 31 December 1997, leaving the Solicitor-General with no coverage for long service leave. It was never intended, nor is it now, that the holder of the office of Solicitor-General should not have access to long service leave entitlements.

The current bill will amend section 10 of the Long Service Leave (Commonwealth Employees) Act 1976 to ensure that Solicitors-General will have such an entitlement and the Law Officers Act will also be

amended to make it clear that sections 6 and 7 of that act have effect subject to the Long Service Leave Act. I commend the bill to the House.

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

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

First Reading

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

Bill read a first time.

Second Reading

Mr McCLELLAND (Barton—Attorney-General) (9.29 am)—I move:

That this bill be now read a second time.

Introduction

The Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008 introduces the first part of historic reforms to amend Commonwealth laws that discriminate on the basis of sexuality.

It is with immense pride that I introduce this bill, marking a new chapter in Labor's commitment to promoting and protecting human rights in Australia—a commitment that is based on the belief of the fundamental equality of all persons.

The bill will amend the acts which govern the Commonwealth government (defined benefit) superannuation schemes and related taxation legislation and acts that regulate the superannuation industry.

Discrimination on the basis of sexuality has largely been removed from state and territory laws. This bill will take equality for same-sex couples and their children to the next level by introducing long overdue Commonwealth reforms, removing discrimi-

nation from superannuation laws as the first step.

HREOC report

I want to acknowledge the important role of the Human Rights and Equal Opportunity Commission's inquiry which focused on discrimination in financial and work related entitlements and benefits.

HREOC found that same-sex couples do not enjoy the same entitlements as couples who are either married or in opposite sex de facto relationships. Indeed, the report gave a number of actual instances that any fair-minded person would accept were unfair and inappropriate in modern Australia.

On coming to office, we commissioned a whole-of-government audit of Commonwealth legislation building on HREOC's excellent work.

The audit confirmed HREOC's findings. The audit further identified that discrimination in the legal treatment of same-sex couples and their children occurs in a range of non-financial areas, such as administrative and evidence laws. We have dealt with the issue of evidence laws earlier today.

The audit also identified a number of statutory regulations and instruments which include possibly discriminatory terms. The government will review, and where necessary, amend these instruments to remove any differential treatment of same-sex couples.

This bill marks the first stage of the government's commitment to address this inequitable treatment in a wide range of laws.

Superannuation

This bill will amend acts governing Commonwealth government (defined benefit) superannuation schemes. It will also amend related taxation and superannuation regulatory acts.

The superannuation schemes covered by this bill are:

- the Commonwealth Superannuation Scheme
- the scheme under the Superannuation Act 1922
- the Defence Force Retirement and Death Benefits Scheme
- the Defence Forces Retirement Benefits Scheme
- the Judges' Pensions Scheme
- the Federal Magistrates Disability and Death Benefits Scheme
- the Governor-General Pension Scheme, and
- the Parliamentary Contributory Superannuation Scheme.

The reforms in this bill are time critical. This is because it will allow reversionary death benefits to be paid to de facto same-sex partners and their children where they currently have no entitlement.

For example, until these acts are amended, were a scheme member to die, his or her same-sex partner would not be entitled to receive a reversionary death benefit. Similarly, children of that relationship may also be unfairly deprived of a benefit. I would ask opposition members to note that fact in their consideration of granting cooperation in the passage of this legislation. For same-sex partners and children of the relationship to be deprived of those reversionary benefits, I am sure all fair-minded members would agree, is discriminatory, unfair and intolerable, and it is time that we did something about it.

It is the case that superannuation legislation generally refers to a spouse, which currently excludes same-sex partners. While same-sex partners may be able to access some superannuation concessions as 'dependants'—for example, concessional treatment of death benefits—this bill will make

sure there is equal treatment of same-sex couples and their children in this area.

To quote HREOC's report of its inquiry on same-sex discrimination:

'One of the main purposes of superannuation schemes is to encourage savings during life which will support a person's family after he or she dies ... [s]uperannuation is often a person's largest asset apart from the family home. Most people expect that their superannuation entitlements will be inherited by a partner, children or other dependants. But for people in same sex couples and families, this is not always the case.'

This bill will remedy these injustices by allowing same-sex couples and their children to access the benefits and entitlements they have been denied for so long.

'Partner'

The amendments in these acts revise the existing definitions of 'spouse' and 'child', creating new definitions that equally recognise opposite-sex and same-sex relationships and partners, and the children they produce.

The bill will expand the notion of de facto relationship by adding the new concept of a 'couple relationship', which includes same-sex partners.

The bill will enable a relationship registered under prescribed state laws to be evidence of the existence of a same-sex relationship when considering who may be entitled to a death or pension benefit. Regulations for this purpose will be made under the Judges' Pensions Act 1968, which I administer, and for ease of administration are applied to the other Commonwealth schemes amended by the bill.

The preparation of this bill, which relates only to Commonwealth (defined benefit) superannuation schemes, has highlighted certain issues regarding the framing of amendments. For example, we will further

consider the way relationships registered under state and territory laws will be recognised in other Commonwealth laws when developing the broader reforms to be introduced in the second part of the same-sex reform legislation. It will also be necessary to consider the need for consistency in Commonwealth legislation in relation to the use of terms such as 'partner' and 'spouse', but these issues can be given further consideration after we proceed with the expeditious passage of this very important first tranche of legislative reform.

'Child'

The bill also allows for the equal recognition of children who are the product of same-sex and opposite-sex relationships.

A child for this purpose is the product of a couple relationship, where one partner is linked biologically to the child or where one partner is the birth mother of the child. By applying this definition, opposite-sex and same-sex families are treated equally.

Furthermore, the new definition will solve the problems arising from some surrogacy arrangements where even children of an opposite-sex relationship may currently fail definitional requirements and be denied benefits.

This approach imports a new standard of fairness and consistency into the law in this area and provides functional recognition of same-sex families in the community.

The reforms in this bill will recognise real family situations. Recognition is necessary if we are, as a community, to remove discrimination against same-sex families and their children.

Superannuation Industry (Supervision) Act 1993

The bill will also amend the Superannuation Industry (Supervision) Act 1993, which establishes the superannuation regulatory

framework for regulated superannuation funds. This will mean that superannuation funds, should they wish to do so, will be able to make allowance for same-sex couples and their children in the same way that Commonwealth (defined benefit) superannuation schemes will be able to do so.

If this bill is passed, I encourage all superannuation funds across Australia to make provision for same-sex couples and their children so that this discrimination is completely removed from the superannuation industry.

Conclusion

This bill marks the first step in removing discrimination against same-sex couples and their children in acts governing Commonwealth (defined benefit) superannuation schemes and related acts that have not moved with the times.

I commend and I am greatly impressed by the dedicated work of a number of highly talented public servants, and specifically public service lawyers, in the preparation of these reforms. They have done so diligently, under the pressure of time, and their work has been outstanding.

The reforms in this bill will make a practical difference to the lives of a group of fellow Australians who for far too long have suffered discrimination in superannuation at a Commonwealth level. It is fair, it is equitable and it is the right thing to do.

I commend the bill to the House and I look forward to the opposition's support.

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

**CUSTOMS TARIFF AMENDMENT
(TOBACCO CONTENT) BILL 2008****First Reading**

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

Bill read a first time.

Second Reading

Mr DEBUS (Macquarie—Minister for Home Affairs) (9.41 pm)—I move:

That this bill be now read a second time.

The Customs Tariff Amendment (Tobacco Content) Bill 2008 contains a minor amendment to the Customs Tariff Act 1995.

The bill will insert a definition of ‘tobacco content’ into the Customs Tariff Act. While ‘tobacco content’ is referred to in the act, there is no definition of what it actually means. The amendment will specify that the existing references to ‘tobacco content’ include anything added to the tobacco leaf during manufacture or processing.

The amendment confirms that the customs duty payable on tobacco and tobacco products is based on the total weight of the goods.

The measure reflects what has been the practice of the Australian Customs Service and industry since the introduction of the term in 1999. However, the current lack of certainty about the definition does pose a potential risk to revenue.

The introduction of this definition into the Customs Tariff Act will protect revenue by confirming and maintaining present practice with regard to imported tobacco products.

The term ‘tobacco content’ was first introduced into the Customs Tariff Act on 1 November 1999. As a result, the measure contained in this bill will apply from that date.

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

**PASSENGER MOVEMENT CHARGE
AMENDMENT BILL 2008****First Reading**

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

Bill read a first time.

Second Reading

Mr DEBUS (Macquarie—Minister for Home Affairs) (9.43 am)—I move:

That this bill be now read a second time.

The purpose of the bill is to amend the Passenger Movement Charge Act 1978 to increase the rate of the Passenger Movement Charge (the charge) by \$9, to \$47, with effect from 1 July 2008. The increase was announced by the Treasurer in the 2008-09 budget and will partially fund national aviation security initiatives that are funded by the Australian government.

Since 2001 the Australian government has spent approximately \$1.2 billion implementing a significant number of aviation security measures. This spending is expected to total over \$2.2 billion for commitments the government is making up until the 2011-12 financial year. Presently these costs are not recovered as part of the charge.

The \$9 increase recommended by the central economic agencies has been accepted by government as broadly consistent with the amount the charge would have grown by had it been indexed over the period since it was last increased in the 2001-02 budget.

The charge, which is imposed on the departure of a person from Australia, is collected by airlines and shipping companies at the time of ticket sales and then remitted to the Commonwealth in accordance with arrangements entered into under section 10 of the Passenger Movement Charge Collection Act 1978. These arrangements are extremely beneficial to all stakeholders, not the least being the passenger whose departure from

Australia is unimpeded through a seamless process which does not require the payment of taxes at Australian international airports.

It is worth remembering that this fee is collected by the airlines and the shipping companies. Because of the nature of the airline industry, where tickets for travel are sold up to 12 months in advance, this increase will only apply to tickets sold on or after 1 July 2008.

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

**DEFENCE HOME OWNERSHIP
ASSISTANCE SCHEME BILL 2008**

First Reading

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

Bill read a first time.

Second Reading

Mr SNOWDON (Lingiari—Minister for Defence Science and Personnel) (9.46 am)—I move:

That this bill be now read a second time.

I am pleased to present the Defence Home Ownership Assistance Scheme Bill 2008. The measures contained in the bill are consistent with the government's pre-election commitment to support the Defence Home Ownership Assistance Scheme as announced at the 2007-08 budget.

May I point out, however, that despite its title, this bill is primarily a retention initiative aimed at encouraging serving members to remain in service.

The bill does that by providing subsidy on interest payments on mortgages after four years of full-time service, with increased loan limits after eight years and again after 12 years. For reservists the key periods are eight, 12 and 16 years service.

However, given the generosity of this scheme it should also significantly improve

home ownership levels within the ADF which have traditionally been low due to the nature of service. To some extent, therefore, housing policy is also being addressed, even though it is not the central purpose of this bill.

The Defence Home Ownership Assistance Scheme Bill 2008 will provide eligible Australian Defence Force members with access to contemporary and relevant homeownership assistance that reflects the current and future home loan markets.

As such it is a dramatic improvement on the current scheme which is limited to one provider and is capped at \$80,000, which has long been inadequate and should have been replaced at least a decade ago. Indeed in the last few years we have seen the current scheme extended twice pending the development of this policy.

The homeownership assistance benefits provided in this bill will be available to all eligible members of the ADF who are serving on or after 1 July 2008. Former ADF members will continue to have access to benefits available to them under the Defence Service Homes Act 1918 and the Defence Force (Home Loans Assistance) Act 1990.

The provisions of this bill, despite their prime focus on the need for urgent new retention measures, should therefore be considered in the broader housing context. Members of the ADF have access to a wide range of housing and accommodation assistance.

This includes generous rental assistance for high quality housing provided by the Defence Housing Authority.

It also includes benefits for the reimbursement of reasonable costs associated with the sale of a house and purchase of a new house on relocation to another base. That is, conveyancing fees, stamp duty, agents' costs and bank charges.

These are longstanding benefits provided in response to the requirement for ADF members and their families to relocate frequently in order to meet Defence capability requirements. The policy is based on a longstanding acceptance that homeownership assistance is provided to ADF members in response to the additional difficulties that ADF members and their families have in purchasing a home as a result of the nature of their service.

This bill retains many of the eligibility criteria contained within legislation applying to the existing schemes. However, a number of significant enhancements are to be introduced.

The qualifying period for permanent ADF members will be reduced from five years to four years while the eight-year qualifying period for members of the reserve force will be retained.

The bill will provide the means to maintain parity of the assistance with changing housing and home finance markets. The assistance will be based on housing price index data available from the Australian Bureau of Statistics and on home loan interest rates as they vary from time to time.

Further, the interest subsidy, while set for 20 years, will be extended for a maximum of five years more for warlike service over nine months in aggregate, on a pro rata basis to that capped limit.

The deemed interest rate that will apply to the benefit will be capped by regulation under this bill at the time that the new scheme commences. The bill will provide the minister, or his delegate, with the power to determine by legislative instrument variations in the benefit available to ADF members as a result of movement in the relevant market indicators.

I would also like to make special mention of the provisions made for those who are

disabled on service or who lose their life. Members who leave the ADF as a result of a compensable condition have the qualifying period waived and are guaranteed subsidy for at least eight years with a loan limit of 40 per cent of the average house price. If they have served for more than eight years, the member receives a subsidy based on their length of service.

The surviving partner of a deceased eligible member can receive the same subsidy for which the member was eligible at the time of their death. In the event that a deceased member is not eligible because service was less than four years, that qualifying period is waived and the widow is entitled to the minimum 40 per cent for eight years—where the death was compensable.

This bill also provides ADF members with flexibility and choice in regard to housing finance. Rather than one sole supplier as is currently the case with the NAB, ADF members will have access to a panel of three home loan providers selected through a competitive tender process and the full range of home loans provided by each of the selected loan providers.

The three selected providers are the National Australia Bank, the Australian Defence Credit Union and the Defence Force Credit Union. Further, the products on offer are required to be equal or better than other products in the market.

I should also mention that to assist in the funding of the interest subsidy, a fee is payable to consolidated revenue by each of the selected tenderers. That has enabled the subsidy to be more generous than it might otherwise have been, utilising the bargaining power of a considerable bundle of mortgages to a relatively secure class of borrowers.

The bill also provides for the appointment of a scheme administrator who has been selected through a competitive tender process.

The scheme administrator will be responsible for the day-to-day operation of the scheme including the determination of ADF member eligibility and entitlement.

The Department of Veterans' Affairs has been selected by tender as the new scheme administrator. That department replaces the Defence Housing Authority which administers the current scheme on contract, but which was unsuccessful in the tender process.

Subject to the criteria set out in the bill, the Secretary of the Department of Defence may issue subsidy certificates to eligible persons or cancel payment of the assistance. This bill provides the secretary with the power to delegate authority in this regard. ADF members will have the right to seek review of decisions made by a delegate in regard to eligibility for the assistance.

This bill provides a special appropriation to the Department of Defence for the payment of subsidy to eligible persons and for related fringe benefits tax. The 2008-09 budget provided net funding for the scheme of \$988.965 million over the period 2008-09 to 2017-18.

Ongoing operation of the scheme as proposed in this bill will be subject to an implementation review after four years with Defence reporting on the outcome of the review within the 2012-13 budget context.

The Defence Home Ownership Assistance Scheme Bill 2008 will provide homeownership assistance to ADF members and their families that is reflective of the contemporary and future housing and finance markets and, in conjunction with other initiatives being introduced, contribute significantly to the recruitment and retention of ADF members.

Due to the complexity of this policy there has been some delay in introducing this legislation, but with an imperative that the new scheme be operational by 1 July.

This has meant that some implementation processes have been fast-tracked, in particular the finalisation of agreements with the three loan providers selected after an open market tendering competition.

It has been necessary to sign deeds of agreement with each of those providers in advance of this legislation being passed and proclaimed—but subject to both those events.

To that end may I express my appreciation to the opposition spokesman, the member for Paterson, for acknowledging that necessity.

Finally, can I also welcome this new policy for those in the ADF wanting to buy their own home. They have been waiting a long time and I am very pleased to be able to deliver it on behalf of the Rudd Labor government.

I commend the bill to the House.

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

**DEFENCE HOME OWNERSHIP
ASSISTANCE SCHEME
(CONSEQUENTIAL AMENDMENTS)
BILL 2008**

First Reading

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

Bill read a first time.

Second Reading

Mr SNOWDON (Lingiari—Minister for Defence Science and Personnel) (9.56 am)—
I move:

That this bill be now read a second time.

I am pleased to present the Defence Home Ownership Assistance Scheme (Consequential Amendments) Bill 2008.

The Defence Home Ownership Assistance Scheme (Consequential Amendments) Bill 2008 deals with the consequential matters in connection with the Defence Home Owner-

ship Assistance Scheme Bill 2008, upon which I have just spoken.

The bill makes amendments to the Defence Force (Home Loans Assistance) Act 1990 and the Defence Service Homes Act 1918, which are required as a result of the measures contained in the Defence Home Ownership Assistance Scheme Bill 2008.

This bill, together with the rules under the Defence Home Ownership Assistance Scheme Bill 2008, will provide for eligible persons to transition into the new scheme. It will close the scheme established under the Defence Force (Home Loans Assistance) Act 1990 to serving members who have not yet exercised their benefits under that scheme. The bill will extend the operation of that scheme for former members until 30 June 2010.

Serving members who are eligible under the Defence Service Homes Act 1918 may also apply to join and receive benefits under the new scheme.

The amendments will ensure that a subsidy is payable only under one scheme. The effect of joining the new scheme is that eligible persons cannot return to either of the existing schemes once the subsidy has become payable under the new scheme.

I commend the bill.

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

COMMITTEES

Public Works Committee

Reference

Dr KELLY (Eden-Monaro—Parliamentary Secretary for Defence Support) (9.58 am)—I move:

That, in accordance with the provisions of the *Public Works Committee Act 1969*, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Australian Super Hornet Fa-

ilities Project, RAAF Base Amberley, Queensland.

The Department of Defence proposes to undertake the Australian Super Hornet Facilities Project at RAAF Base Amberley, Queensland, at an estimated outturned cost of \$117.1 million plus GST. RAAF Base Amberley is currently the home base for No. 82 Wing's F111 aircraft fleet, operated by No. 1 Squadron and No. 6 Squadron. To support the F111 aircraft fleet, there are significant existing facilities at RAAF Base Amberley. From 2010, No. 82 Wing will transition from F111 to FA18F operations and the existing facilities will require modification, extension or reconstruction to support the new FA18F platform effectively. This project will deliver the necessary facilities and infrastructure to support No. 82 Wing operations at RAAF Base Amberley for a minimum 10-year period from 2010. The project's scope includes operations, maintenance, logistics, simulation and training facilities and associated engineering services and site works. Subject to parliamentary approval, construction will commence in early 2009 and be completed in late 2010. I commend the motion to the House.

Question agreed to.

QUARANTINE AMENDMENT (NATIONAL HEALTH SECURITY) BILL 2008

Referred to Main Committee

Mr PRICE (Chifley) (10.01 am)—by leave—I move:

That the bill be referred to the Main Committee for further consideration.

I should indicate to honourable members that this motion enjoys the support of the Chief Opposition Whip.

Question agreed to.

BUSINESS**Consideration of Private Members' Business****Report**

Mr PRICE (Chifley) (10.01 am)—I present the report of the recommendations of the whips relating to the consideration of committee and delegation reports and private members' business on Monday, 2 June 2008.

The report read as follows—

Pursuant to standing order 41A, the Whips recommend the following items of committee and delegation reports and private Members' business for Monday 2 June 2008. The order of precedence and allotments of time for items in the Main Committee and Chamber are as follows:

Items recommended for Main Committee (6.55 to 8.30 pm)

PRIVATE MEMBERS' BUSINESS**Notices**

1 MR HAYES: to move—That the House:

- (1) recognises and celebrates the significant contribution which Australia's voluntary donors make to the Australian community as we approach World Blood Donor Day in June 2008;
- (2) recognises that whilst one in three people will at some stage require blood, presently only one in thirty people actually donate blood;
- (3) supports the efforts of the selfless individuals who give their blood to help save the lives and improve the health of people whom they may never meet;
- (4) congratulates the Australian Red Cross Blood Service for drawing attention to the need for more Australians to donate blood and celebrating the many generous and voluntary, unpaid blood donors who give blood each week to help those in need;
- (5) supports the efforts of the Minister for Health and Ageing and the Parliamentary Secretary to the Minister for Health and Ageing to increase the rate of blood donations in Australia; and

- (6) encourages members to actively encourage blood donation in their electorates.

Time allotted—35 minutes.

Speech time limits—

Mr Hayes—5 minutes.

First Opposition Member speaking—5 minutes.

Other Members—5 minutes each.

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

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

2 MR MORRISON: to move—That the House:

- (1) recognises that:
 - (a) the Kurnell Peninsula of southern Sydney is the traditional land of the Gweagal people of the Dharawal nation;
 - (b) the landing site of Lieutenant James Cook on April 29, 1770 at Kurnell is the modern birthplace of our nation and is recognised on the National Heritage List;
 - (c) the village of Kurnell is a strong local community comprising approximately 700 homes;
 - (d) Botany Bay is a valuable marine environment providing sanctuary for migratory birdlife and habitat for territorial marine creatures; and
 - (e) construction of the desalination pipeline has commenced across Botany Bay from the Kurnell Peninsula, under approval as critical infrastructure by the New South Wales State Government;
- (2) expresses concern that:
 - (a) Part 3A of the Environmental Planning and Assessment Act 1979 in New South Wales exempts critical infrastructure projects from all planning instruments and codes that might otherwise apply, precludes third party rights of appeal and limits powers and penalties in relation to enforcement of breaches of conditions;

- (b) due to the use of Part 3A of the Act, the impacts of the construction of this pipeline on the marine environment and cultural heritage of Botany Bay and the Kurnell Peninsula are unknown; and
- (c) since construction has commenced, there have been a series of breaches in relation to the failure of silt nets to contain land fill on Silver Beach at Kurnell; sheet piling testing has exceeded nominated noise vibration benchmarks, posing a threat to resident property; and there is concern in the community about the ongoing impacts and failures of this project; and
- (3) calls on the Minister for the Environment, Heritage and the Arts to protect the physical environment and cultural heritage of Botany Bay and the Kurnell Peninsula by requesting the New South Wales State Government to:
 - (a) prepare a comprehensive environmental remediation plan to address the impact of developing the desalination plant, including the pipeline across Botany Bay;
 - (b) conduct such environmental studies as are required to determine the impact of the development of the desalination plant and associated pipeline on the environment, and to make such studies available to the public;
 - (c) ensure that the development of environmental remediation plans is a requirement for any future referred approvals for critical infrastructure projects to the Commonwealth by the New South Wales Government that are subject to Part 3A of the Environmental Planning and Assessment Act 1979;
 - (d) prepare a heritage and community remediation plan that addresses the impact and disruption caused to residents and the area by the construction of the desalination plant and associated pipeline; and
 - (e) ensure the New South Wales State Government and its agents monitor and report on the ongoing impacts of the project and commit to informing residents

in advance of any issues that may impact on residents or their local environment.

Time allotted—30 minutes.

Speech time limits—

Mr Morrison—10 minutes.

First Government Member speaking—10 minutes.

Other Members—5 minutes each.

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

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

3 MR SCOTT: to move—That the House:

- (1) calls on the Federal Government to commit to ban by the year 2012 the inclusion of all plastic and glass bottles in landfill;
- (2) notes the ban would be supported by implementation of a national program providing a cash refund for all plastic and glass bottles;
- (3) calls on the Federal Government to reimburse grocery and convenience stores that provide collection sites for the empty bottles and provide cash refunds for each bottle, with larger bottles attracting a larger cash refund; and
- (4) calls on the Federal Government to cooperate with local government bodies to ensure that smaller towns in rural, regional and remote Australia receive financial support to establish a collection centre and to transport bottles to the nearest recycling centre.

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

Speech time limits—

Mr Scott—10 minutes.

First Government Member speaking—10 minutes.

Other Members—5 minutes each.

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

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

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

COMMITTEE AND DELEGATION REPORTS

Presentation and statements

1 DELEGATION—NEPAL ELECTION OBSERVER REPORT

Report of the Australian Election Observer Group—Constituent Assembly Election—Nepal, 10 April 2008

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

Speech time limits—

Each Member—5 minutes.

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

2 STANDING COMMITTEE ON ECONOMICS

Review of the Reserve Bank of Australia Annual Report 2007 (First Report)

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

Speech time limits—

Each Member—5 minutes.

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

3 JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

Review of the Defence Annual Report 2005

The Whips recommend that statements on the report may be made—all statements to conclude by 9:00pm

Speech time limits—

Each Member—5 minutes.

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

PRIVATE MEMBERS' BUSINESS

Notices

1 MR BILLSON: to present a Bill for an Act to amend the Interactive Gambling Act 2001. (Interactive Gambling Amendment Bill 2008).

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

2 MR BROADBENT: to move—That the House:

- (1) urges the Australian Government to act to restrict any further planting of genetically modified crops in Australia, the use of genetically modified products in the manufacture of food in Australia and the sale in Australia of food products containing genetically modified material until a full, independent, scientific investigation is carried out to determine:
 - (a) the level of risk to health of foodstuffs containing genetically modified organisms; and
 - (b) the threat of contamination posed by genetically modified crops already planted under relaxed provisions in Queensland, New South Wales and Victoria to crops and the food chain as it relates to livestock production in general on neighbouring properties; and
- (2) calls on the Australian Government, in considering its course of action, to take into consideration the commitments made by the current Prime Minister on this issue in the lead up to the 2007 Federal Election.

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

Speech time limits—

Mover of motion—10 minutes.

First Government Member speaking—10 minutes.

Other Members—5 minutes each.

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

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

Copies of the report have been placed on the table.

Report—by leave—agreed to.

TAX LAWS AMENDMENT (LUXURY CAR TAX) BILL 2008

Cognate bills:

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—GENERAL) AMENDMENT BILL 2008

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—CUSTOMS) AMENDMENT BILL 2008

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—EXCISE) AMENDMENT BILL 2008

Second Reading

Debate resumed from 26 May, on motion by **Mr Swan**:

That this bill be now read a second time.

(Quorum formed)

Mr CRAIG THOMSON (Dobell) (10.05 am)—Thank you, Mr Deputy Speaker—

Mr Price—Mr Deputy Speaker, I rise on a point of order. I understand that the shadow Treasurer is the one who should be responding.

The DEPUTY SPEAKER (Hon. BC Scott)—There is no point of order. The member for Dobell was in his place and stood, and I have called the member for Dobell.

Mr Price—I beg your pardon.

Mr CRAIG THOMSON—It is a pity the shadow Treasurer was not able to make it here, because we were actually interested to see what the opposition's position was on these bills. Like on so many of the reforms that we are putting through to make sure that this country is on a sound economic platform, we are still waiting to see what the opposition's position is on these bills. Are

they going to support them? Are they going to oppose them? Or are they going to neither oppose nor support them, consistent with their position on the business that we have brought before this place?

The 2008 budget delivered by Treasurer Wayne Swan put the mandate that the Australian people trusted with the Australian Labor Party to work. It sets out the government's agenda very clearly, but it is careful in dealing with our present economic climate. We all must remember that we are dealing with the Howard government's inflationary legacy, fuelled by reckless spending and characterised by largesse and short-termism. No-one can be a better example of that than the shadow Treasurer, who was able to gouge over \$1 million from the Regional Partnership ports—grants, sorry—to his own electorate to prop up a surf-lifesaving club at Bondi. In my electorate, where surf-lifesaving is a major issue, we have five surf-lifesaving clubs that are currently in a great state of disrepair, but were we able to get money? No, because the biggest grant from the Regional Partnerships went to the very regional Bondi. This is a clear example of the way in which the previous government acted. And what do they think of inflation? Again, we are never quite sure. Is it a charade? Is it a fairytale? Is it something to be taken seriously? I am sure we would have been illuminated a little further if the shadow Treasurer had bothered to turn up in this place this morning.

The Rudd government's first budget has set a new benchmark by delivering on its election promises made prior to the last election. It is very important that it has delivered on all of its election promises. The government has delivered all of its election promises in my electorate in Dobell, and Australia wide. We all know John Howard's record on keeping promises. Kevin Rudd, Wayne Swan and the new Australian government have

clearly made a break from Mr Howard's legacy of deceit. The Rudd government is a government that believes that all promises are core promises. The 2008 budget has put working families in the Central Coast at the centre of the Rudd government's commitment to tackle inflation and lay the building blocks for a stronger and more modern Australia. At the centre of the budget is \$55 billion in the Working Families Support Package that delivers on tax cuts it committed to during the election, and helps Australian families with child care and education costs. This is welcome news to the thousands of hardworking Central Coast families who last November said they wanted an Australian government that was on their side. They rejected the coalition's Work Choices laws and policies of division and embraced a team that was more concerned with their issues, concerned with the bread-and-butter issues that Australians find the most important. And that is what this budget delivered, and this bill goes to some of those points.

The budget contained a \$40 billion investment in Australia's future to build new and improved roads, hospitals and schools. The budget is the first step towards a new, more modern Australia, with a first-class economic and social infrastructure. By making Australia's finances more sustainable, we can now start investing in the schools, hospitals, roads, rail and communication projects that families on the Central Coast rely on every day, but were neglected by our predecessors for more than a decade. This has only been made possible because we have had the courage to take the tough decisions that may cause some pain, but in the longer term will make Australia stronger. Key initiatives of the Rudd government's first budget include strong economic management, with a surplus of \$21.7 billion. Contrast this to the opposition and where they are—or where we think they are—trying to gouge that surplus, trying

to put a \$22 billion hole into the surplus that we have worked so hard in this budget to achieve. We have abolished \$7 billion worth of the Liberals' reckless spending. We have our Working Families Support Package, worth \$55 billion; unprecedented investment in Australia's future—around \$40 billion put aside for infrastructure, education and health improvements; \$15.2 billion for sustainable water initiatives and to help tackle climate change; more than \$22 billion for road and rail projects; and an investment of \$2.4 billion for Australian seniors and carers.

I would like to take this opportunity to once again congratulate Wayne Swan on the budget. He has shown an extensive knowledge of the economic barriers that face working families in outer metropolitan communities. These are families that are looking for more than just the previous government's bias towards handouts at election times. These are families who delivered us government, and we are intent on delivering for them. By investing in infrastructure, water, child care, GP super clinics and an education revolution, we are telling these families that they now have a government with them at the forefront of their minds.

I consider this budget not only a win for Australian working families but also a win for specific projects on the Central Coast and in my electorate of Dobell. In this budget we saw significant local roads funding. We are an area where a lot of work needs to be done on roads. The Central Coast is some 90 kilometres long and has a difficult geography, which means roads are at the centre of people being able to get around, to get work and to be mobile. We were also promised a super GP clinic in the northern area of the Central Coast, and again this has been vital. We are down to less than 83 doctors in my electorate, and the average age of those doctors is 59, which means they will all soon be retiring. It is absolutely vital that the gov-

ernment, rather than playing the blame game in terms of public hospitals, have said, 'We're prepared to put money into a super GP clinic, take the pressure off the public hospitals, attract doctors to the area and make sure that the people of Dobell have a better ability to get access to the medical facilities that they require.'

Of course the budget also gave us \$20 million to fix up the iconic Tuggerah Lakes, the jewel in the Central Coast's crown. These lakes, through developments around the lakes and neglect by the previous government, have become more and more unhealthy. We have stepped up to the plate in this budget and said that we are prepared, over the next five years, to put up \$20 million to make sure we can bring the environment and the beauty of Tuggerah Lakes back to the pristine condition that it once was in.

This is a decent budget, good for the people of the Central Coast, good for Australia. I started this speech about the whole of the budget and the benefits to working people because I hear that those opposite want to drive a Ferrari through our responsible budget. The Liberals have gotten into their convertibles and are driving away from economic credibility as fast as they can. There are a lot of people doing it tough out there. In my electorate, we have the lowest median household income in New South Wales. The majority of families in my electorate are not talking about luxury cars around the kitchen table; they are trying to stay afloat. Peter Costello's and Malcolm Turnbull's inflation legacy is hurting. I know those opposite call it a charade, but ask anyone in the street whether inflation is hurting them at the grocery checkout and they will tell you inflation is a lifestyle-changing reality. They would certainly tell you where to go if you told them it was a fairytale, as some have recently suggested.

The luxury car bill increases the luxury car tax from 25 per cent to 33 per cent from 1 July 2008. The government believes that Australians who can afford luxury vehicles have the capacity to contribute to revenue at a higher rate than other car buyers. It is estimated that around 10 per cent of all new car sales—around 100,000 sales—in 2007 were subject to luxury car tax. This new rate will apply to all taxable supplies and taxable importations of a luxury car after 1 July 2008.

There are no transitional provisions or any other changes such as to existing exemptions for disabled persons. The relevant legislation already allows contracts to be varied to take account of changes to certain indirect tax rates, including luxury car tax rates. The government has increased luxury car tax as part of its plans to make the tax system fairer. Additionally, the measure is expected to contribute to the necessary task of ensuring the budget relieves pressure on inflation. This measure is expected to raise \$555 million over four years.

Since 1979, successive Australian governments have taxed luxury vehicles more heavily than other vehicles. It is not a new concept. The luxury car tax was introduced on 1 July 2000, when the goods and services tax, the GST, was introduced and the wholesale sales tax abolished. Since that time there has been no change to the luxury car tax rate. Luxury car tax applies to cars whose GST-inclusive value exceeds the luxury car tax threshold of \$57,123 for 2007-08. The luxury car tax rate applies to the GST-exclusive value of the luxury car that exceeds the luxury car tax threshold.

A car which is specially fitted out for transporting a person with a disability, seated in a wheelchair, is excluded from the definition of 'luxury car' and is not subject to luxury car tax, provided the car is not GST-free under GST law. This concession is available

to any person, including a carer that modifies a car they purchase for a person with a disability, seated in a wheelchair, before the time of taxable supply by the dealer—that is, before the sale of the car. GST and luxury car tax do not apply to the value of any modifications made to a car solely for the purpose of adapting the car for driving by, or transporting, a person with a disability. Again, this concession is available to any person, including a carer, that purchases a car and modifies it accordingly. However, if the value of the unmodified car exceeds the LCT threshold then the value of the unmodified car will be subject to LCT.

A disabled veteran or eligible person with a disability can purchase a car GST-free up to a value of the luxury car tax threshold. GST and luxury car tax is payable beyond that amount, which is currently \$57,123. This treatment would apply to a vehicle that is not modified but has been purchased to meet the needs of a disabled person because of the vehicle's size or height. To qualify for this concession the disabled veteran must intend to use the car for personal transportation for two years or until the car has travelled 40,000 kilometres. To qualify for this concession the eligible person with a disability must intend to use the car for their personal transportation to travel to and from gainful employment for two years or until the car has travelled 40,000 kilometres.

Where the cost of a conversion pack is included in the cost of the car, when the value of the car exceeds \$57,123—inclusive of the conversion pack—then LCT would normally be payable on the amount above the threshold. However, if the conversion pack is used to make modifications before the taxable supply then the cost of the modifications, including the cost of the conversion pack, may not be subject to LCT. If the conversion pack is purchased after the car is purchased from the dealer and then used to convert the

car, the conversion pack is LCT and GST free. There is no evidence that the luxury car tax will increase car prices more generally. Nor will it disadvantage people with disabilities. The tax laws already provide exemptions for people with a disability from the luxury car tax.

Treasury has also consulted with disability groups to ensure they are not adversely impacted by the measure. All we are getting is scaremongering from the opposition in terms of this particular prospect, and that is something that cannot be accepted. Of the 20 top-selling cars in Australia, less than four per cent of those sold are subject to luxury car tax, and for the lower end the increase is in the hundreds, not thousands, of dollars. The so-called 'Tarago tax' only applies to one Tarago model, and the price increase is just over one per cent. The entire Tarago category—including the four other models that are below the luxury car tax threshold—are less than half a per cent of the passenger vehicle market.

We have seen nothing but carping from Dr Nelson and his heir apparent, Mr Turnbull—who has decided to join us here today—since the budget. We have seen a team that has lost its way, that is not quite sure what it believes. We should not forget that Dr Nelson is the guy who told a rally, and a television camera, that he had never voted Liberal in his life. He then said he had in fact voted Liberal before. This is the same person who urged Kevin Rudd to be tough to China regarding Tibet and then attacked him when he did just that.

The DEPUTY SPEAKER—Member for Dobell, you are referring to people by their first name, including the Prime Minister, the Leader of the Opposition and the member for Wentworth. I would ask you to refer to members by their title.

Mr CRAIG THOMSON—This is the same opposition leader who was speaking to Alan Jones a couple of weeks ago—

Mr Randall—Mr Deputy Speaker, I rise on a point of order on standing order 104 and relevance. This has nothing to do with the luxury car tax.

The DEPUTY SPEAKER—There is no point of order. The member for Dobell has the call.

Mr CRAIG THOMSON—This is the same opposition leader who was speaking to Alan Jones a couple of weeks ago about his plan to use the coalition's Senate majority to block the government's plan on curbing alcopop consumption amongst young people. He said:

... my electorate is on the upper north shore of Sydney. They don't sell a heck of a lot of these sort of products in my electorate.

The opposition leader, by his own admission, is disconnected from the problem—

Mr Randall—Mr Deputy Speaker, I rise on a point of order on standing order 76. The fact is that he is not being relevant to this debate. This debate is about luxury car tax; it is not about Tibet and other issues.

Mr Ripoll interjecting—

Mr Randall—I will sit down when the Speaker sits me down, not when you—

The DEPUTY SPEAKER—The member for Canning will resume his seat. This is a cognate debate on taxation and measures in the budget. I call the member for Dobell.

Mr Ripoll interjecting—

The DEPUTY SPEAKER—The member for Oxley will desist from interjecting across the chamber. The member for Dobell has the call.

Mr CRAIG THOMSON—The Leader of the Opposition is disconnected from this problem. They might not sell a hell of a lot

of alcopops on the North Shore of Sydney but they certainly do in my electorate of Dobell on the Central Coast. They also sell a heck of a lot of them in Western Sydney and Newcastle. I challenge the opposition leader to travel up the F3 on a Friday or Saturday night and see the consequences first-hand of cheap and available alcopops and what effect they have on our youth. He may ask people in the shopping centre whether luxury cars are on the top of their agenda.

Mr Randall—Mr Deputy Speaker, I raise a point of order. Standing order 76 says that a member must speak only to the subject matter of the question under discussion. He is not doing it. This is a luxury car tax bill and he is talking about alcopops.

The DEPUTY SPEAKER—The member for Canning raises a point of order. I am listening to the member for Dobell. He did mention driving a luxury vehicle up the highway, I think. He did refer to alcohol as well. I call the member for Dobell but I would remind him that this is a bill about the luxury car tax and it is drawing a long bow to include other taxation measures in this debate.

Mr CRAIG THOMSON—Thank you, Mr Deputy Speaker. In relation to the interjection, what we are talking about are issues that are important to Australian working families—

Mr Pyne—Mr Deputy Speaker, I raise a point of order. Under both standing order 75, relevance and tedious repetition, and under standing order 76, I would draw this new member back to the debate. We are all concerned about working families—

The DEPUTY SPEAKER—The member for Sturt has made his point of order—

Mr Pyne—I have not finished my point of order, Mr Deputy Speaker. The bill is actually about, quite clearly, the Tax Laws Amendment (Luxury Car Tax) Bill—

The DEPUTY SPEAKER—The member for Sturt will resume his seat. I have ruled under the previous point of order that this is a debate about luxury car tax. I have allowed the debate to continue and I would remind the member for Dobell of the points that have been raised regarding the luxury car tax. I bring him back to the debate.

Mr CRAIG THOMSON—Thank you, Mr Deputy Speaker. The point that I was making was that in my electorate there are far more important issues than whether the luxury car tax has been increased. In fact, in my electorate the issues that working families are concerned about are issues that this budget that the Rudd government delivered faces squarely and puts in place plans for for the future. Unfortunately, the reason that we have had to go at some length into some of the other issues in the budget is because of the carping opposition, because we are not sure what they are actually supporting; we are not sure what they are opposing. At this stage it looks like what they are trying to do is rip a \$22 billion hole in a budget that is designed to alleviate the problems that working families in my electorate and around Australia have.

In fact, what we have is an opposition that does not know whether it is coming or going. We have an opposition that does not know whether it is supporting initiatives by the government or opposing them. One of the things I was looking forward to was hearing the shadow Treasurer speaking to see what position the government was actually going to take. (*Time expired*)

Mr TURNBULL (Wentworth) (10.25 am)—The member for Dobell will not often have his wishes so instantly gratified. He is wanting to hear from the shadow Treasurer and here he is.

Mr Craig Thomson—Yes, and late.

Mr TURNBULL—The Leader of the House, the member for Grayndler, has changed the arrangements with our side today and brought these luxury car tax bills on urgently with a view to dealing with them in one day. As a consequence, because of that unwarned, unflagged change in procedures, I was not able to be here when I would have sought to be here to speak immediately after the Treasurer. But I am here now. The member for Dobell is all ears, I see.

This is a government that is completely confused about tax. We have a situation today where, if the government has its way, we are going to rush through this increase in the tax on cars worth more than \$57,000, but at the same time we read in the *Australian* newspaper that the Prime Minister has hit the brakes on the luxury car tax. So at the same time as this bill is apparently so urgently needed that it has to be rushed through the House, the government is having second thoughts and it is going to send this off for review by the in-house inquiry into tax headed by Ken Henry.

It is all very well for the member for Dobell to talk about who is coming and who is going. What is the story about this tax? We increase the tax by eight per cent from 25 per cent to 33 per cent and then what is going to happen? The Henry inquiry will be looking at it. What is going to happen next? Will it be coming down again? Will it be going up? I mean, make your mind up. If the government is going to change taxes of this kind, it has got to give a degree of certainty. And what it has told the whole industry today through the pages of the *Australian* is that it has no confidence in this change to the tax on cars worth more than \$57,000. It is concerned about the reservations that are being expressed by the opposition, by the industry—questions about the impact on the value of other cars, second-hand cars and cars below the \$57,000 price tag. It is concerned about

the impact on the automotive sector. So in a state of confusion the government that used to be undecided is now not so sure. It says, 'We'll send this off to an inquiry; don't worry, we are putting the tax up but we'll have a look at it and maybe we'll take it down later.'

It is this element of uncertainty that underpins all of the government's approach to tax. It is one knee-jerk, ill-thought-out response. We saw it yesterday and last week in its comments about GST on excise. The opposition has proposed a very clear measure: cut the fuel excise by 5c. If you want to cut taxes on petrol, the only responsible way to do it is to cut the excise. So the government has been caught flat-footed by that and so its response is to say, 'We'll look at removing the GST on excise on petrol,' which is close to but not equal to 5c a litre.

If you remove the excise on petrol, and you do it on the basis that you should not have a tax on a tax, which is a proposition that a lot of people are attracted to, then you would have to remove the GST on every other excise—on alcohol, on tobacco and on other things. When the member for Dobell has a look at the budget papers he will see that, in total, the taxes add up to around \$30 billion a year—and that is just the federal taxes. In its efforts to provide an instant knee-jerk response to the opposition's proposal to cut fuel excise by 5c, the government has come up with a proposal, the reasoning behind which would result in the states being short-changed by \$3 billion at least. If that principle were taken further, the loss to the states would be even greater. We have already seen the Prime Minister's claims to fix the Federation and to end the blame game thrown back in his face by the New South Wales Treasurer, Mr Costa, who, when he heard about the idea from the member for Prospect, the Assistant Treasurer, to cut the GST on excise, said, 'That's right,

you reimburse me \$400 million.' And that is just for New South Wales. The government has not thought it through on excise and GST and it has not thought it through on the luxury car tax.

Let us be quite clear about this tax. The so-called luxury car tax—and it has been called that for a long time, obviously—is not a tax on luxury cars any longer. Of course it does impose a tax on cars that we would all agree are luxury cars—Rolls Royces, Porsches and very expensive cars—but the vast majority of the 105,000 cars that are sold in Australia for more than \$57,000 are not Porsches, Bentleys, Rolls Royces or anything of the sort. A great many of them are cars that families need, not because they are wealthy and want to be able to buy the biggest and flashiest car they can but because they have a lot of kids or they have businesses that need a car of that kind or they are in the tourism business or they are in the bush. A Land Cruiser in Toorak might be seen as being a luxury car by some, but I can tell you it is not a luxury if you are out in the bush. What we have here is not a tax on luxury cars but a tax on cars that are worth more than \$57,000. Who pays it? The government is so addicted to this politics of envy. That is one of the single biggest changes since November last year—the politics of aspiration has been replaced with the politics of envy. It is so addicted to this policy that it wants to present it as hitting the people who buy Rolls Royces and Porsches. In fact, the tax hits a person of whatever income who chooses to buy a car worth more than \$57,000.

Everybody has different priorities in life. Some people want to spend a lot of money on a house. Some people want to spend a lot of money on travel. Some people make a huge priority—as my late father did—of their children's education. He was a man with very little money and income, living in a rented flat, who put a large part of his

money into sending me to an independent school. That was his priority. He put a huge percentage of his income into that. That was his choice. That is what people are able to do in a free society. This tax hits people who choose, whatever their level of income, to buy a car worth more than \$57,000. Just as when I was a kid going to an independent private school there were boys there whose parents were wealthy and the school fees were not a button off their waistcoat and there were kids there for whom school fees were a huge burden, as it was for my father. There are people on modest incomes who want to buy a car that is worth more than \$57,000. It might be that they need to because they have a lot of kids, it might be that it is their business requirement because they are in the tourism business or they are in the bush, or it might be just because they would rather put more money into a car than into a house or into going on holidays or into buying clothes. People can order their priorities. Let us not kid ourselves: this is not a tax on the rich, this is not a tax on people on high incomes; this is a tax on people who choose to buy a car worth more than \$57,000.

The hypocrisy of this government with respect to this tax is startling. Not only is the rhetoric of this government false, for the reasons I have described, but also are the claims that this government is concerned about the environment. It is a government that, above all, seeks to have a clean and green Australia. It paraded its commitment to environmentalism as a key part of its platform. Under this tax both the hybrid and the Hummer will be hit just the same. Efficient fuel technologies, hybrid technologies, are not cheap. They obviously save money on the petrol side of things, but they cost money and add cost to a car. There are a number of vehicles of this hybrid category in the expensive car bracket because they have expensive fuel efficient technology. Their owners save money be-

cause they use less petrol. If you have a Prius, it will use a little bit less than half as much petrol as a comparable car of the same size and weight, but it costs more to buy. We should be encouraging people to buy fuel efficient vehicles. You would think we would be. We should be promoting fuel efficiency. The government talks about it all the time. It is saying that, whether you buy a car in this category which is fuel efficient or a gas guzzler or whether it does five litres or 25 litres per hundred kilometres, you pay the same additional tax; everybody gets penalised.

Of course we wonder too about the real motives behind this tax. We can see that it flies in the face of its commitment to environmentalism—there is no discrimination there. It pays no regard to the different needs and circumstances of people who want to buy cars of this kind. It does not penalise people on high incomes. A person on a high income who chooses to buy a cheap car or get the bus does not have to pay it; a person on a modest income who wants to buy a car worth \$60,000 or \$70,000 does have to pay it.

Then we ask ourselves: ‘Is this just a way of providing further protection to the Australian car industry?’ Some of the great benefits to all Australians have been lower tariffs, freer trade, the ability for us to compete in the world with exports and, of course, lower prices from competitive imports. We have already seen this government reject the express advice of the Treasury to have an inquiry into the Australian car industry done by the Productivity Commission—the government’s very hard-headed, very well-regarded, independent economic think tank. Instead, the government set up an inquiry headed by former Victorian Premier Steve Bracks and packed with a whole bunch of Labor mates, who share the protectionist agenda of Senator Kim Carr. Having already seen that, we ask if this is another part of

their protectionist agenda. Is this another part of a move not simply to have higher vehicle prices for Australians by putting on a higher tax but to also reduce the competition that comes from imports and keeps prices low?

This attitude to competition and to markets is another characteristic of this government, and it is directly connected to this legislation. In the past, we have seen Labor governments, such as the Hawke and Keating governments, which had a commitment—imperfectly realised, to be fair—to freer markets and to a more competitive Australia. When we were in opposition back then, our side of politics supported those measures that were pro-competition and we were supportive of economic reform. When they were in opposition, John Howard, Andrew Peacock and John Hewson were, in that sense, collaborators in economic reform, and of course John Howard was able to continue and enlarge upon that when he was in government. We believe in freedom, we believe in free markets and we believe that competition will get consumers the best deal. There is so much evidence of that. Who would want to go back to a day, for example, when telecommunications were only provided by one government owned utility? It is obvious that we have benefited as a nation greatly from economic reform and greater competition.

This bill is designed to reduce competition in the automobile industry. It is designed to make the products—in particular, the imported products that form the bulk of this category—more expensive, thereby undermining competition. In that sense it is directly connected to the same philosophy that underpins the government's absurd Fuelwatch proposal. We do not object to greater transparency and more information. We do not object to that part of Fuelwatch which involves putting petrol prices up on the internet and providing an email service. One

may well ask how necessary it is given that there are a number of private sector initiatives such as motormouth.com.au, and no doubt others, that do a similar thing.

But, by and large, with the government's approach to greater information and transparency—that part of Fuelwatch—we have no problems. Our problem is with the element that is anticompetitive. And of course that is exactly the problem that the member for Batman—the Minister for Resources and Energy and the Minister for Tourism—who is sitting opposite me, had with it too. The part of Fuelwatch that involves service stations having to set their price a day before and then hold that price for 24 hours is a price-fixing mechanism—it fixes or sets the price and it cannot be moved during the day. As the member for Batman said in his correspondence, that will result in less competition because it prevents market participants from responding to competition—it prevents them from competing.

Imagine if we were to say that shares on the stock market could not change during the day, or that commodities could not change during the day, or that fruit and vegetable prices could not change during the day; it would be completely absurd. That underlines the lack of commitment and the lack of belief that this new Labor government has in markets and in competition. If Paul Keating or Bob Hawke were sitting here today, they would be just appalled by what this new Rudd government is doing here because this is not a Labor government that is committed to lower prices and to competition, recognising that that is how consumers get the best deal. It is a government that has got an old style socialist approach to these matters.

I mentioned yesterday that I was concerned at this tendency. The Treasurer told us a few days ago that the people are happy. He reminded all of us of Kim Jong Il. That is

what every out-of-touch dictator says, generally just before they are overthrown: 'The people are happy.' You can just imagine it. This is the concern with the luxury car tax—

Mr Craig Thomson—Mr Deputy Speaker, I raise a point of order that goes to relevance. The shadow Treasurer is going on about extraneous issues to the bill. We have not even heard from him yet whether the opposition supports or opposes the bill. He has been going for close to 20 minutes so far and we still do not know what the opposition's position is in relation to this bill.

The DEPUTY SPEAKER (Dr MJ Washer)—The member is in order and has the call.

Mr TURNBULL—It is good to know that the Treasurer has some acolytes. Perhaps the member for Dobell will be next with the elevator heels and the boilersuit, joining in the chorus, 'The people are happy.' No doubt they will all be there, with flip cards, in the stadium. 'How do you feel about a higher tax on cars?' the Treasurer and the member for Dobell will say. They will say, 'We are happy in this fantasy.' That is not Australia. It might be North Korea, or perhaps a new capital of a fantasy world inhabited by the government—'Swan Yang' perhaps, an extraordinary place. An air of unreality overwhelms this team opposite us.

The position with competition is that it delivers lowest prices. That is what competition does. We see that throughout all of our experience. This will reduce competition and it is part of an attitude, an approach—a culture, if you like—of this new government that is against free markets and against competition. Yesterday we heard the Prime Minister say how appalling it was that, at the moment, petrol prices could change during the day. Just think about that: it is 'appalling that petrol prices could change during the day'. You have to go back to the Soviet Union, you

have to go back to Gosplan and Brezhnev's era, to think of governments which would actually want to set prices and say that price movements are wrong. What have these guys learned? Nothing. The reality is that our society is so much more prosperous today because of freer markets, because of competition and because of microeconomic reform. The Labor Party, when it was previously in government, made a contribution to that, and I did not deny it, but now it is rolling that back.

I have been very careful not to give the member for Dobell the news that he seeks too soon, because I want to keep him here. It is important that he listens to all of this. He is on the edge of his seat now. He wants to know what our attitude to this legislation is. Well, we think it is very bad legislation. We will not divide on these bills in the House; this will be carried on the voices, but we will ensure that the bills are referred to committee in the Senate, because we want to carefully investigate the implications of this new tax on the automobile industry generally and on the people that maintain, service and sell these cars. We want to see what its impact is going to be on other vehicles, vehicles less than \$57,000 and second-hand vehicles. When we have completed that investigation, we will respond, and we may seek to amend or we may oppose, but we will let the government know what our attitude is then. We need to be fully informed—unlike the government, which is so uninformed about this. On the very day it is seeking to rush it through the House, the government is announcing that it is going to review the tax. It is saying: 'Come on, come on, you have to pass this bill. Hurry up. It is really urgent. But don't worry: we're going to have a look at it and we might change it and do something completely different.' How ridiculous—talk about needing to make your mind up! The government has not made its mind

up. It is riven by indecision and confusion on the matter of tax.

In terms of the approach that an opposition takes to government's revenue measures—and again I say this for the benefit of the member for Dobell, who has left his seat again, so he will not be able to distract you, Mr Deputy Speaker—we have regard to the fiscal consequences of every position we take. If we propose a tax be cut, if we propose new spending or if we propose a new tax not be imposed, we recognise that all of that has an impact on the budget. All of it does. We take into account the implications for the bottom line of the budget in our considerations. We cannot rewrite the budget. In opposition it is not our job to do that, and we do not have the access to the information or the means to do it. But we do have very careful regard to the fiscal implications, the impact on the surplus, of any courses of action that we recommend—be they reductions in tax or be they new taxes that we oppose. We take all that into account, and there may well be—and almost certainly will be—some measures which we will not oppose in either this House or the Senate because, on balance, we take the view that we do not want to recommend changes that would have a greater impact on the bottom line of the budget. All of that has to be taken into account. It is not just a question of the merit of particular measures within the fiscal envelope of the budget. We recognise there is an overall impact on the budget, and that is something that we plainly take into account.

In conclusion, this new tax is one to which the government is not fully committed. They have undermined this new measure by the announcement today that they are going to review it even before the bill has passed the House, let alone the Senate. They are clearly undecided, clearly uncertain and clearly confused about this, as they are about so many other areas of tax.

It is not a tax on the rich by any definition. It is a tax that will be paid by people, whatsoever their income may be, who choose to buy a vehicle, for whatever reason, over \$57,000. We in Australia believe that people should be able to make choices, make the priorities they choose within their own resources. This tax reduces choice. It penalises people who make the choice to buy a vehicle over \$57,000. It seeks in a clumsy and ham-fisted way to further the protectionist agenda of the government, the end of which, as the member for Batman knows better than most, can only be higher prices. This is a measure of a government only six months in office but already deeply confused and deeply divided on this vital issue of tax.

Mr BRADBURY (Lindsay) (10.53 am)—I am pleased to have the opportunity to speak after the member for Wentworth, having now heard where the opposition stands on this issue. As with many other issues and many other points of contention in recent weeks, the opposition is clearly choosing to embrace this brave new era, this bold new policy option, of neither supporting nor opposing. They were neither supporting nor opposing changes to their Work Choices laws. We now hear that they will not be dividing on this issue but they think it is bad legislation.

The member for Wentworth went through a whole series of criticisms of this tax, and I would like to go through and respond to those criticisms one by one. But I make the obvious point that the member for Wentworth seems not to be aware of: this particular taxation measure is an increase to a rate of a tax that is already in existence, a tax that has been in existence since the former government put it in place back when the new tax system, the GST, was introduced in 2000. Prior to that, taxes on luxury cars have been commonplace in this country since 1978.

Taxing conspicuous consumption of this sort is a matter that has never previously been the subject of the sort of contention that we are now seeing. That raises all sorts of questions about the commitment of those on the other side to delivering a tax system that delivers equity. It is all right to have an efficient system. It is all right to have a system that delivers the revenue that governments need for the outcomes they need to deliver in communities. There needs to be equity in the system, and the member for Wentworth has completely failed to take account of the equity considerations.

So we are talking about a threshold that was already in place. There is no suggestion that the threshold is being changed, but the tax that will be applied to cars on values above that threshold is to be increased. It is a sensible measure that is driven by the need to be economically responsible. That is the pervasive theme of the budget that this government has handed down. It is about delivering economically an economy that we know will sustain itself into the future, running a surplus that ensures we are not fuelling inflation, that we are taking the heat out of the economy so that we are not driving up inflation, which ultimately will drive up interest rates. We all know that interest rates and petrol prices are probably the two biggest factors currently squeezing the household budget. So the No. 1 objective in this budget is to demonstrate that this is a government committed to sensible economic management. We have delivered that and this important measure is part of that.

To oppose this, if those on the other side choose to demonstrate their intestinal fortitude by doing that, would be to leave a further hole in the surplus. To oppose this is to mount a continued campaign, a raid on the surplus, and the opposition seems intent on doing that. I commented yesterday in this chamber that I thought those on the other

side were pretty good at spending money when they were in government. In fact all the figures show that they were spending money at a rate faster than we have seen in recent history. They were pretty good at it in government. But their capacity to spend money in opposition is unrivalled. Whether it be raiding the surplus for the 5c cut to the fuel excise or forgoing important revenue measures such as this, what we are seeing on the other side is that the fig leaf of economic responsibility they have hidden behind for so long is now being removed, and I must say that what is left for us to gaze at is not a very pleasant sight.

The member for Wentworth came in and said that the government is confused on the issue of taxation. It seems to me that he is rather confused on a range of matters, and taxation is one of them. I was interested to go back and look at an article that related to the member for Wentworth's tax plan that he released a couple of years ago. In this brave new era under the new opposition I am interested to know how many of the particular proposals that were contained in that series of proposals now form part of opposition policy—to the extent that they have any policy. At the time there were some very serious critics of the member for Wentworth's proposals. In particular I note that the member for Higgins was foremost amongst those critics, and he is a person whom those on the other side are very quick to cite as a beacon of economic management—

Mr Pyne—Mr Deputy Speaker, I rise on a point of order. Under standing order 76 a member must speak only on the subject matter of a question under discussion, and there are a number of exceptions that do not apply here. This debate is about the Tax Laws Amendment (Luxury Car Tax) Bill and the luxury car tax imposition, general, customs and excise bills, and the issue of past policy discussions within the former government

and the attitude of the member for Higgins are hardly relevant to this debate. If the member has not got enough material to sustain a debate on luxury car taxes he should not enter into the debate, and I would ask you to draw him back to the subject.

Mr Martin Ferguson—Mr Deputy Speaker, on the point of order: like the member for Sturt, I also have a good appreciation of the standing orders, having served on the Procedure Committee for a number of years. This is a wide-ranging debate. So far as I am concerned, the member is speaking to the bill. I would also remind the member for Sturt that the shadow Treasurer made a very wide-ranging contribution during which no points of order were taken. I simply say that if that is the approach of the member for Sturt with respect to these debates, then the same approach can apply to the member for Groom during his contribution. I ask the member for Sturt, through the chair, to exercise a little bit of give and take in what is a wide-ranging debate.

The DEPUTY SPEAKER (Dr MJ Washer)—Would the minister resume his seat. I call on the member for Lindsay to continue.

Mr BRADBURY—Thank you, Mr Deputy Speaker. The point that I was directing my comments to was that in the member for Wentworth's previous contributions to the public debate on taxation policy he has put forward a plan—in fact, as the member for Higgins described it, it was not one tax plan, it was 280 tax plans. My interest is: to what extent did those 280 tax plans address this 'grievous injustice' that is being caused by the existence of the luxury car tax? I say that because the luxury car tax is, as I mentioned, already in existence. This measure is designed to increase the levels at which that taxation is to be recovered by the revenue. It is an increase in the tax; it is not a new tax.

So all the bleating coming from those on the other side raises the question: if it is such an unfair tax, if it is a tax that feeds into this growing sense of the politics of envy and the economics of envy, why did they introduce it? Why did they introduce this tax back in 2000 with the new tax system? Why did they introduce the first tax on luxury cars back in 1978, when the former member for Benelong was the Treasurer? The answer is simple, and that is that there is consensus—or there has previously been consensus—that it is not unreasonable to tax conspicuous consumption of this sort.

I have not heard an argument from the other side that the threshold is pitched at an inappropriate level. There is no suggestion that it needs to be moved, and there certainly was no suggestion of that when they were in government or, presumably, they would have done that. However, we are finding more and more that all of these 'great ideas' they are bringing forward are ideas that they had the opportunity over 12 years to implement but chose not to get around to doing. Perhaps that is what it was—they just did not get around to it. Well, we are not in the business of getting around to doing the things that they failed to do. We are here to do a job, and that is to deliver an economy that will be run like a finely tuned car, an economy that will deliver for working families and all families and individuals across this country. The best way we can do that is by running a tight budget, by ensuring that we secure a \$21 billion surplus. And we will fight every attempt from those on the other side to raid that surplus because, in doing so, we will be standing between them and the interests of working people in this country. We know that every time they go in and raid that surplus they will be putting more pressure on inflation. They will be putting upward pressure on interest rates. I am absolutely determined in representing the interests of the

people in my electorate that we will do everything we can, to the extent that that is within the power of government, to minimise any inflationary implications of our policies to ensure that we are taking pressure off inflation and that we are not driving up interest rates.

Let me turn my attention to some of the specifics of this particular initiative and respond to the member for Wentworth's arguments. In particular, let me begin with the 'family size' argument. I was enlightened by this. It is something I do not know a lot about because I have only got four children! With the birth of my twins a few years ago, my wife and I had the task of finding a new car because the sedan just simply would not fit the six of us. So we went out to do so, and I have to say that the luxury car tax, even at the existing threshold—which is not proposed to change—was not something that had any bearing on the decisions or the choices available to us. The so-called 'Tarago tax' only affects one particular Tarago, one particular people mover, and that is if you upgrade it to the very highest level. What about the Kia Carnival, which happened to be our family's car of choice? That is well and truly below the threshold. And there are many other options. It is curious that it seems to be those who do not live with the same realities of everyday life as the people in suburbs around this country who are driving this notion that the only car a large family could ever buy would incur the luxury car tax. If that is the suggestion coming forward, let me debunk it here. It is ridiculous to suggest that.

Let me move on to the argument about the environmental issues, that this is a tax on those seeking to pursue the environmental option and have a car that is more environmentally friendly. In my experience, most people in my local community looking for an environmental option might look at a Prius

or they might look at doing certain things to their car to make it less dependent on petrol or—and I hear this very often—they might look at a smaller car. They might go for a Daewoo Lanos or a Hyundai Excel. They might go for one of those cars that is a little bit less hungry on the juice, on the petrol. None of those cars are above the threshold that is in question here. In fact, the member for Wentworth comes in here and holds up the Prius. 'The hybrid or the Hummer,' he says, 'will be taxed at the same rate.' Well, if you went and bought a Prius you could buy it for less than that threshold. Unless you bought some fairly significant upgrades to the vehicle, you would be able to buy yourself a Prius without incurring the luxury car tax. These are the sorts of fallacious arguments that those on the other side are left to hide behind. They are opposed to this because they do not believe in it, but they are also too embarrassed to stand up and vote against it. I think that is the message from what the member for Wentworth has indicated.

Can I respond to this issue of free markets. It is just so interesting to see the member for Wentworth come forward and say, 'Change of government at the last election: we now see Soviet-style intervention in the marketplace. Gone are the days of the free market!'—no doubt favouring the vision of the invisible hand of the marketplace turning the key in the ignition of some wealthy person's Lamborghini. The issue here is that there is nothing strange about what is occurring or what is proposed in this legislation. If the member for Wentworth believes that a luxury car tax is an attack on the free market, that it is old-style socialism, then perhaps he might have taken the opportunity when he was last in government to raise that with his Prime Minister, the former member for Bennelong—the Prime Minister who presided over the introduction of the New Tax System

and the GST which introduced this luxury car tax. Or perhaps he might have raised it with the former Prime Minister, the former member for Bennelong, who was the Treasurer in 1978 when the first tax on luxury cars was introduced.

I have heard the former Prime Minister, the former member for Bennelong, called many things. In fact, on occasions, I might have been guilty of contributing by calling him the odd thing myself. I have a lot of respect for him, but one thing I would say about him is that I would never, ever call him an old-style socialist. There are plenty of things I would call him, but I would not call him that. But the member for Wentworth is armed with his 280 or so tax policy responses, which may or may not form part of the opposition's tax policy when they get to the point of actually telling us what it is beyond a 5c reduction on the excise on petrol. We all know that will raid the surplus of \$8 billion over the next four years. With the exception of that particular initiative, we really have no detail about whether or not those 280 other policy initiatives will form part of the opposition's proposals or whether we just have to wait, like for most things, until they tell us between now and the next election.

The reality is that this tax measure is an important contribution to our overall economic strategy. It is an economic strategy that is focused on ensuring that we secure a significant surplus, a \$21 billion surplus, which will take some of the heat out of the economy and, importantly, take some of the heat out of that part of the economy where people are not under the sorts of pressure that we are experiencing in many parts of this country. Yesterday we had many wide-ranging debates about the impact of petrol prices. The Leader of the Opposition came forward in his usual bleating way, standing up for those people suffering from fuel

prices. I know that people are doing it tough with fuel prices, and I am very sympathetic to the difficulties that people, particularly in places like my electorate, are struggling with, and the challenge of rising fuel prices.

We had the Leader of the Opposition coming in yesterday, bleating about how hard it is on those people trying to fill up their tank. He did his tour of the country, and he almost broke down in tears about the poor old lady, who I have sympathy for, who was struggling to fill her tank up with \$30. You cannot—or it is certainly difficult to—provide relief to people who are doing it tough, who are really confronting the challenges of everyday living and going from one day to the next ensuring that they have enough fuel in their tank, a roof over their head and some food on the table and deliver a budget that is true to the best interests without choosing to take some austerity measures.

And if we have to start to impose some austerity measures then I have no difficulties at all in supporting a measure that says that in the present climate, if you have the capacity to buy a car that is worth more than \$57,000—which, in my language, is a lot of money—then that is a lot of money for a motor vehicle. I am not saying that there are not plenty of people who spend that money, but it is a considerable amount of money. To make that decision, to take that choice in the current climate, suggests to me that those people who do that are not the people living from hand to mouth on a day-to-day basis. It is not about the politics of envy; it is about saying that if people have the capacity to pursue conspicuous consumption in that way then perhaps those people should bear some more of the burden in managing our economy, in delivering the economic recipe that is required in order to have a budget that retains a strong surplus, takes pressure off inflation and keeps interest rates low.

This is just one measure, and we are still to see whether those on the other side do end up voting against it. They have announced a whole cavalcade of proposals that they intend to block, but the thing they have not said is where they intend to find the additional revenue to compensate for the revenue forgone on the revenue and savings measures that we have announced. Where do they intend to find the money? I know that, with the irresponsibility that opposition brings, they can choose not to address that issue. But if they do that then they will have to do that in the knowledge that members such as I will be going back to our electorates and marching around every corner of this country to shine a light on the economic irresponsibility of those opposite. To the extent that they once enjoyed some superiority on that point, we are determined to make sure that that never happens again. That is why this is a sensible measure, it is an economically responsible measure, and it is one that I have no difficulties at all in supporting. I am hopeful that it will receive the support of both houses in this place.

Mr IAN MACFARLANE (Groom) (11.13 am)—I listened carefully to what the member for Lindsay said. I think he was talking about the same bill that I am about to talk about, the Tax Laws Amendment (Luxury Car Tax) Bill 2008. There was a great deal of rhetoric and some of those wonderful old catchphrases. And I must say, as someone who was a farmer during the days of the Hawke-Keating era and watched his livelihood obliterated by high interest rates, it gladdens the heart of this old farmer to hear the words coming from the Labor Party that all of that is a thing of the past. They are vitally interested in lowering inflation, when inflation ran at six per cent last time they were in government. They are vitally interested in keeping interest rates down, even though interest rates when they were last in

power peaked at in excess of 22½ for farmers. They are vitally interested in fiscal responsibility and budget surpluses, even though when they left government last time their budget deficit was in the tens of billions of dollars—I think \$12 or \$15 billion, from memory, was the budget deficit we inherited.

I sit here and smile hopefully that all this rhetoric we are hearing from the other side will actually change for the good for the long term and that never again will we see small businessmen and business women obliterated by a shocking lack of understanding of economics. Despite all that, I still have a lingering doubt. I still see signs of the Labor Party of the past. I still hear words that alert my inner senses when they talk about taxing conspicuous consumption. Is someone who lives at Gunnedah, Goondiwindi, Birdsville or somewhere in the outback or on a black-soil plain and who buys a four-wheel drive vehicle worth more than \$55,000 guilty of conspicuous consumption? It sounds like they are. Are they guilty of conspicuous consumption if they need that vehicle to get their children to school every school day and so that they can get out their front gate every working day if it rains, or if it is so dry that the bulldust is knee-deep? It sounds like they are. And if they are guilty of conspicuous consumption then there is only one thing a good Labor government can do and that is tax the living daylights out of them!

We were asked by the member for Lindsay what we believed about this bill. I will tell you one thing I believe in, and I know the opposition believes in: we believe in lowering taxes. That is our record. That is the record of the previous government in the 11½ years that we sat on that side of this parliament. We lowered taxes. We lowered taxes for ordinary Australians—not just for working families but for ordinary Australians. Whether they were self-funded retirees, single professional people or single unskilled

people, Australians enjoyed a lowering of the tax rates. Already we have seen that process reversed under the new government as they speak about fiscal responsibility and the need to produce a balanced budget and how we need to take some heat out of that part of the economy that can afford it. That is code for saying that if anyone does well and buys a vehicle worth more than the threshold, a vehicle worth more than \$57,000, no matter what the reason, whether it is aspiration, a luxury or a necessity, they are automatically dumped into the category of the people in the economy who can afford to pay it—good old Labor Party tax-'em-whenever-you-can-get-at-'em theories that have come home to rule in this budget.

We had a great deal of build-up to this budget, a lot of hype. A government renowned for spin spun about as hard as you could spin anything. In fact, if it were cotton or wool you would have had not just yards but miles. There was so much spin that you would have had enough yarn to go around the earth a couple of times. But, when the Treasurer actually stood up at the dispatch box and displayed the budget, we found that it was just the same good old Labor Party budget: a high-taxing, high-spending budget. They are the ones who, when they were last in power, took Australia to where we went with regard to the economy, perhaps at the beginning with good intentions. We saw what happened last time they were in power and we are fearful that that will happen again.

Whenever anyone from that side of the chamber speaks, I continually hear words about a new tax they are introducing—and this is a very significant increase in a tax, from 25 per cent to 33 per cent. I hear words flow out about how we have to be responsible, how we have to maintain a surplus and how we have to make sure we continue to fight inflation and keep interest rates low. Of

course, that is what the previous government did. It is not what the previous Labor government did but it is what the previous coalition government did. The Labor government seem to think that that sort of aspiration, that sort of mantra, is a *carte blanche* to put the taxes up wherever they can, wherever they think they can get away with it politically.

This increase in the luxury car tax is a sign of a tax-hungry government, a sign of things to come, a cash-grab against 105,000 vehicles owned by 105,000 working Australians. Why you decide that these working Australians are part of the economy that can afford it, as the member for Lindsay said, and that they should be taxed for conspicuous consumption, is beyond me. I think it is fair enough to have a luxury car tax. I think it is fair enough that there will be vehicles that people see as something they need and that they are able to afford and that therefore there is a 25 per cent extra tax on them, but there is no justification on the basis of conspicuous consumption, as the member for Lindsay put it, to increase that tax so substantially.

Some issues have been raised about the way in which cars in this category will be taxed the same whether or not they are environmentally friendly. I have to correct the member for Lindsay, who seemed to think there were no hybrid cars in this category. In fact, there are, of course; there is hybrid technology. If we look forward into the future of where motor vehicle production is going, there will be cars in this category of both hybrid and diesel technology that will be forced to pay the increase in this tax. There will be families in Australia who will be forced to pay this increase in tax simply because they need the vehicles, want to buy vehicles that have the latest diesel technology or need the size or capability of a four-wheel drive to get to work or to take their children to school.

We have seen repeatedly this idea in the minds of the Labor Party that nothing exists outside capital cities. The Prime Minister is still yet to deny that he made a comment saying that once you get outside Brisbane you can hear the banjos playing. Apart from taking deep offence to that comment, I can say that when a working family in an area outside Brisbane decides to buy a four-wheel drive they do so, in more cases than not, on the basis that they need a reliable means of transport. To call them 'that part of the economy that can afford to be taxed at a higher rate' is an affront to them in a double sense; having insulted them by insinuating that they are some sort of hillbillies, you then hit their pocket as hard as you can.

We are going to see from this government more increases in more taxes. There is no doubt in my mind, having listened to the debate since the budget and to where this government is targeting its attacks, that it will be increasing the taxes to those that it deems as being able to afford it. The member for Lindsay said that we need to be able to help those who are living hand to mouth on a day-by-day basis. It would not be those people, he said, who are buying vehicles worth more than \$57,000. I suggest that he take another look at that. I suggest that, if he does not want to leave his own state, he just drive west, go into the member for Calare's seat and talk to a few farmers out there—people pulling sheep out of drying dams and staring at barren paddocks which should be ankle deep in wheat. Ask them if they are living hand to mouth. Ask them if they matter. Ask them if they are guilty of conspicuous consumption. Ask them if they mind being part of the economy that can afford being taxed some more for the vehicle they use to get their kids to school. I would like to be there when the member for Lindsay does that, because he seems to have some preconceived position that the only people living hand to

mouth are in his electorate or in metropolitan electorates. I accept that there are those people, but they live everywhere in Australia. They live in the electorates of Groom, Calare and Kalgoorlie and in inner suburban seats, such as those held by the likes of the member for Grayndler.

But just because someone drives a vehicle worth more than \$57,000 does not mean they are an automatic candidate to have their taxes increased. Some of the people in the member for Calare's seat are so not guilty of conspicuous consumption that they have not even been able to pay income tax. They dream of paying income tax and of having an income high enough to pay income tax. Perhaps when they reach that threshold and move forward far enough with a string of good seasons—which I, like every farmer and ex-farmer, dream of seeing—they may be guilty of some conspicuous consumption and of enjoying life a little. We know what happens then if you have a Labor government; you are going to get taxed some more. You are going to be part of that part of the economy that can afford it. In a perverse sort of way—and I am sure the member for Calare agrees—I hope that happens. I hope these people one day are guilty of conspicuous consumption.

If that time coincides with a coalition government they will find something very different happening. They will find a government in place, unlike the government now in place, committed to lowering taxes and to taking the burden off those people who achieve, who aspire, who want to be more successful than they are now and who want their children to be more successful than they are now. They will not be looking over their shoulders every minute of the day wondering what tax they are going to face next just because they have succeeded.

One hundred and five thousand people, most likely 105,000 families—people who aspire to increase their wealth and aspire to a better standard of living—are going to pay more tax as a result of this bill. They are the culture of aspiration and the people that the previous government encouraged. We wanted everyone to increase their wellbeing. We as a government saw increases in real wages of 20 per cent. That is a pretty stark contrast to what we saw from the previous Labor government, where real wages fell, despite the efforts of the minister opposite, the Parliamentary Secretary for Defence Procurement. Having been part of a union in my past life, good luck to you; you have done a great job in that profession. Along with strong union movements, the best way to increase wages is to increase the economy, and that is what we did. We increased real wages. Then, having increased real wages, we lowered taxes. We are seeing here a reversal of one part of that trend already and, with other parts of this new government's policies, we will probably see a reversal of the other. Already we have seen a budget handed down that is forecasting job losses—I cannot say that I have seen that before—which must have been a bit of a shock on budget night to the working families that this government claims to represent.

The luxury car tax bill is an indication of more to come from the Labor Party. Despite their best intentions—despite the practice that I know the Treasurer will have subjected himself to and despite the pretence of economic conservatism that they have embraced, along with the rest of their spin—deep down they are the same Labor Party. They are the same Labor Party that increases taxes wherever they think they can until they reach a point where they just have to increase taxes for everyone. We are in the middle of a very important debate about petrol, about the price of petrol, about whether or

not the price of petrol should be lowered by 5c a litre and about whether or not government should accept some of the pain that drivers—and not just the drivers in this category—of motor vehicles in Australia will experience. We know that the Labor Party has form on fuel excise. We know when the budget got so stretched they introduced not a 5c a litre cut but a 5c a litre increase. That is where it ends up. This is a sign of things to come. It is a sign of a tax-hungry government who have pulled this one out of the air. They did not tell the electorate in the election campaign, 'One hundred and five thousand of you who buy vehicles this year will be paying increased tax.' This was not part of their election policy. They have decided that they now have to embark on a process where they tax those people who, in the words of the member for Lindsay, are 'conspicuous consumers'. This will be something we will see a lot more of.

We are opposed to increasing taxes. As an opposition we are opposed fundamentally to that. This legislation is bad legislation. This tax grab is a bad tax grab. This issue has not been thought through. The Labor Party admitted that this morning. There are so many reviews running that I am amazed the Prime Minister has to set up another one, but apparently—or so I have read in the paper—he is going to review what impact this luxury tax will have. I will be interested to see what that says. I will be interested to see what the Senate says. This is bad legislation, this is a bad tax and this is a sign of things to come.

Mr KEENAN (Stirling) (11.32 am)—I rise to speak on the Tax Laws Amendment (Luxury Car Tax) Bill 2008 and related bills. I think it is reasonable for us to ask what is going on in this government. Two weeks ago the Treasurer in his budget announced the new luxury car tax. Yet today, if we are to believe what we read in the *Australian*, it is going to be sent off to the Henry review

anyway. We really need to ask ourselves: why we are here debating this? What is the extreme urgency to get this measure through parliament today when apparently it is going to be leisurely reviewed over the next 18 months anyway? Apparently there is a new-found concern within the government. We have seen over the last couple of days that they do not like taxes on a tax. Apparently they are going to review the GST on petrol excise and they are going to review this tax because it is a tax on a tax. They are very worried about taxes on taxes. I will wait with bated breath—and the opposition will wait with bated breath—for the government to start to review taxes on taxes when it comes to the GST on alcohol and the GST on duty imports.

We are seeing, with measures such as these—which apparently before they are even passed through this parliament will be reviewed by the head of Treasury—a government that really do not have a clue on tax policy. They are really just making it up as they go along. Their position appears to revolve around whichever public persona the Prime Minister is trying on on any given day. We really need to ask ourselves, when he wakes up in the morning: ‘Which Kevin do we have today? Do we have Kevin-the-caring?’ That is the Kevin who rails against the fundamental injustice of the most comprehensive tax reform that had occurred in this country for many decades. That was the tax reform that ushered in a new era of simplicity, the new tax system that was passed during the coalition years. This is the same Kevin—Kevin-the-caring—who was so concerned about the economic reforms of the Howard and Costello years that he labelled Australia a ‘brutopia’ under their rule. I note just in passing that the ‘brutopia’ phrase, like so much of the Prime Minister’s work, was directly plagiarised from somebody else. One day we might have ‘Caring Kevin’,

worried about Australia’s brutopia and railing against fundamental injustice, or we might have—

Mr Combet—Mr Deputy Speaker, I rise on a point of order. We have indulged the member opposite in the use of the Prime Minister’s Christian name on a number of occasions, but it would be appreciated—and appropriate, I think—if he addressed him as the Prime Minister.

The DEPUTY SPEAKER (Hon. DGH Adams)—In response to the point of order, the honourable member will refer to the Prime Minister by his title.

Mr KEENAN—I was just noting that we have a Prime Minister who likes to try on different political personas. It is very difficult to know which persona he might be wearing on any given day. He could be the caring Prime Minister, worried about the Howard-Costello years and about how they turned Australia into a brutopia with the economic reforms that were so necessary to get this country moving, or we could have a conservative Prime Minister—that is, a conservative Prime Minister who now believes that the brutopia that 18 months ago he was so worried about actually never went far enough. That is the hairy-chested economic reformer that he has turned himself into. Now he says the coalition years, the years of brutopia, were wasted years and that if he had been in power things would have been different, economic reform would have gone further.

The reality is that what we see from this Prime Minister and his different personas, whether they be caring or economic conservative—and always what you see with this government, of course, is not what they tell you—is that he is more political charlatan than conviction politician. What you see is never what you get with the government. The reality is that we really have a clueless Prime

Minister, a Prime Minister who has no strong convictions about how to run an economy, a Prime Minister who has absolutely no strong convictions about how to structure a tax system. And this is why we found the government veering all over the place on economic and tax policy. This is a government that have now taken to preaching about the benefits of competition while they are trying to impose a nationwide system that fines independent retailers for lowering the price of petrol. They are so pro-competition they are going to fine a small business in my electorate for reducing the price of petrol.

This is a government that has now taken to preaching about the virtues of a simplified taxation system, although, in opposition, it opposed all of the necessary tax reform measures that were pursued during the Howard-Costello years. So it preaches the virtues of simplified taxation while it continually takes some ad hoc measures that add complexity and confusion to the system. We have a government that has started to preach that it believes in free markets and lower taxes while it brings down a budget that increases government spending and, for the first time in many years, increases the tax take on hardworking Australians. We have a government that now apparently believes in aspirations. It believes that Australians should work hard to get ahead, while it has measures like this that stoke old-fashioned class envy.

This is the problem when the government is led by a man who has no political convictions, a man who has sat in this place for 10 years and left absolutely not one discernible ideological footprint. This is deeply problematic.

Mr Combet—Mr Deputy Speaker, I rise on a point of order of relevance. There has been some discourse this morning about some of the speeches that have been made

and the legislation that the speeches are intended to be directed to, and it would be of utility to the House if the member opposite came to address the matter at hand here—that is, the luxury car tax bill. We are hearing quite a wide-ranging and rather peripheral address on a range of issues. Addressing the subject matter would be useful.

The DEPUTY SPEAKER—Order! The honourable member will address the matter before the chair.

Mr KEENAN—Thank you, Mr Deputy Speaker; I know you would have been listening to the debate previously, and you would have heard members' contributions to this debate that have ranged very far and wide, particularly on the government side. But I do thank the member opposite for his guidance.

I think the reason why having a Prime Minister who has no political convictions, who apparently just likes to try on different political personas, is so problematic is that we also have a Prime Minister who insists on centralising all power within his own office. This is deeply problematic when you have no core beliefs of your own to guide you. This is why we get this split characteristic from the government. This is why you get confusion from the government about the direction in which it wants to head. This is a government that is now so disorganised that we have to make these decisions in the parliament at the very last minute. Of course all of us in this place know why. We all know that nothing moves within this new government without the imprimatur of the Prime Minister or his office. We all know that decisions are not taken without him actually taking them. This is a Prime Minister who insists always on having the final say about the whole raft of policies that are associated with being an effective Commonwealth government.

Leaving aside that that style is going to be extremely problematic in dealing with some-

thing as complex as the government of Australia, I want to move to why we are discussing this bill today. We have a government that is absolutely desperate to change the story. It is doing what it does best, which is, of course, prioritising spin, eschewing any substance. It is doing what it does best. It is trying to change what is a very bad story for this government, so it is rolling out its specialty—spin. For six months this new government has been able to float along—there is a reasonably compliant media. I think Australians, when they change government, are always willing to give the new government the benefit of the doubt. But this week, since the budget, we have found that this government actually has to govern. It has to do things beyond just symbolic measures; it has to make decisions. It has to try to improve the lives of the Australian people. There are no guiding principles for the government. It has a Prime Minister, a leader, who is a political charlatan. It has a Prime Minister with absolutely no convictions. It has a Prime Minister who just likes to try on different personas—be it hairy-chested economic reformer or caring Prime Minister worried about how far economic reform has gone. This is why it is very difficult to get an idea about the nature of this government, and we see that with the policy we are debating before the House today.

As I said, we are debating it because the government is very keen to change the story today. It is very keen to change the story about the fact that it has a Fuelwatch scheme that is aimed at implementing one of its election commitments, which is to bring down petrol prices in Australia. We have had the scheme—

The DEPUTY SPEAKER—Order! I ask the honourable member to come back to the question before the chair. The bill is rather narrow in what is before the chair and, though a wide-ranging debate, the honour-

able member has been there without mentioning the matter that is before the chair. I ask him to come back to it.

Mr KEENAN—Thank you, Mr Deputy Speaker. What we are debating today, this increase in the luxury car tax, is a tax grab, and I really wanted to link it back—and I think this is very important—to the price of fuel. I think that is very germane when we are talking about increasing taxes on luxury cars, including hybrid cars I might add. The reason I would like to talk about this is that we have a government that promised the Australian people that they would bring down the price of fuel. They have now been called on that; they need to implement that promise. And, in doing so, they needed to come up with something to say, ‘Look, we’ve implemented this promise, we’ve tried to bring down the price of fuel.’ They have come up with this Fuelwatch idea. It is a plagiarised idea, like so many of this government’s ideas; it is an idea they have stolen from Western Australia. It has been tried in my home state for the past seven years. If you are a Western Australian, you have some idea about the effects of this policy. Certainly retailers and consumers in Western Australia know that this is a policy that has ultimately and spectacularly failed to bring down petrol prices in Perth and in Western Australia.

I want to outline to the House why we are debating this legislation today. It is because we have a government that is very keen to change the story from the fact that its Fuelwatch scheme—the grand plan that it has to implement its election promise to bring down fuel prices—has been roundly panned from within its own ranks. It has been panned by the Minister for Resources and Energy. What the energy minister had to say was that the scheme was uncompetitive—

Ms Livermore—Mr Deputy Speaker, I rise on a point of order. I ask you to ask the

member to direct his remarks to the legislation the House is debating.

The DEPUTY SPEAKER—The honourable member will come back to the Tax Laws Amendment (Luxury Car Tax) Bill 2008, which is before the parliament. It is a narrowly defined bill and the honourable member is really going outside that limit. I ask him to come back to the bill.

Mr KEENAN—This has been a very free wheeling and wide ranging debate so far. Of course, the price of petrol is very germane to a tax that will increase the price of hybrid cars in Australia. I do think that these two things are very closely linked.

The government are just feigning concern about petrol prices. They often raise an issue that they are concerned about—and they raised these issues in the lead-up to the last election—and say that they will do something about the issue. They then come up with some sort of stunt, they make some gesture to show that they care and then they move on to the next thing without ever addressing the problem that they first identified. I think that style is going to wear very thin with the Australian people.

The reason we are debating these tax increases—and some other bills that are essentially being rammed through the parliament today—is that the energy minister has blown a hole in this scheme that the government is proposing to bring down the price of petrol. This will flow directly on to people who will go out to buy a hybrid car and find that that hybrid car is more expensive because of the policies of this government. I want to remind the House, because I think it is terribly important, of what the energy minister actually said about this Fuelwatch policy, a policy that will make hybrids more expensive—

Mr Combet—Mr Deputy Speaker, I rise on a point of order. It is the same point of order: we are still waiting for the member for

Stirling to come to the question before the House in relation to the luxury car tax bills. Despite your previous guidance, we are yet to hear a single comment about it.

Mr KEENAN—You keep interrupting me. It is very hard for me to get to the point.

Mr Combet—I think it is you, not us, having the difficulty getting to the point. It would be appreciated if that direction were reinforced and the member opposite would come to the point.

The DEPUTY SPEAKER—I will ask the member for Stirling, without any help from the other members in the House, to come to the matter of the luxury car tax, which is the subject of the taxation legislation that is before the House at the moment.

Mr KEENAN—As I have said in the past, this is a tax that will, astonishingly and against all the pronouncements of the government and the things that they pretend to care about, increase the cost of some hybrid vehicles in Australia. We have had a lot of noise from the government about how important they think the environment is. They want Australians to produce a hybrid car.

But hybrid technology is very expensive. What we are finding with this bill is that the government will make it even more expensive for Australians to access that hybrid technology. Therefore, they will be driving around in cars that are powered solely by petrol. That petrol is getting more and more expensive. There is great concern about it within the community. This is concern that was stoked by the government in the lead-up to the last election and is echoed throughout the whole community. The problem the opposition has with this scheme that the government are proposing to address is that, even from within their own cabinet, they believe that it will make the problem worse.

This is quite extraordinary. We have a government that professes to care about pet-

rol prices; meanwhile, it is going to impose a policy on the whole of Australia—it is already imposed in Western Australia—that will make it illegal for small retailers in some instances to lower the price of petrol. That would be fine if you could afford to access some of this hybrid technology. We have the luxury car tax bill, one of the many new taxes that are contained within the budget, that is going to make that harder for the average Australian. I think that is a shameful thing.

The coalition believes in lower taxes. It is part of our political DNA. We do not know what is contained within this government's political DNA, because it is a government that rests solely on the whims of the Prime Minister. We have a Prime Minister who has never revealed to the Australian people what his political DNA is. What are his core beliefs? Is he a hairy-chested economic reformer or is he a soft and cuddly Prime Minister who is worried about Australia being a brutopia?

This is the problem, I think, and why we see them veering around on economic policy and veering around on tax policy. The government say publicly that they believe in aspiration, but then they troop in and talk about this bill as though buying a top-of-the-range Holden—a Calais or a Statesman—or a Tarago is somehow conspicuous consumption and is somehow an affront to their values. This is the problem when we have a government so centralised in the character of a man who has never actually been fully revealed to the Australian people.

This is a bad bill. It contains bad measures which will harm ordinary, decent, hardworking Australians. It has been dressed up as a bill that stokes the old class war. This is one of the things about the Labor Party: you always need to look at what they do and not what they say. It is not a government that

prizes aspiration; it is a government that wants to point at people who have gone out and bought a Calais or a Tarrago, saying how outrageous it is that they are involved in this sort of conspicuous consumption. It is a bad measure and is one that I believe reveals the nature of this government. And that nature reveals a government that really has no core beliefs, a government that is veering around hopelessly on economic and tax policy and a government that will be condemned for bringing measures like this before the parliament by the Australian people. (*Time expired*)

Mr CIOBO (Moncrieff) (11.52 am)—I too rise on the opposition side to put on the record our strenuous objection to the way in which this process has been brought about by the Rudd Labor government. The introduction of the Tax Laws Amendment (Luxury Car Tax) Bill 2008 and associated bills really demonstrates in a number of respects a bastardisation of the process when it comes to the way in which the Rudd Labor government is going about conducting itself.

As the shadow minister for tourism and small business, I have spoken to so many tourist groups and so many small businesses that are very angry at the way in which the Rudd Labor government has brought about the introduction of this new higher tax level without even consulting the tourism industry or the small business sector. It is extraordinary, because we see today in the *Australian* how this Labor government does not know whether it is Arthur or Martha. We heard the previous speaker talk about how the Prime Minister does not understand whether he is Arthur or Martha. No surprises then that, as a direct consequence of a prime minister who is so busy engaging in media spin, the government does not have any understanding of what its policy position is going to be. The case in point is illustrated in today's *Australian* where we see that only two weeks ago

or thereabouts the Labor government heralded its budget as being some great revelation, a budget that was going to change Australia to reform it to the Labor mould and a budget that was going to put downward pressure on inflation even though in reality most respected economic commentators recognise that this budget will actually put upward pressure on inflation.

The bill we are discussing today is directly a case in point. This new tax that is being introduced by the Labor government is going to put upward pressure on prices, and that apparently is anti-inflationary. That apparently is Labor's solution to putting downward pressure on inflation, by increasing prices. We see it in so many instances. We also see upward pressure on prices as a result of what fundamentally, when you get to the brass tacks of this Labor budget, is a budget that is the traditional Labor Party budget: big-spending, big-taxing Labor. That is what they did throughout the first half of the 1990s. That is what they did from 1983 until 1990. It is big-spending, big-taxing Labor all over again. The difference this time, though, is that they have moved into government at a time when after 11 years the coalition put the Australian economy very firmly and very strongly on the record as one of the leading economies throughout the world. Labor left us with \$96 billion of debt last time they were in office and we paid that off in full. We reduced taxes in the last seven budgets. And what do we get from the new Labor government? In their very first budget an increase in taxes. In fact, when you look at the increased taxes that the Labor government have introduced, you see that revenue over the forward estimates under the Labor government is anticipated to increase by \$19.5 billion.

We heard as recently as yesterday the reckless Treasurer that Australia now has, in the form of the member for Lilley, saying

that the Labor Party were responsible because whenever they increased spending they cut coalition policies. My feeling is that if that were true that would be okay. But what we actually see in the government's budget is that Labor cut \$15.2 billion off coalition spending programs, and that is a good thing. But they increased spending by \$30 billion. So this much-vaunted budget was going to cut spending and put downward pressure on inflation, and they stand up and say, 'We have cut \$15 billion of coalition spending.' That is fine if you had left it at that. But what we actually see is that, although they have cut spending by \$15 billion in terms of coalition initiatives, they have increased Labor spending by \$30 billion. Likewise, we see that there is \$19.5 billion of increased revenue because this Labor government is putting up taxes for the first time in many years. They are putting up taxes despite the fact that the Australian economy has basically never enjoyed so much economic sunshine. The first act of the Rudd Labor government is to put up taxes, and it is an absolute disgrace. It is a disgrace because of the unintended consequences—or perhaps they are intended; I am giving the benefit of the doubt to the Labor government—of these increased taxes.

Some examples are most strongly felt in Australia's tourism export business. Tourism exports are a key part—

Mr Kerr—I raise a point of order, Mr Deputy Speaker. We do seem to be straying a trifle from the subject of tax law amendments on luxury car taxes. I appreciate that the generalities about higher taxes may be within the debate, but a discourse on the tourism industry seems to have stretched the point beyond the chair's indulgence, I would suspect.

The DEPUTY SPEAKER (Hon. DGH Adams)—The matter before the chair is the luxury car tax imposition bill. It is a narrow

bill and I ask the honourable member for Moncrieff to address the bill.

Mr CIOBO—I am very directly addressing the legislation and it is very clear that the Labor Party has no idea on tourism. Let me explain for the benefit of Labor members in the chamber or watching on TV the way in which the luxury car tax will impact very directly on tourism. The member for Denison should perhaps listen. He displays his ignorance by raising that point of order. Those operating in the tourism business rely on so-called luxury cars to run their businesses. Let me make it very clear. When tourists come to this country, for example to visit the Blue Mountains in New South Wales, they often like to take four-wheel drive tours of the national parks. They do those tours in four-wheel drives—four-wheel drives that are over the luxury car tax threshold. In no way is this on the margins of this bill. In no way is this not relevant to this bill. It really underscores how little the Labor Party understand tourism in this country that one of their own stands up and says: ‘What has luxury car tax got to do with tourism? We’re taking it a little bit far now, Mr Deputy Speaker.’ No, we are not taking it very far at all. This is front and centre of the debate, and the interjection by the Labor member at the table demonstrates that Labor simply do not understand the impact of their taxes. That is exactly why the opposition are taking this opportunity to put on record our concern over this whole process and that Labor do not even know the consequences of their actions. If that interjection illustrates one thing, it illustrates how important it is that the Labor government start to understand the consequences of their actions. That is the reason why we are going to refer this bill to a Senate committee.

It is very clear that Labor have no idea about the negative impacts of their policy changes. You can almost see them sitting

around the table at ERC, saying: ‘We need to cut spending but we also need to raise taxes; what can we hit? I know: let’s package up the luxury car taxes in some way so that we can slug the rich’—the undeserving rich, as the Labor Party like to refer to them, not expecting or anticipating or, most importantly, understanding that, in making changes with the so-called luxury car tax, they have in fact had a negative impact on Australia’s tourism industry, which at the moment is facing some of the toughest conditions it has ever faced. With the Aussie dollar nearly at parity with the US dollar, with international destinations around the world competing more aggressively than ever, and with a budget that delivered a tax cut in real terms to our tourism marketing body, it is clear that Labor had no idea that increases in luxury car tax were also going to be a big negative on tourism exports. What Labor have done with this increase in luxury car tax is put a tax on exports. An increased tax on exports is the consequence of this policy decision.

I have been speaking to the peak tourism export body, the Australian Tourism Export Council, about their forecasts of the consequence of this increase in the luxury car tax. ATEC estimates that each year approximately 8,000 vehicles that operate directly in the tourism industry are going to be caught by this tax—vehicles such as those bought by car rental companies, hire car companies and tour operators that use vehicles that are captured by this increase to the luxury car tax. The vast bulk of these businesses are small to medium-sized Australian businesses. It is some of those 2.4 million small businesses, which employ 4.4 million people, that the Labor Party has now slugged with a new tax that is dressed up as a tax on the undeserving rich but that in reality is guaranteed to do one thing—and that is increase the amount of unemployment that Australia’s tourism export employers will have to deal

with as a result of this higher tax increasing their costs.

Another thing that the Labor Party do not seem to understand is that, when they suddenly make a snap policy change—like this one with luxury car tax—without consulting industry, without giving any warning to industry and without taking into account the concerns of industry, there are other unintended consequences. Australia's tourism operators put brochures out in the marketplace saying, 'Come and take a tour with XYZ Tour Company; it will cost you \$100 per person per day,' based on the costs that they were then dealing with, the costs of their vehicle, their cost base and profit margins as they understood them to be. But, because the tricky Labor Party thought that they could just go about changing the luxury car tax threshold without any warning and without any consideration of consequences, these tour operators now have thousands of these brochures out there in the marketplace, with no ability to change their pricing structure, even though their cost base is being hiked up significantly thanks to this new Labor tax. That is the consequence now. So we have tour operators forced into a situation where they will simply not have the profit margin that they had, because they now have to cover this increase in their cost base.

Had the Labor government done the decent thing and perhaps taken the opportunity to consult with the industry and to consider the needs of industry, we would not be faced with this situation. It is very clear that Labor have no regard at all for those in Australia who are trying to export tourism and no regard at all for the fact that this is an approximately \$22 billion industry and one of Australia's key export industries. They are more than happy to whack a new tax—or an increased tax—on it as they have done with this luxury car tax. I find it particularly strange and particularly galling that they

would go about hiking up this luxury car tax without any forewarning, when in fact their own ministers do not even support it. It was interesting when I reviewed the comments of the Minister for Small Business, Independent Contractors and the Service Economy, Dr Emerson. The federal member for Rankin is on the record with respect to luxury car tax. In this very chamber he spoke about the impact of GST and luxury car tax. He said:

... the luxury car tax will be charged on the GST—these results are untenable in the context of the Government's stated goal of the tax reform process in general and the GST in particular.

The minister for small business held the view some time ago when the coalition was in government that the luxury car tax was untenable because it was levied on top of the GST.

It is clear that the small business minister, who I have no doubt raised these concerns within the ministry or cabinet, was steamrolled on this and was told, 'Look, don't worry about that; we will be able to package it as being an increased tax on the wealthy, on the undeserving rich.' That would have been the line that he would have heard from the Labor Party. He would have been steamrolled on this, even though he knew, and was on the record as having said, that the luxury car tax is untenable.

So I urge the Rudd Labor government to please listen to what some of their ministers are saying, in the same way that the Rudd Labor government should listen to what the cabinet minister—the Minister for Resources and Energy and Minister for Tourism—said when he released a letter talking about Fuelwatch and its negative impact. Start listening to what the frontbench is saying, Prime Minister. For as long as this Labor Prime Minister refuses to listen to the feedback that he is getting from, for example, the minister for small business and from the Minister for Re-

sources and Energy and Minister for Tourism then this government will forever lose its way on these kinds of policy issues.

We know that this new tax is going to raise \$555 million over the forward estimates. It will raise \$130 million additional revenue next year, \$140 million in the year following and in the year after that and \$145 million in the period after that. That is over half a billion dollars of new tax revenue as a result of these changes. There was no warning given to industry and no consideration or care given to the fact that it will have a significant detrimental impact on our key tourism exporters such as the tourism industry and no understanding of the consequences of this change, which is why these bills must go to a Senate committee.

Olivia Worth, General Manager, Public Affairs, with the Tourism and Transport Forum, TTF, another key tourism peak body, said that increased taxes were a concern. She said:

This is money that could be better spent by tourists on shops, restaurants and tourism attractions.

Australia is a long haul destination, and a relatively expensive place to visit—increased visa and travel charges add to the cost—

as, too, do increased hire car charges and tour operator charges.

Let me cite a very real life example of the kinds of companies that are now going to struggle thanks to this increase in luxury car tax. Australian Wild Escapes operate a fleet of 30 vehicles for luxury ecotours in the Blue Mountains region in New South Wales. They turn over, on average, four or five vehicles every year. It is going to cost them about an additional \$30,000 or \$40,000 as a result of these changes to the luxury car tax. Those that undertake these small tours go through parks like those in the Blue Mountains or places like the Daintree rainforest in Far North Queensland. I have no doubt the

member for Denison would know that tour groups go through the majesty of Tasmania's forests and gain an appreciation of how important it is to protect and preserve some of the old-growth forests. All of these tours are undertaken in high-quality vehicles, which are predominantly Toyota LandCruisers. To coin a phrase, these vehicles are the backbone for these tour operators. Now, because of this increased tax, we are going to see extra costs for Australian Wild Escapes, for example, of some \$30,000 to \$40,000 a year.

It is very clear that these bills need to be referred to a Senate committee. This matter needs to be comprehensively assessed. The impacts, both positive and negative—and I am being generous when I say positive—need to be assessed. The Labor Party needs to get its head around the fact that changing policy like this overnight without any consultation with industry has a very real and very negative impact. This Tarago tax, as those of us in the coalition refer to it because that is what it is, is not about luxury cars at all. It is about tour operators and it is about large families. More importantly, it is not about the vehicle that is being driven; it is about the process. It is about the fact that this Labor government is so caught up with spin and so caught up with how it presents itself that it will ram through policy decisions taken on the run, like this increase in the luxury car tax, without talking to industry, without considering the impact on those, for example, with a disabled child, without considering the impact on large families and without considering the impact on a very important part of Australia's exports—that is, the tourism industry.

Can I say very directly to the Prime Minister but to all of the Labor frontbench: it is time you realised the consequences of your actions and it is time you stopped displaying your ignorance on matters relating to tourism. It is time that the Prime Minister started

listening to his frontbench and understood that suddenly changing things overnight has very serious and dire consequences. In that respect, this government should embrace the coalition's position and refer this matter to a committee. (*Time expired*)

Mr ROBERT (Fadden) (12.13 pm)—It is a great privilege to be in the chamber here this morning with the member for Moncrieff and the member for McPherson. The three of us represent the Gold Coast, the sixth largest city in Australia. The Gold Coast is also home to more small to medium enterprises than any other commensurate city in the nation. I think we, the three members for the Gold Coast, speak as one voice when we stand appalled at what this government has done. I think we speak with one voice when we represent the largest concentration of small to medium business owners who will be impacted by this outrageous increase to a tax that has been ill-conceived, ill-thought through and rushed.

There is a maxim that forewarned is forearmed. I am a new member of parliament, in fact the only new Liberal for Queensland. Prior to parliament opening we actually had a parliamentarian school here. The 42 new members of parliament—34 Labor, seven Liberal and one National—met in this chamber to look at the mechanics of how parliament works.

The Government Whip came in. The new Opposition Whip also came in. The Government Whip spoke to us about how the mechanisms and mechanics of parliament work. He talked about the whips being fundamental in ensuring that the process of government is smooth. The whips ensure that lists of speakers are maintained and that there is enough time to look and debate bills. He said that the whips work cooperatively to ensure that parliament works. That concept of the whips working cooperatively to ensure

that parliament works has stayed with me as I have watched and learnt the mechanisms of this House and how it functions. You can imagine my surprise when late last night a range of bills were put forward to be debated on the floor of the House the very next day. You can imagine my surprise when there was no consultation between the Government Whip and the Opposition Whip as to how best the bills were to be managed and on the time all parliamentarians had to look at the bills and to decide on an appropriate course of action.

I then went to the *Bills Digest*, which the Parliamentary Library produces. I have enormous respect for the researchers of the Parliamentary Library and their ability to look at a bill, dissect it and provide unbiased, non-partisan advice. I hold the Parliamentary Library in the highest regard. Yet *Bills Digests* were not available for these bills that were to be rushed through their second reading on the floor today and that we were only told about last night.

Appropriate shadow ministers had no opportunity to go through the Tax Laws Amendment (Luxury Car Tax) Bill 2008. Backbench committees had no opportunity to review. And yet when 42 new parliamentarians were here in this place, the Government Whip had the hide, the audacity and the blatant effrontery to look me and the member for Isaacs—who is suddenly engrossed in something else—in the face and say, 'We the whips will work cooperatively to ensure that this place functions and works.'

The DEPUTY SPEAKER (Hon. DGH Adams)—Order! Honourable member, before the chair is the Tax Laws Amendment (Luxury Car Tax) Bill 2008. I ask the honourable member to come to the matter before the chair.

Mr ROBERT—Thank you, Deputy Speaker Adams. The question is: what is the

government seeking to hide by introducing this bill into this place in such a manner? I refer the House to the front page of the *Australian*. I quote from Dennis Shanahan:

THE Rudd Government is prepared to review the \$555 million luxury car tax only two weeks after it was unveiled in the budget and even before the new tax laws are introduced into parliament.

The Government is to refer the luxury car tax to the review of the tax system being conducted by Treasury secretary Ken Henry, after calls from the automotive industry and the Government's declaration that 'taxes on taxes' were an anomaly.

Clearly, something happened between when the minister spoke to the press and informed the nation on the front page of the *Australian* as to what their intent was for this bill and sometime last night when they snuck it through for the second reading speech this morning. Dennis Shanahan then spoke to industry:

Federal Chamber of Automotive Industries chief executive Andrew McKellar told The Australian last night the car industry believed it was 'a tax on a tax which is on top of other taxes'.

It is surprising that he should be referring to this Labor government and its implementation of new taxes—indeed, there are \$19 billion worth of new taxes over the forward estimates. The article continues:

The fact is when you buy a new car people are already paying GST, then they are getting slugged luxury car tax on top of that,' Mr McKellar said. 'We think this increase in the rate of the luxury car tax is completely unnecessary and should be reviewed in the Henry review.'

The government agreed with that. I am sure that the responsible minister made it very clear to Dennis Shanahan and the *Australian* that it would be reviewed—except something happened.

I suggest that the minister had an amygdala hijack and thought that he would rush it through along with a whole range of other

bills this morning. Why? Generally, when something is rushed, there is something to hide. The *Australian* article continues:

Mr McKellar said the luxury car tax had not kept pace with the market and now 'captured many more family cars than was intended, and this is another reason for it to be reviewed'.

Could it be that the front page of the *Australian* has also got headlines like 'Rudd twisted ACCC fuel advice', referring to the junior minister, Minister Bowen, coming out and misleading the House with respect to what the ACCC advice was, only to be put straight by the member for Wentworth? Could it be that this government was embarrassed by their response, embarrassed by the Adelaide declaration from the Prime Minister that there is nothing more he can do? Could it be that, to try and move the agenda and get petrol away from the spotlight, they have rushed this through—unconscionable conduct completely contrary to what the whip told the 42 new members of parliament about how this placed work—simply as a smokescreen?

Let us be absolutely candid on this tax. The luxury car tax was introduced on 1 July 2000 when the GST was introduced and the wholesale tax was abolished across the board. On cars at the time, wholesale tax was 22 per cent and rose to 45 per cent on the value of a car above the luxury threshold, that threshold being \$55,720, wholesale tax inclusive. Thus, the original 25 per cent luxury car tax was designed to offset the removal of the wholesale tax and to ensure that there was no change. In fact, the price of more expensive cars, and cars in general, came down with the introduction of the GST. Since 2000, there has been no change to the luxury car tax rate, because it was not seen as a tax on a vehicle because that vehicle is expensive; it was seen as simply equalising out the loss of the wholesale tax—perhaps not dissimilar to the wine equalisation tax. I

am surprised that the Rudd government has not gone after that in the same way they have with ready-to-drinks.

Essentially, there was no change to the wholesale tax rate in the introduction of the GST. The portion of a car's price over \$57,123 is now subject to a 25 per cent tax, in line with the original wholesale tax and no change in the GST. But suddenly there is a change. Suddenly the minister, with an amygdala hijack last night, changed everything. Rather than put it through a review, he thought he would dump it on the House and rush it through as a smokescreen for Labor's incompetent handling of petrol. The revenue expected from this measure will be \$130 million in the next financial year, through to \$140 million in the outlying years. This incompetent government believes there will be no loss in revenue from the introduction of this extra tax—from 25 to 33 per cent. Indeed, it believes revenue will increase a further \$5 million to \$145 million in the outer year of the forward estimates. May I suggest this is a blatant grab for tax without any real thought. It does not take into consideration the loss of corporate tax receipts from companies that will begin to suffer because of the extra tax burden being put on purchases of these automobiles.

The government had 11 years in opposition—11 years to formulate a legislative agenda for when they won office. They are now in office. This parliament has sat for fewer than 30 days in the first six months. The Prime Minister has been overseas for almost a month during that time. This parliament's sitting program for the first six months demonstrates quite clearly a lack of a legislative agenda. You would have thought, after 11 years of contemplating that agenda, contemplating their view of the world, that when they gained power they would not need to dump a whole heap of bills on the parliament late at night and introduce them and

move the second readings in complete contradiction to what the Chief Government Whip told the 42 new members of parliament. Why did the Chief Government Whip not come out during the pollie school at the beginning of the year and say, 'Look, if we want to screw things up, to hold up and to smokescreen the mistakes of our incompetent frontbench, we will do that'?

Mr Kerr—Mr Deputy Speaker, I rise on a point of order. This is far from the subject matter of the bill. I think it is quite discourteous to the Chief Government Whip, who extended a courtesy to all members by providing education, to characterise that very generous act in this manner. But that is an observation. My point of order goes to relevance.

The DEPUTY SPEAKER—The honourable member for Fadden will address the bill that is before the House. It is a very narrow bill. There has been some broader debate on tax, but the honourable member will address the matter before the chair. I have not heard any personal reflection on the Chief Government Whip.

Mr ROBERT—The reality is that approximately 105,000 cars are sold in Australia over the current \$57,123 amount. Approximately 90 per cent of them are imported. The majority of money made on selling cars is for the most part in the price of the new car, but this includes the servicing of vehicles. It does not take a rocket scientist to work out that increasing tax decreases purchasing power, which perhaps is what the Rudd government is looking for. If purchasing power is decreased, it follows by necessity that fewer cars are bought. If fewer cars are bought, fewer cars are serviced, fewer tyres are bought and fewer accessories for cars are bought, and this impacts on the workforce. If fewer cars are bought—less servicing, fewer accessories for cars, fewer

tyres, less maintenance—it can only mean one thing: unemployment. It is well and truly reflected in the Treasury figures that 134,000 Australians will be unemployed because of this budget. This tax contributes, in part, to that number of 134,000 Australians. If you add in partners and a number of children, that makes almost half a million Australians. Working Australians—dare I use that much used term—will be turned into welfare Australians.

This will hurt dealers, salesmen, importers and servicing areas. It will hurt small business. The Gold Coast is a small-business capital of the nation. Many of those small businesses use a range of vehicles, including Taragos, which will now be taxed. Many constituents with disabled children or large families in the electorate of Fadden will now be disadvantaged because an extra tax has been placed on vehicles that they need to buy because they need the extra seat capacity, the extra room for accessories, the extra room to store equipment or the extra room simply to be able to make modifications to a vehicle in order to meet their needs. This is a slug on the very people that the government stood before—the Australian population—and said that it was there to protect and support. This is a fraud. This is a con. This is something that has been perpetrated on the Australian people. This is a tax which, in some part, is placed on people who can least afford it: the disadvantaged, those with a disability, who need modifications for vehicles. What do we say now to a family of three, four or five children, when one of the children has a disability and needs modifications made to a vehicle, in particular a large vehicle, to carry the whole family? Do we say, ‘I am sorry, you are going to have to pay an extra \$3,000 or \$4,000 for your vehicle because the government thought it would raise more money’? It did not want debate on the subject; it just pushed it through late at night for

a second reading the next day and flagrantly demanded it be passed in the House that same day.

This whole budget reeks of the politics of envy. It reeks of trying to give what this government thinks is a kick in the guts to those who are apparently wealthy. But the question is: what is ‘wealthy’ to this government? FBT charges have gone up, so you can no longer provide meal vouchers and cards to your staff without paying FBT. Laptops can no longer be purchased for purposes other than work, so families will stop buying laptops FBT exempt for their children. Isn’t that a great advertisement for the education revolution?

Apparently, if you have a \$57,000 car you are wealthy. Means testing for solar panels means that a household earning \$100,000 is apparently wealthy. Apparently, the \$100,000 Medicare levy threshold and the \$110,000 childcare rebate threshold knock out the wealthy. The threshold of \$150,000 for family tax benefit B and the baby bonus applies to the apparently wealthy, yet the upper tax bracket is \$180,000. What is it, government? What is it that you class as the ‘wealthy’ number? Because it changes right across the bracket, from the top tax bracket of \$180,000 to the solar panel rebate threshold of \$100,000—and, of course, \$50,000 is the cut-off for this new extra tax. What is the ‘wealthy’ number that you so vehemently want to punish? What is it about the politics of envy that leads this government to seek out those who, through incentives and hard work, have added to their earning capacity? What is it about these people that you want to punish?

What is it about small business that you want to punish? Companies in Fadden that use vehicles—and, get this, also produce solar panels, like Ecotech—are now being doubly hit. Their business is halving because

this government has some problem with people working hard, using initiative, building on incentive and earning a reward from that. What is it? What do you not like about hardworking Australians who do well? What do you not like about small business in this country? Small business employs 50 per cent of Australians. What is it that you do not like about them? What is it that you do not like about the three Gold Coast seats of Fadden, Moncrieff and McPherson—the small-business capital of the nation? You want to punish that small-business capital with these ridiculous new charges, these ridiculous new taxes. Why is it that you spent 11 years in opposition and now have no legislative agenda and feel the need to rush something through? Because when you rush it through you are hiding something. What is that? What is it that is driving this government towards these ridiculous measures?

This bill must be referred to a Senate committee. It needs to be analysed. We cannot stand by in all good conscience and allow the government to railroad through new taxes. One minute they are telling the press, as per the front page of the *Australian*, that they will include this in the Henry review; the next minute they sneak it through and demand a debate in the morning. This cannot be allowed to occur. This must go to a Senate committee. This must be reviewed. And someone must stand up and fight for the people of Australia who will be disadvantaged by this. That is exactly what we on this side of the chamber will do.

Mr PEARCE (Aston) (12.33 pm)—I rise in the House today to add my voice to the chorus of concern about the way in which the new Rudd Labor government are treating the legislative process with such contempt. We have to really seriously ask the question: what is going on with the government? On the one hand we have a so-called tax review, which they keep telling us is a comprehen-

sive tax review that is going to look at everything to do with tax and is going to be all things to all people. On the other hand they are sneaking through, catapulting through, all this new tax legislation that has come out of their first budget. That in itself is a very interesting point to note: we are actually here in the House of Representatives today talking about the introduction of a new tax.

Mr Deputy Speaker Andrews, as you would know, the first budget of the Rudd government is the first federal budget in years and years to introduce a new tax. Rudd Labor have introduced new taxes to the Australian people for the first time in years. So, on the one hand we have this so-called wonderful tax review that is going to look at everything and be all things to all people, and on the other hand we have the Tax Laws Amendment (Luxury Car Tax) Bill 2008 and related bills being rushed through the House. However, to my amazement I woke up this morning and went to my favourite newspaper, the *Australian*, to read on the front page a story with the headline ‘PM hits brakes on luxury car tax’. This is a story by the political editor, Dennis Shanahan, a very respected political editor. The piece says:

THE Rudd Government is prepared to review the \$555 million luxury car tax only two weeks after it was unveiled in the budget and even before the new tax laws are introduced into parliament.

The article goes on to say:

The Government is to refer the luxury car tax to the review of the tax system being conducted by Treasury secretary Ken Henry, after calls from the automotive industry and the Government’s declaration that “taxes on taxes” were an anomaly.

So, here we have, on the one hand, the government feeding stories to the media saying they are going to refer this so-called luxury car tax to this wonderful tax review that they have established, and then on the other hand here they are forcing the legislative process, this bill, through the House—rushing it

through the House without due debate and consideration. Really, Mr Deputy Speaker, you have to ask: what is happening? Again, as I said, the piece mentions 'the government's declaration that "taxes on taxes" were an anomaly.' I will tell you what is an anomaly: the Rudd government. They are the problem that we have right now. You really do have to ask yourself what has brought all of this on. Why, all of a sudden, has this bill been rushed into the House of Representatives? Why has the opposition been told by the government, last night and again this morning, that this bill has to be finalised today, that it has to be passed? You have to ask yourself the question: what has brought all of this about?

I think the answer is obvious. What has brought all of this on, of course, is the 'fuelgate' crisis that the Rudd Labor government are in. This is all about 'fuelgate'. This is all about the promise that Kevin Rudd made before the last election—that, if he were to become the Prime Minister of Australia, he would reduce the cost of petrol, he would reduce the cost of groceries and he would reduce home loan interest rates. All three of those—the price of petrol, the price of groceries and home loan interest rates—have gone up since Kevin Rudd became the Prime Minister of Australia. So the reason we are standing here in the House of Representatives this morning, being told that this is a piece of urgent legislation, being told that there will not be the normal legislative process and that it will have to be debated, voted on and passed today, is 'fuelgate'. The Rudd Labor government are in damage control over what has happened with their promise to reduce the cost of petrol. Of course, we have this fandanglous idea that the Rudd Labor government are going to introduce Fuelwatch—this so-called wonderful system that has worked so well in Western Australia.

I was surprised today to read in the Melbourne *Herald Sun* about new research that shows that Labor's proposed Fuelwatch scheme may drive up the petrol price. The research compares prices recorded in Perth, where there is a FuelWatch system in place, with those recorded in Sydney and Melbourne. The report says:

A three-month survey reveals unleaded fuel was at least one cent a litre dearer in Perth than in eastern states.

During some weeks, the price soared even higher, with Perth drivers paying nearly \$2 more to fill up the family car with 40 litres of fuel.

The survey found that the cost of petrol was actually dearer than in Sydney and Melbourne in all but three weekly periods.

So you had Kevin Rudd, before he was Prime Minister, saying, 'Vote for me and I will reduce the cost of petrol, I will reduce the cost of groceries and home loan interest rates will come down.' He became the Prime Minister and what has happened? Home loan interest rates went up, the cost of groceries went up and the cost of petrol went up, new taxes were introduced in the budget—like on cars et cetera—and his answer is that he will watch petrol; he will introduce some system. According to the survey that has been quoted in the Melbourne *Herald Sun*, it has actually resulted in the cost of fuel in Perth being more expensive for people than in Sydney or Melbourne.

So the reason that we find ourselves right here today talking about the luxury car tax as a result of the budget—

Mr Kerr—Mr Deputy Speaker Andrews, I rise on a point of order. Perhaps I rose the moment the member chose to return to the topic, but a discussion on the fuel issue is somewhat at right angles to the subject of the bill.

The DEPUTY SPEAKER (Hon. KJ Andrews)—I call the honourable member and refer him to the bill.

Mr PEARCE—Thank you very much, Mr Deputy Speaker. I appreciate the sensitivity that the member for Denison has on the issue. I understand that he is part of the problem. He is not part of the answer; he is part of the problem—the problem that was created by him and his colleagues before the last election. So I understand his sensitivity. But here we have the new budget that has introduced a whole raft of new taxes—taxes on so-called luxury cars; taxes on ready-to-drink alcoholic drinks, the so-called alcopops; new taxes on crude oil excise; changes to depreciation of computer software; and increases in taxes on passenger movement charges. We have this raft of new taxes.

When we used to talk about new taxes in this parliament, for years and years it used to be as a result of the introduction of new state Labor taxes, but now, of course, we are talking about the introduction of federal Labor taxes. What I think is particularly notable about the proposed tax increase in this bill is—and it is just like all those other taxes I have mentioned—that the Australian Labor Party, under Kevin Rudd and Wayne Swan, did not say anything about any of these new taxes to anybody in Australia before the last election. They snuck into office and now they expose what their obvious tax plans are.

What they did say before the last election in relation to this type of issue was that the Labor Party would set up a review into Australia's automotive sector. That is what they said. They did not say that they would introduce a new tax; they said that they would set up a review—because, as we know, if there is one thing that Prime Minister Rudd loves it is a review. He absolutely dislikes making a decision, but if there is one thing that you can get Kevin Rudd as Prime Minister of

Australia to do it is to announce a review. So they promised that they would have a look into the Australian automobile sector and, interestingly enough, the chairman that was appointed to that automotive review was the former Labor Victorian Premier, Steve Bracks.

What is even more interesting about that review is that their discussion paper—which was released on 31 March this year—actually canvassed the possibility of reducing luxury car tax, not increasing it. Here we have a Labor stalwart, in Steve Bracks, who has been given a 'job for the boys' as chair of the automotive review, and they release a discussion paper in late March that looks at the possibility of reducing luxury car tax, not increasing it. So the government are not even prepared to allow this so-called wonderful review to do its work, go through its inquiry and actually come up with any suggestions or recommendations. 'No, we're not going to allow that to happen anymore. What we're going to do is step in, introduce this bill and rush it through the Australian parliament without due debate or consideration.'

I am talking about this bill today on behalf of the people of my electorate of Aston. What the people of Aston have said to me and what I find particularly offensive about this bill is its actual name: luxury car tax. To families and people in the electorate of Aston, buying and owning a Tarago is not a luxury but a necessity. It is a necessity so that they can do what they need to do to look after their families. They are families with children—families with disadvantaged children or people—who need to have such a vehicle in order to move them around. How offensive for this government to now turn around and say to the people of Aston and, indeed, the rest of the country that, because they need to buy a Tarago, a vehicle that might cost more than \$57,000, they are wealthy people and they are investing in a

luxury car. These people need these types of vehicles in order to get their families around their local community, to take them to school in the morning, pick them up, take them to their sports training events and take them off on the weekends. They have multiple children or, as I said, they might be unfortunate enough to have somebody who is disadvantaged or disabled within the family. They need these types of vehicles. They are a necessity.

Kevin Rudd and Wayne Swan ought to get out into the electorate of Aston and talk to some of these people that own Taragos and similar types of vehicles and say to them, 'Do you think that you are driving a luxury vehicle?' The people in my electorate do not think that they are driving a luxury vehicle. They are driving a vehicle of necessity. It is a vehicle that they need in order to undertake the daily travel requirements for themselves and their families. This is an offensive bill and it is a bad bill. It is a bill that, along with so much else, introduces new taxes into Australia—taxes that were not articulated to the people of Australia before the election. There was no discussion about all these new taxes. Kevin Rudd swanned around this country—pardon the pun—telling people: 'Vote for me. I am an economic conservative. I will look after you.' He then gets into office and introduces tax after tax after tax.

The opposition has proposed that this tax be referred to a Senate committee for inquiry. Surely that is a reasonable request. Surely that is a request that the government can meet. Is the government so concerned about 'fuelgate', so concerned about the crisis it has got itself into on the promise of reducing the cost of petrol and groceries and so concerned about this crisis it is in that it is not prepared to have this issue, an issue that is going to impact on so many people in my electorate, discussed? Many people across Australia need to have big cars in order to

take their families and the kids around. Is it so unreasonable to ask the Australian government to have this bill referred to a Senate committee? Please allow people to come and talk to the parliament about why they need to buy these types of vehicles. They do not buy them because they have money to throw away. They do not buy them because they want to drive around in a luxury car. They buy them for the sake of their families. This tax will punish all of those people and all of those families. This is a result of Kevin Rudd and 'fuelgate' and being in trouble over promises that could never be kept. This is an abhorrent process. This is the wrong way to deal with the Australian parliament and the Australian people.

I plead with the Australian government: please stop, take a breath and admit that you are in some trouble on 'fuelgate'. We all know that. You are in trouble with the price of groceries going up. You are in trouble with home loan interest rates going up. Admit you are in trouble. Say: 'We won't interfere with the crisis that we are in as a result of the luxury car tax. We will look at it as a separate exercise. We won't try and muddy the waters. We will look at it as a stand-alone issue. We will refer it to a Senate committee and we will allow some Australian people to actually have a say.' I think that is the right course of action, and I do not think it is an unreasonable course of action for the opposition to request.

Mr LAMING (Bowman) (12.49 pm)—Following on from my colleague the member for Aston, seated behind me, those 10 years of economic sunshine now look like a distant memory. This year we have the new complexion, the wall-to-wall Labor governments and absolute panic at the first sign of economic trouble. This year we have seen a new government making decisions that have been based mostly around taking on the rich and punishing them because that would be good

for the polls. We have had the Hawker Britton mentality suffused through this government to the point where the term 'working families' is an utter focus and that, in their minds, small issues can be swept through this rushed legislative agenda that we are witnessing today. Two weeks ago we saw a series of prebudget leaks to the point where budget day became a complete anticlimax because the whole thing had been run through the Australian media in a series of saccharine setups to ensure that it was all going to wash okay. Two weeks ago we heard about the increase in this poorly named luxury car tax without it being fully thought through and without thought for the implications for the Australian vehicle industry. These luxury car tax bills will pick up, as my colleague seated behind me has just mentioned, a number of vehicles manufactured in this country that you would hardly call luxury cars.

It is interesting that on the one hand we have this incredible prevarication on the other side—a fear of making a decision and a desperate desire to refer it to an 18-month committee. Let us remember this review of the tax system runs for 18 months and will report publicly as late as 2010, which will be too late to make that year's budget cycle. You effectively have a government abrogating any decision making on these important issues in its first term, based on some assumption that it can just review its way through its first term. This is a government which, whilst in opposition for 12 years, had an opportunity to pull these ideas together into a coherent policy and a government that had an opportunity through its much vaunted 2020 Summit to pull together some great ideas. It seems that nothing has come of it. It is almost an admission from the other side that there is not only fear of making a decision but a fear to do it within a reasonable time frame. The 18-month delay on impor-

tant tax issues is where some of the legislation and decisions are ending up. On the other hand, there is this juxtaposed rush on some of the issues that have been put to this House today to be forced through. It makes very little sense. Of course, you will read one story in the paper today—thought bubble No. 500 from the Prime Minister's office—that this is going to be referred to the Henry review and then there will be an 18-month wait; but then of course up it pops on the program today for urgent discussion and decision.

What we really hoped for, as most Australians did, was just some fresh ideas to become reality. We expected that on some of those big areas there would be leadership. I know that there has been a certain desire, particularly from the less-discerning media outlets, to build up this new government—and there are a lot of people who do not want to tell voters that they might have made a wrong decision last November—but the longer we go on this year the more we are seeing not only a lack of fresh ideas but a rush on some for which there has been no legislative analysis or scrutiny whatsoever and on others a petrification, a driven popularity poll approach to making choices.

We need to take that back to the leader's office. What we have here in this Prime Minister is a person who has traditionally allowed ideas to percolate through a bureaucracy to him as an options paper. That is the way he has always made decisions. He has never been a doctor at the bedside having to make that very tough call on what is right or wrong. There is no sense coming from this Prime Minister that he has a long-term ideological focus and an ideological destination for this country. It is the opposite. He is waiting for a conciliatory, consensus based approach where no-one really knows where they are going. But his background is such that he waits for it to percolate through a

bureaucracy before he even dares move an inch—almost like that junior medical student with the white coat peeking over the shoulder of the consultant doctor who, when he has to make the choice between two life-threatening diseases, says, ‘I will do this.’

I have not seen any notion from this Prime Minister that the luxury car tax fitted into a broader tax based agenda that had to wait 18 months. Nor have I seen any notion that it is so urgent that it has to be forced through today. There is utter confusion. Why? Because this is a leader who has never really had to make an unpopular decision that is right for the long term. It is exactly the reverse; we have a person making the short-term ‘save my skin’ decisions for tomorrow’s headline. And we all know about yesterday’s headlines and how he is desperately scrambling to change the subject.

Obviously, Australians are smart enough not to allow that to happen. There is no urgency associated with this measure today, except probably the urgency to get it right—to properly scrutinise this bill; to make sure that it does not impact on Australians driving larger vehicles; and to ensure that it does not impact on our vehicle manufacturing industry in the southern states. I think they would take great umbrage to being told that some of the vehicles they are producing are luxury vehicles and deserve to be taxed at 33 per cent.

I think we all know the history that back in July 2000 this tax was introduced to compensate in some way for the removal of wholesale sales tax that led, potentially, to luxury cars becoming cheaper than they otherwise should have. So it was introduced and the 25 per cent level was determined then. The decision to jump now and apply the post-GST value to these vehicles so that they are caught up in the tax, but then apply the tax itself to the GST exclusive value, is just

part of the untidiness of the legislation. Had we had an opportunity to do it properly, we could have made sure that what came out of it was an appropriate taxation measure, rather than what is being forced on the parliament today.

What is effectively happening today is that the government is becoming road kill—from ‘fool watch’ to Fuelwatch—and desperately trying to change the subject by pushing through other pieces of legislation that are half baked. That is a great shame for democracy. There is no precedent that you, the members on the other side, can put forward to show that we did the same thing, save for the tiniest of changes that needed to be made in the House of Representatives before urgent legislation was passed on to the Senate.

But I ask you to make your case as to why this piece of legislation must be pushed through this chamber today. That is yet to be heard. Of course, on the one hand there is the absolute fascination with reviews. And if it means putting ex-Labor premiers in charge of it, that is one thing, but then to ignore your own Labor-led review and push through legislation actually shows the dismissive attitude that you hold towards your own alphabet soup of reviews.

All of these things could have been done in opposition but were not. You have a responsibility to govern and you should do that with appropriately developed legislation that the average Australian would say makes our country a better place. Instead we have this half-baked, poorly conceived legislation pushing up a tax that is more inflationary. Do not forget the working families—that favourite government expression—who buy these vehicles and now find themselves with less money to apply to the kitchen-table test of deciding what to spend their limited resources on today. You are hitting large fami-

lies in particular with an additional tax without properly thinking through the implications for many vehicles manufactured here in this country.

That is probably my strongest point. There are many Australian made vehicles that do not deserve to have this luxury car tax imposed but will nonetheless. There is also a significant disincentive for those facing the tax to opt out of important safety measures. Customers will opt out of important safety options such as electronic steering controls, extra airbags and other accessories simply because the vehicle got caught up in the luxury car tax.

Just as with RTDs, you said nothing about it at the last election. You went out and sampled the market with some cleverly timed leaks before the budget and then you jumped out to make what you term 'luxury' cars more expensive for your own working families. It is that sort of completely confused notion coming out of the government as to where you are heading, who you are taxing, what you are increasing expenditure on and how you are affecting the very people you are purporting to help. Confusion reigns.

The automotive sector inquiry was, I thought—apart from the people you put in charge of it—a perfectly reasonable situation, given that we have a very significant challenge in automotive manufacturing in this country. So the question is: why jump now into pushing taxes up on vehicles that are manufactured here? It raises serious concerns that you are not even prepared to respect the outcomes of your own reviews.

Whether or not you have a clue at all on tax policy is something that was very vague prior to the election. We were flat out finding superannuation policy from this government. We were flat out getting anything other than a carbon copy of the coalition's tax policy. And now, of course, we have a Prime Minis-

ter trying to be caring on the one hand and an economic conservative on the other, but with no real ideological drive as to where he is trying to take the country.

Of course, these are just wasted months. These are opportunities that the government had to make clear, small but significant leadership decisions on legislation like this, and they have been passed up. I think there is a real sense coming out of the community when I speak to people living in my town who say, 'I don't really know what the Prime Minister is trying to do.' We all saw the \$30 million advertising campaign with the fair go 'out the back door', but what is he actually doing about it now that he has the opportunity? There is a Prime Minister here who is charging off in one direction, slapping on the taxes to make the budget balance, but at the same time trying to maintain static out of his media office that he is a responsible economic conservative looking after working Australians.

I can tell the government of the great fear in the community now, particularly from seniors, who find that after 10 years of economic success they are suddenly being told: 'That was yesterday. You miss out on the dividend because we cannot make tough decisions anymore that would make sure that economic dividends reach seniors and pensioners.' The government has completely abrogated its responsibility to seniors because the popularity polls told it to focus on this 'working Australian' term. That is the government's choice. But to be bringing out the legislation that takes the government directly into the headlights of the families that were hoping things would be a little easier deserves to be exposed. Right now, the government is preaching competition but actually working against it with the Fuelwatch scheme. Those who are deciding whether to purchase a new car are confronted with the new luxury tax. On the one hand, Australians

are saying, 'Should we actually upgrade and buy a larger car?' Large families in particular are making that very decision. But, on the other hand, households are facing the imposition of Fuelwatch. It is all symptomatic. It is all part of the general pattern that is emerging from this government, that Fuelwatch is being imposed nationwide like some sort of North Korean communist command and control scheme. It is good to see that the Assistant Treasurer is in the chamber today, because he is absolutely riveted to Fuelwatch. No matter what happens to this scheme, we know that he will be riveted to it and will potentially be going down with it.

We have heard today already the distortion of the ACCC report for the government's own benefit, but let us just inject a bit of common sense. The average Australian family contemplating buying a larger Australian vehicle now knows that, under this government, it will be paying an increased tax of 33 per cent on luxury cars. That could be for an Australian made mass-produced vehicle that no-one would consider to be a luxury car. Of course, that is a small detail that can be simply glossed over by the government. Additionally, in my state of Queensland, I find the Fuelwatch system that is so fervently resisted both by automobile associations and by the Labor state government is about to be imposed. People with common sense would say, 'The benefits would be that I know what the price of fuel will be tomorrow.' The great concern is that this cheap fuel may no longer be an option because people will not be prepared to put sealed bids in for lowest prices. For those that do, they are unable to modify their choice through the day.

We have asked the simple question to the Assistant Treasurer: in what other sector would a system like Fuelwatch work? In what other sector do we elect to fix prices? In what other sector do we try and add rigidity to the market so that the competition ac-

tually cannot occur for 24 hours at a time? Of course, the great question that we cannot get an answer to is: what happens if a small independent petrol provider, having fixed their price, wishes to drop the fuel price through the day? Is this federal government going to set up the regulations by which that small operator would be punished and fined? There is no answer to that because all the government has done is to adopt FuelWatch, a scheme that came in in January 2001 in Western Australia. Since then, we have seen nothing more than high fuel prices. The analysis of whether it is FuelWatch that is responsible for the high fuel costs in WA or whether the introduction of Coles and Woolies, who appeared around 2003-04, had any impact in Perth is difficult to tease out. I think that, from a policy point of view, you would apply the precautionary principle. Where it could be much worse for working Australians while, on the other hand, there could probably be a slightly smaller cycle over a longer period, wouldn't the precautionary principle dictate that the government might just hold fire on this genius Fuelwatch idea that its own state governments are opposing? Wouldn't the precautionary principle dictate that the government might just do a little bit more research—and wasn't that recommended in the ACCC report? No, that will not happen because we have a government in panic mode. Having exploited on the path to the Lodge that general perception that a new federal government could make things better for working families, you realise that, now you are in the headlights, you have to do something. The government wants it to look like something works. With almost religious fervour, government backbenchers have to march in behind the Fuelwatch scheme.

It is a tremendous allegory for what you are doing with the luxury car tax itself. It seemed popular. The luxury car tax has a

great ring to it, but the government did not really think about the small print. It did not think about the quiet, unassuming families who need to buy a larger vehicle which happens to fall in that price range. The government did not even consider the minor but common-sense amendments that could have applied to ensure that we could purchase those vehicles without a 33 per cent tax. Haven't things changed! Remember the old days under Labor when every budget involved more taxes. Of course, we have had 10 years under the coalition where, predominantly through saving and responsible economic management, budgets were a time of investing surpluses productively. Hasn't that time come to an end! We had almost forgotten that budgets became a time when you said: 'What's going to happen to my alcohol? What's going to happen to my smokes? What's going to happen to the price of a family vehicle?' They were the budgets of the 1980s. We would all sit around the television and wonder what was going to be taxed next. Hasn't it come full circle? It did not take this government very long to fit straight back into that traditional Labor pattern. There may well have been a complete and utter loss of the legislative agenda this week, and one can always say: 'It is a government with training wheels on. That is to be understood.'

The great shame is that, with further weeks left in this financial year, there is still an opportunity to consider this legislation appropriately in detail but it has been passed up. Secondly, the government is effectively forcing this legislation off to a Senate committee with the great risk that it cannot even get back to this chamber this financial year. That will have significant implications for a number of these Treasury bills. At some stage I think most Australians simply asked that you would make some tough decisions, that you would examine forensically some of this legislation and think about the impact

upon the very families that you are purporting to help. Of course, for the less-discerning media, many of these announcements and in particular this legislation seemed fairly attractive. There seemed to be virtually no argument that one should support it. Only pre budget, when it appeared that Australian made vehicles would be caught up in this higher tax, did the government go into damage control. We have seen exactly the same thing with Fuelwatch: you are holding your ranks for a certain period of time before some piece of common sense leaks out of cabinet and undermines the government position. We have seen a silenced minister who had the courage at least to speak on behalf of working families who loved buying their fuel on 'cheap Tuesday'. I am not about to say exactly what happens on cheap Tuesday with and without Fuelwatch, but I think most people looking at this legislation will say, 'You cannot give us a guarantee that fuel prices will not go up under a system that locks in and fixes prices.'

We know what it is like to live in China. We know what happened in Russia. We have heard about what came out of the command and control economies. But what was never clear out of those economies was that you could have anything better than a complete free market, allowing competitors to price in an open and unregulated market. It is a lesson that is very, very tough to learn for those on the other side that profess to being economic conservatives.

My great fear is that the great losers in this are the metropolitan electorates with families and those who have to commute large distances, like my electorate of Bowman, where the average commute to the city is about 40 minutes in peak hour and 60 per cent of people leave home for work each day. They will be watching closely. They know the prices and they know the cycles, and we can see the response in the market, with large

queues in my electorate buying on Tuesday nights and Wednesday mornings. We will be watching closely and my electorate will be looking at what happened in Western Australia. They will be looking at the prices in Western Australia, the 5c a litre more that it costs there. They know it is very hard to beat the competition. They also know the importance of the independents in the market and they know that when buying their vehicles they want to be absolutely certain they can buy an Australian vehicle without the imposition of this luxury car tax. (*Time expired*)

Mr WINDSOR (New England) (1.09 pm)—I would like to speak to the Tax Laws Amendment (Luxury Car Tax) Bill 2008 and I will be moving an amendment in the consideration in detail stage. But before addressing this particular bill I would like to pick up on a couple of comments that were made by the member for Bowman and the member for Aston in relation to new taxes. They were making the point that it is many years since governments have introduced new taxes, and condemning the current government for doing so in terms of the luxury car tax. I would remind those two members—and this is related to this issue, particularly the cost of running cars—that it is only a few years ago that the former government endorsed a discriminatory approach in relation to the goods and services tax that country motorists pay as compared to their city cousins. I would remind those members that that was done by removing the Fuel Sales Grants Scheme that was put in place, at the time the GST was put in place, as a measure to compensate for the higher price at the bowser for country motorists as compared to their city cousins. In some cases, as those members would be well aware, that can be as high as 3c a litre. So there is a case to answer from the opposition as to what they actually did. I think that is one of the first discriminatory taxation issues that I have seen where country people, who

do not have the options of public transport or smaller distances to travel, were severely disadvantaged by a change in policy. I do not see the current government rushing in to fix up that particular problem either, but the amendment that I will be introducing today follows on from that discrimination.

I am very pleased the Assistant Treasurer is here because he is a man who actually knows, from his former life, what country roads are like. I have had the privilege of sitting in a vehicle with him on some of those quite nasty country roads. He would be well aware that country people in many communities do not see a four-wheel-drive vehicle as being a luxury. In fact, in some circumstances, if country people bought vehicles that were below the \$57,000 so-called luxury tax level they would be absolute fools, and the costs to their budgets would be enormous. So I urge the government and the Assistant Treasurer to have a good look at what message this is sending to those motorists who do not have the luxuries of sealed surfaces and paid toll roads to drive their vehicles on. But they do have kangaroos; they do have potholes; they do have wash-outs, water and mud. They have a whole range of activities for which they have to travel long distances and they have to carry their families in a vehicle that they think will be reasonably safe if an incident or an accident occurs. So I think that imposing a level of \$57,000 as a threshold for luxury needs to be reviewed.

The fact that the government introduced this tax amendment in the budget and, within a few weeks, have of their own volition decided to have the initiative reviewed by Treasury in the tax review that is going to take place says to me that this has been too rushed and that some of the issues that have been articulated by some of the members, particularly those on the opposition side, are issues of real substance that deserve to be

debated and heard. Otherwise, if it was a clear-cut and clearly thought through amendment to the luxury car tax act, why would it be referred off to something that is going to take about 18 months? Why would that be happening? That is something that only the government members can answer, but I think it is something that the public would like to know.

As I mentioned earlier, country people do not have the luxury of sealed surfaces. There is a reason for that, but in terms of the taxation that they pay for road use they are disproportionately hurt once again, because they do not have the option, the luxury, of using public transport so that it is the public transport that hits the kangaroo or the pothole or the wash-out or the mud. They do not have the luxury of using public transport because it does not exist. People in our major cities do have that luxury. They have the luxury of options. They may well determine that the option of a luxury vehicle is something that they will pay for, in which case they are probably quite willing to pay a luxury vehicle tax. But many country people do not have the luxury of that choice.

I would just like to spend a moment on what people pay and what they get back in the form of other tax. Motorists generally—and country people are part thereof—pay about \$14 billion per year in fuel excise and they have something like \$2.5 billion or \$2.6 billion returned to the road system via expenditure from the federal government. Something like 83 or 84 per cent of what road users pay goes into other forms of expenditure rather than the maintenance or the development of roads. I think all governments should look at that very closely, particularly if this taxation review is going to be of any substance. Fuel taxation has to be there, as has the GST. Those particular issues have to be debated in terms of any major taxation reform that can take place. If we

leave either of those out and say that we are comfortable with the revenue stream that is coming from those, it is really not a reform of anything or a review of any substance in terms of the tax act.

The amendment that I will move is quite simple. As I said, I would imagine that the Assistant Treasurer, having travelled on some of those roads, would be quite sympathetic—but we will see when it comes to the time for debate. The amendment that I will be moving in the consideration in detail stage is to include as an exemption a four-wheel drive vehicle that is registered in a rural area. In his speech the Treasurer said—it was not a lengthy speech, only a bit over a page:

Certain types of cars are exempt from the tax. This includes most commercial vehicles, most second hand cars, motor homes, campervans, and prescribed emergency vehicles. We are not changing these arrangements.

The Treasurer and the Assistant Treasurer would be well aware that many four-wheel drive vehicles cost more than \$57,000. In fact, to be under \$57,000 you have to be very much at the low range of the vehicles that are available. If the government is hell-bent on introducing this luxury car tax and if it will not exempt four-wheel drives—and as I said, they are not a luxury on country roads; they are a necessity and so this is a tax on a necessity of life in some of those circumstances—the very least it should be doing is looking at the threshold and raising it so that four-wheel drive vehicles are exempt from payment of the tax.

Personally, if someone wants to put in a whole range of add-ons to a vehicle and make it into a luxury vehicle, I would not disagree with them paying a bit more. It is obvious that they can afford a bit more if they are putting all the bits and pieces into a car that make it up to \$100,000 with nice leather seats and all the knick-knacks that people can get in their vehicles. My vehicles

are very basic vehicles and I am sure that even the most basic LandCruiser at the moment would be over \$57,000. I am not the John Laws of the parliament, but a LandCruiser is a commonly-used vehicle in regional Australia. To have a basic LandCruiser suddenly being described as a luxury vehicle is quite offensive, I think, to those many people who have put their lives in the hands of those who designed that particular vehicle, and the same would apply to many other four-wheel drives—Nissan, Land Rover et cetera. So I would ask that the government, firstly, support the amendment. I am pleased to see the member for Kennedy here, because I hope the member for Kennedy might second my amendment. He is probably one of the most articulate defenders of country people in the parliament and I am very pleased to have his endorsement. I know that he is well aware of the circumstances of some of our country roads, as is the Assistant Treasurer.

There is another issue that I would like to briefly touch on. It is to do with the overarching fuel debate. I advise the Assistant Treasurer that I will not take long on this; I know there is some urgency in terms of some of the things that are being delivered. But in terms of the fuel debate and the carbon footprint and emissions debate that are also taking place at a parallel course within this place, there are a number of public policy issues that seem to me to be quite contradictory and really need to be addressed. One is the issue of biofuels. It has not been mentioned of late, but there is a lot of mention in this parliament of the cost of fuel to the nation and the impact that it may have in terms of inflation, whether we should be charging tax—GST or excise.

In this whole fuel debate very few people are looking at solutions. In fact, if the government comes in with an overarching carbon taxation arrangement or some sort of

emissions trading system under which the very footprint of freight will be charged to someone in terms of the carbon burnt, what is that going to mean in relation to the cost of living within this nation? I do not know the answer to that, but I would urge the Assistant Treasurer to sit down and really think some of these things through. I will give him an example: currently we grow a lot of wheat in this country. We grow about 1.75 per cent of the world's grain. Some people think it is a lot more than that, but it is not. Currently we export 80 per cent of that grain to feed the starving millions, and there is a moral debate paralleling all of this as well. If a carbon footprint is brought in, what is that going to mean for not only the exportation of the starch, which is carbon, but also the various transport movements, and who will pay?

If you are a Walgett wheat farmer, for instance, you will have a footprint in the paddock, another one getting it to the silo, another one getting it from the train to the port and then another one getting it from the port to the Middle East. At least in theory, some of that money will buy another ship to bring oil back from the Middle East, so it will have a carbon footprint of some nature coming back. It will then eventually get back to the Walgett wheat grower, who will presumably use that to go around in circles again to produce grain to sell to the starving millions to buy oil so he can drive his tractor. What is all that going to mean not only as to who pays for emissions but also for the cost of those transportation movements? And, if it is going to be of some cost, why have we not looked at the biofuel debate as a centralised way of cutting a number of corners? Why export grain to buy oil—two corrupt markets—with a carbon cost, theoretically, into the future?

If we are going to go offshore and buy the energy, why not convert grain to energy without a number of transportation movements and utilise that energy domestically?

Why do we always have to enter this market that is governed by other forces? Why are we not starting to think about ways of circumventing the problem? There is an argument that energy prices will go up. Are there more efficient ways of producing energy at a lower cost than we have looked at in the past? There is an argument—a legitimate argument—that we should not use food for fuel. What does that mean for the future when we move into biomass as a provider of ethanol, where it is not a food product? It is actually fermented starch from a plant, a grass. It is a grass which may well have a much more positive carbon footprint than some of the existing systems that we are dealing with.

So I urge the Assistant Treasurer—and I am delighted to see the Treasurer is here now—to, in embracing these bigger issues, start to do some modelling as to what it all means. It is not as simple as this piece of legislation seems to be saying: ‘Oh, just whack a luxury tax on; it’ll be right. Let’s whack a carbon tax on; it’ll all be right.’ What are the issues that we are trying to solve? If carbon is a problem, we should be looking at ways of sequestering it, obviously, but not releasing it in the first place would be helpful. Are there things that we can do in terms of our existing and more natural systems, agriculture being one, that we should be looking at in a firm way within this place? Those issues are probably more important than this particular one we are dealing with today. I think it is important that, as a parliament, we start to debate these issues. Otherwise we will get into a knee-jerk reaction—as this bill is—at a very important time in the future.

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (1.28 pm)—I move:

That the question be now put.

Question put.

The House divided. [1.33 pm]
(The Deputy Speaker—Hon. KJ Andrews)

Ayes.....	71
Noes.....	<u>60</u>
Majority.....	<u>11</u>

AYES

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

NOES

Abbott, A.J.	Bailey, F.E.
Baldwin, R.C.	Billson, B.F.
Bishop, B.K.	Bishop, J.I.
Broadbent, R.	Ciobo, S.M.
Costello, P.H.	Coulton, M.

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

* denotes teller

Question agreed to.

Original question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr WINDSOR (New England) (1.39 pm)—I move amendment (1) circulated in my name:

(1) Schedule 1, after item 3, page 3, insert

4 At the end of paragraph 25-1(2)(d):

Add:

“or

(e) a four-wheel drive vehicle that is registered in a rural area.”

This amendment to the Tax Laws Amendment (Luxury Car Tax) Bill 2008 is designed to exempt a four-wheel drive vehicle registered in a country area. I raised this issue in the second reading debate, but for the benefit of those who were probably not listening I

will reiterate a couple of facts. As I said then, I am delighted to see the Assistant Treasurer in the House today. I have spent some time with him in a four-wheel drive vehicle on some very rough roads in the Pilliga Scrub looking at various things and up in the area of Nowendoc. He would—or should, given his history—fully appreciate the need for four-wheel drive vehicles on some country roads.

I made the point earlier that a four-wheel drive vehicle is not a luxury to those people who are trying to look after their families in areas where roads can be quite trying. Roads can be very rough. There can be wash-outs, water, mud, corrugations and dust. People in country areas do not have the luxuries of public transport, of paved roads, of tollways or of motorways. Many people have to purchase vehicles that will withstand the arduous roads they have to drive them on. Deputy Speaker Scott, who is in the chair at the moment, would be well aware of some of those road circumstances. I appeal to the government to look at what they are doing with what seems to be rushed taxation legislation. If they do not or will not agree with the amendment, I urge them to lift the threshold of \$57,000 for those people who require these vehicles because of the circumstances in which they live—that is, in country areas. This is a tax on a necessity, not a luxury, in these areas.

I am sure that many of the people I am talking about would buy a normal vehicle if governments spent more money on the road network. I made the point earlier that government raises about \$14 billion in fuel excise—and there has been a major debate on fuel excise in this place—and spends around \$2.5 billion to \$2.6 billion on roads, so there is an enormous discrepancy between what is raised and what is spent. As I said earlier, country people do not have the luxury of opting for something else. In the last few

weeks we have had constant banter about country people having to produce more food for the starving millions of the world, about country people having to do this and that, and here we are taxing the very people that government and others in the public arena are suggesting will be required to do more to help the growing global population.

I ask all members, particularly the Treasurer and the Assistant Treasurer, to look seriously at this amendment. I could understand the tax, as I said earlier, if someone were to buy a four-wheel drive vehicle worth \$100,000 or more with leather and every bit of gadgetry in it. But a very basic LandCruiser, for instance, is over \$57,000. In fact, the cheapest LandCruiser is a V8 and so we have a contradictory debate where we are sending people towards heavy fuel use rather than more economical use. Diesel is much more efficient in consumption but, if you buy a diesel LandCruiser—and many other four-wheel drive vehicles are the same—it will cost \$12,000 to \$15,000 more and be considered a luxury. (*Time expired*)

Mr KATTER (Kennedy) (1.44 pm)—I rise to speak on the proposed amendment to the Tax Laws Amendment (Luxury Car Tax) Bill 2008 and related bills. The station property I owned for many years was over 350 kilometres from the nearest town of Richmond. My neighbours—Belfield, Esmeralda and Victoria Vale—were all over 300 kilometres from the nearest town. Each of these people had families and each of them had ringers and stockmen, and they needed fairly big cars to be able to travel that distance. That was not a luxury; that was an absolute necessity. If you go to do your shopping and it is a 600-kilometre round trip, you want a fairly decent car to do that in. Whilst I have nothing against the government increasing charges for people who are rich and want to buy very expensive luxury vehicles, I object very strongly when our shearers, for exam-

ple, are charged. We do a lot of suburban shearing now. The last two shearing teams I was out with were driving an average of 70 kilometres a day. I have 400 or 500 farmers on the southern Atherton Tableland. All are on dirt roads and all of the workers who have to commute are also on dirt roads. What may be a luxury in the city is an absolute necessity for these people. We are not talking about very much money. Surely the government could come to the party.

The cost of petrol for these machines is enormous. We need a cheaper petrol regime. This government now has the ability to deeply embarrass the previous government, which had its chance with ethanol. All it did was tax it at 12c a litre, which country Australia if they have any brains will remember. They will most certainly remember it if this government moves to ethanol. Carbon is such a big issue and is influencing the judgement of the government. We would urge the government to consider that rural Australia has the answers for it with respect to carbon. As I have said before in this place, in *An Inconvenient Truth* Al Gore's very first solution to the CO₂ problem was corn ethanol. It provides a 29 per cent reduction in emissions. Sugar, because we do not plant annually, supplies a 196 per cent reduction. So the answers are there. If you want to apply a tax to rural people and if you keep doing this then you will have no rural people. I have said in this place many times before—and I will on all occasions remind the House of this—that our cattle numbers are down about 17 per cent and our sheep numbers are down about 50 per cent. We are closing three sugar mills every four years. I am not an expert in wheat, so I will skip over that one. In manufactured milk we are down about 17 per cent. People say, 'Oh, that's the drought.' Those figures are predrought; those figures are a little bit old. I presume they are a lot worse now. If you are going to close down

agriculture and you have no manufacturing, you had better hope mineral prices stay up.

Unlike everybody else in this place, I come from the mining industry. Before I came into this place I worked at the Flora Dora and a number of other mines that I personally developed and owned. I can tell you in mining that what goes up will come down, and when it does it is going to take Australia straight through the floor. We would urge the government to understand that, like every other country on earth, we need a rural sector.

Mr Hockey—Hear, hear!

Mr KATTER—Don't say, 'Hear, hear!' Your mob abolished the rural sector. It is not available for you to say, 'Hear, hear!' I am sorry. I would love you to back me up. But it is not available to you. It was under your regime that all of these agricultural industries went through the floor. (*Time expired*)

Mr TUCKEY (O'Connor) (1.49 pm)—A committee of road safety chaired by the father of the member for Kennedy in the Fraser years looked at the circumstances of driver licensing. The evidence they heard is a matter of record in this parliament. Two engineers in Queensland came before that committee to put the case on economic and social grounds for why bigger vehicles were better than smaller ones, simply on the grounds of road trauma, and they had the statistics to prove it. Those who drove larger vehicles might have used a bit more petrol—and I know there were other implications—but they were safer. Taking that advice, when I bought my younger daughter her first vehicle, I chose a Celica—second hand, admittedly—that would have been classified in the values of that day as a luxury car. In her early driving experience, she was driving along the highway when a truck driver pulled out from a side road in front of her. She had nowhere to go, as there were trees on both

sides of the road. She stood on the brakes. The car slid sideways under the bulbar and the windscreen cracked in front of her face. If I had bought her a less substantial vehicle, I would not be celebrating the recent birth of her second child.

That is what we are talking about in country areas. Mr Deputy Speaker Scott, you might remember when—under a program that has also just been chucked out—through your representations I as minister assisted in the funding of some Toyotas to cart kids around part of the remote area of your electorate simply because, and this was the issue, the buses previously funded had fallen to pieces.

It not only applied to a mob of school kids; it applied to the parents that had to drive those kids in other areas to school. The point of safety is fundamental. Personally, when I get the opportunity to select a vehicle to drive, while I no longer need a four-wheel drive in my electorate, I look for horsepower and I look for suspension that guarantees me safety in my job. If I were a member of the CFMEU, the case would be put by my union leader—OH&S. The reality is that you cannot just put a nominal value on a vehicle and say it is luxurious. There is a need—I am not sure exactly where the Volvo field fits into the range of luxury cars, it has varied a little in time, but it has been internationally recognised as a safe car and I will bet you most of them are today considered luxury vehicles. Too bad if they save a few kids' lives!

We have this mania about tall poppies. Labor is going back to its roots, hating anybody who earns even a bit of money working fly-in fly-out on the mines. If they have that sort of money, they have to be punished. Let me say to you, when we talk about workers' jobs, the only reason that we can be competitive in the Middle East selling Statesmans and Caprices is the support of the local mar-

ket. It is very small anyway—I think about 4,000 Statesmans and Caprices a year. The average car manufacturer would not do that; Ford has just walked away from it. Every time you erode the sales of a vehicle of that nature, manufactured in Australia, you undermine their effort to export competitively and those jobs go out the window. But such is the paranoia of this new government in punishing people for buying a vehicle—and by the way, about 70 per cent of those employed in the vehicle industry are employed in marketing and servicing, not in manufacturing. It is the same job for an Aussie if he services a BMW or services any other small vehicle manufactured in Australia. It does not make any difference. (*Time expired*)

Mr WINDSOR (New England) (1.54 pm)—I will speak briefly. Having listened closely to the member for O'Connor, I presume that he was supportive of the amendment. The language was supportive. I will be quite interested to see how he and other country members, who recognise fully the circumstances that our vehicles have to endure on our roads and the safety features that the member for O'Connor raised, will vote on this amendment.

One of the interesting by-products of this debate will be to see where the shadow Treasurer, who is in the chamber at the moment, stands on this issue. He spoke of his great concern, as I have of mine, for those in the bush, as he called them. I hate that term. I live in the country; I do not live in a bush. Other people may refer to them as living in bushes, but they do not; they live in the country. And they have to endure very difficult circumstances in terms of their roads. It is all very well to travel from those glossy shores into the country on little excursions in a nice four-wheel drive, and it may well have all of those luxurious features to it, but most people do not. Most people, as the member for O'Connor said, do not see those vehicles

as being luxurious, and to draw a line in dollars that becomes the determination of luxury is quite wrong and the government needs to address that. The Assistant Treasurer is well aware of those circumstances that are out there from his previous life working for the New South Wales roads minister. He knows those circumstances. He should also be well aware of the cost of these vehicles to people. In fact, if they introduce this particular tax, as I said earlier, it will encourage people in the country, for taxation reasons, to move to V8 petrol engines, with all of the emissions and various problems that those engines will have, let alone the consumption of a fossil fuel.

In other places we have a debate going on about carbon and fossil fuels and how we are going to come to grips with climate change. We have these other debates going on as we speak, and here we have, by drawing a line in the sand on the number of dollars, circumstances where we are going to encourage higher fuel use—not lower fuel use, higher fuel use—and where we are going to encourage greater emissions. Not lower emissions, greater emissions. It will be cheaper for those people who do not have the luxury of public transport, paved roads, tollways or motorways, as the member for O'Connor and the member for Kennedy quite rightly said, to do this. It will be cheaper for those people who have to traverse those roads to provide the food for the nation, to provide the food that they are being encouraged to feed others in the world, to do this. They have to travel on roads that are less safe than the majority of roads, and to impose a tax on those people in those circumstances and call it a luxury tax for living there is a major insult to those individuals.

I urge the government—I am pleased the Prime Minister is here at the moment—to review this. Prime Minister, you must review this. This is not fair to those people who do

not have a choice. If you are driving a Toorak tractor—or a Bondi one as maybe the shadow Treasurer does—you have a choice of conveyance. You have a choice of conveyance which is quite safe: a bus, a car or a taxi. But in the country, where roads are not as good for a whole range of reasons, people do not have that choice and it is not a luxury to have a four-wheel drive vehicle to keep their family safe. It is not a luxury to have a bullbar on the front of it to avoid a kangaroo or some straying animal coming through the windscreen at you. It should not be, as this legislation imposes, Prime Minister, viewed as a luxury, and I urge the government to review the threshold or exempt four-wheel drive vehicles that are registered in country areas from the legislation.

Mr KATTER (Kennedy) (1.59 pm)—Mr Speaker, in speaking to the amendment, my daughter rolled a car six times at Christmas. It was a small SUV. If she had been driving a big SUV—

Debate interrupted.

The SPEAKER—Order! It being 2 pm, the debate is interrupted in accordance with standing order 97. Further consideration in detail may be resumed at a later hour and the member for Kennedy 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 Sport and Minister for Youth will be absent from question time today as she is in Sydney launching a partnership between the Football Federation of Australia and UNICEF. On her behalf the Minister for Health and Ageing will answer questions regarding sport and the Deputy Prime Minister will answer questions regarding youth.

QUESTIONS WITHOUT NOTICE

Fuel Prices

Dr NELSON (2.00 pm)—My question is to the Minister for Resources and Energy and Minister for Tourism. Why did the minister originally advise his colleagues that Labor's Fuelwatch scheme is anticompetitive, will hurt small business and will slug motorists hardest in areas like Western Sydney?

Mr MARTIN FERGUSON—I thank the honourable member for the question. It is a very serious question going to a problem confronting not only Australia but also the global community. It goes to the fact that the global community at the moment is experiencing huge increases in the price of fuel which are a reflection of high oil prices. It is simply a question of demand outstripping supply. In that context, can I also say to the House, it is about time the Australian community understood that this little problem did not eventuate in the last six months.

Opposition members interjecting—

The SPEAKER—Order! The minister will resume his seat. The Leader of the Opposition has asked a question. The minister is responding to the question. The minister will be heard in silence.

Mr MARTIN FERGUSON—This problem has not eventuated since 24 November last year. The Rudd government has been seeking to do everything possible to work out not only short-term solutions but also medium- and long-term solutions.

Mr Dutton—What have you done?

The SPEAKER—Order! The member for Dickson and the member for Paterson!

Mr MARTIN FERGUSON—The facts show that last week the world benchmark West Texas crude oil price hit US\$135 per barrel. It is interesting to note that this means that the benchmark price of crude has more than doubled in the last 12 months. You are

also no doubt aware—and it obviously crosses the member for Mayo's mind from time to time—that the price of crude oil has increased by more than 400 per cent since the Iraq war. It is for those very reasons that the government has been doing everything possible to actually try and work out not only the best possible response in terms of consumers' immediate demands and challenges but also a medium- to long-term strategy, which goes to a very serious alternative fuel debate—

Mr Dutton—Why did you change your mind?

The SPEAKER—The member for Dickson!

Mr MARTIN FERGUSON—that was neglected time and time again by the previous government. It is in that context—

Mr Anthony Smith interjecting—

The SPEAKER—The member for Casey!

Mr MARTIN FERGUSON—and as part of a normal cabinet process that views are tested, and the best policy comes out of open and robust debate. I simply say that I fully support the cabinet decision on FuelWatch.

Opposition members interjecting—

The SPEAKER—Order! Those on my left will sit in silence and listen to the response to the Leader of the Opposition's question.

Mr MARTIN FERGUSON—Fuelwatch, in association with additional powers to the ACCC and to put a cop on the beat, represents the best available option for the Australian community at the moment in a very tough global market. It guarantees that consumers have transparency in petrol prices and it gives to consumers the best available information about when and where to buy petrol. Consumers understand that prices are principally a reflection of record world oil

prices, and they expect government, as the Rudd government has done, to explore all available options to assist them to deal with the rising cost of oil. That is what the cabinet debates have been about and that is why we have made a range of very serious decisions to try and assist motorists at the petrol bowser. I simply say that I contend that all consumers will ultimately benefit from a national Fuelwatch scheme wherever they live in Sydney, or in any other major metropolitan city.

Mr Anthony Smith—He said that with a straight face!

The SPEAKER—The member for Casey is warned!

Mr Robert interjecting—

The SPEAKER—The member for Fadden is warned!

Mr Tuckey interjecting—

The SPEAKER—The member for O'Connor is warned!

Mr Pyne—You are too good for this, Martin!

The SPEAKER—The member for Sturt is warned!

Mr MARTIN FERGUSON—I might also say that it is not only about government looking at short-term solutions to assist motorists; it is also about government trying to put in place a medium- to long-term strategy. That is about a long-term plan going to Australia's energy security. Just as we are making some hard decisions at the moment to try and assist motorists in the short-term—

Mr Tuckey interjecting—

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

Mr MARTIN FERGUSON—we are also doing something that the Howard government failed to do over 12 long years.

The SPEAKER—The member for O'Connor will leave without delay.

Mr MARTIN FERGUSON—Another area of very serious neglect by the Howard government—

Mr Tuckey interjecting—

The SPEAKER—I name the member for O'Connor.

Mr ALBANESE (Grayndler—Leader of the House) (2.07 pm)—I move:

That the member for O'Connor be suspended from the service of the House.

Question put.

The House divided. [2.11 pm]

(The Speaker—Mr Harry Jenkins)

Ayes.....	76
Noes.....	<u>62</u>
Majority.....	<u>14</u>

AYES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Bidgood, J.
Bird, S.	Bowen, C.
Bradbury, D.J.	Burke, A.E.
Burke, A.S.	Butler, M.C.
Byrne, A.M.	Champion, N.
Cheeseman, D.L.	Clare, J.D.
Collins, J.M.	Combet, G.
Crean, S.F.	D'Ath, Y.M.
Danby, M.	Debus, B.
Dreyfus, M.A.	Elliot, J.
Ellis, A.L.	Emerson, C.A.
Ferguson, L.D.T.	Ferguson, M.J.
Fitzgibbon, J.A.	Garrett, P.
Georganas, S.	George, J.
Gibbons, S.W.	Gillard, J.E.
Griffin, A.P.	Hale, D.F.
Hall, J.G. *	Hayes, C.P. *
Irwin, J.	Jackson, S.M.
Kerr, D.J.C.	Livermore, K.F.
Macklin, J.L.	Marles, R.D.
McClelland, R.B.	McKew, M.
McMullan, R.F.	Melham, D.
Neal, B.J.	Neumann, S.K.
O'Connor, B.P.	Owens, J.
Parke, M.	Perrett, G.D.

Plibersek, T.
Raguse, B.B.
Ripoll, B.F.
Roxon, N.L.
Saffin, J.A.
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Thomson, K.J.
Turnour, J.P.
Windsor, A.H.C.

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.
Zappia, A.

NOES

Abbott, A.J.
Bailey, F.E.
Billson, B.F.
Bishop, J.I.
Ciobo, S.M.
Costello, P.H.
Downer, A.J.G.
Farmer, P.F.
Georgiou, P.
Hartsuyker, L.
Hawker, D.P.M.
Hull, K.E. *
Jensen, D.
Katter, R.C.
Laming, A.
Lindsay, P.J.
Marino, N.B.
May, M.A.
Morrison, S.J.
Nelson, B.J.
Pyne, C.
Randall, D.J.
Robert, S.R.
Schultz, A.
Secker, P.D.
Slipper, P.N.
Somlyay, A.M.
Stone, S.N.
Tuckey, C.W.
Vaile, M.A.J.
Washer, M.J.
* denotes teller

Andrews, K.J.
Baldwin, R.C.
Bishop, B.K.
Broadbent, R.
Cobb, J.K.
Coulton, M.
Dutton, P.C.
Gash, J.
Haase, B.W.
Hawke, A.
Hockey, J.B.
Hunt, G.A.
Johnson, M.A. *
Keenan, M.
Ley, S.P.
Macfarlane, I.E.
Markus, L.E.
Mirabella, S.
Moylan, J.E.
Pearce, C.J.
Ramsey, R.
Robb, A.
Ruddock, P.M.
Scott, B.C.
Simpkins, L.
Smith, A.D.H.
Southcott, A.J.
Truss, W.E.
Turnbull, M.
Vale, D.S.
Wood, J.

Question agreed to.

The SPEAKER—The member for O'Connor is suspended from the service of the House for 24 hours under standing order 94.

Mr Tuckey—You have just undermined my high opinion of you.

The SPEAKER—Order! The honourable member for O'Connor might go back to his position and apologise to the chair.

Mr Tuckey—I am suspended.

The member for O'Connor then left the chamber.

The SPEAKER—We will deal with him when he returns.

Mr MARTIN FERGUSON—I say in conclusion—

Mr Dutton—Tell us why you sold out your constituents.

The SPEAKER—Order! The member for Dickson!

Mr MARTIN FERGUSON—I say in conclusion that, unlike the member for Dickson, I actually have the privilege of serving in a cabinet, not the outer ministry.

Mr Dutton interjecting—

The SPEAKER—Order! The member for Dickson is now warned.

Mr MARTIN FERGUSON—Those cabinet discussions have been and will continue to be robust debate, because the best policy comes out of a free and frank exchange of ideas. I started that process based on my view of the best possible means of assisting consumers in Australia at a very difficult time. As a result of that process, and on the evidence of the ACCC, I was convinced that there was a better way forward. I fully support the decision of the government not only to introduce Fuelwatch but to do everything possible to assist consumers in the short term and also in the medium to long term. This is not just about fuel prices today; this is about our future energy security as a nation in the 21st century. It is something the Howard government neglected over a period of 12 long years. Neglect, neglect, neglect!

Mr Pearce—Mr Speaker, I rise on a point of order. Given that this issue is about 'fuel-gate', could I ask the minister to table the documents from which he was reading?

The SPEAKER—Was the minister reading from documents?

Mr MARTIN FERGUSON—Yes, I did refer to documents, Mr Speaker.

The SPEAKER—Are the documents confidential?

Mr MARTIN FERGUSON—They are of a confidential nature.

Economy

Mr CRAIG THOMSON (2.16 pm)—My question is to the Prime Minister. Will the Prime Minister update the House on challenges to the Australian economy, the government's response and responses to the challenge of rising global oil prices?

Mr RUDD—I thank the honourable member for his question. Right now the global economy is going through a period of enormous challenge. It has been underway since the events of August last year when we saw the unfolding of the subprime mortgage crisis in the United States and the roll-through in instability we have seen in global financial markets. We have seen revisions downwards in growth in the United States and Europe and now in our own East Asian hemisphere. This is a concern to all policy-makers around the world. It has been compounded, of course, by the increase in the global price of oil. Oil prices are at record levels of around US\$130 per barrel. They have more than doubled in the last 12 months and this is adding to the challenge we have in terms of inflation.

The US Federal Reserve Bank of Kansas City President, Thomas Hoenig, warned last month:

There is a significant risk that higher inflation will become embedded in the economy and re-

quire significant monetary policy tightening to reduce it ...

That is the response by those responsible for monetary policy in the United States. The European Central Bank said most recently there is 'an accumulation of shocks that is clearly not yet over' and warns further that we have a protracted period of high inflation rates.

Also in Australia we have a deep challenge with inflation. When this government took office, inflation was running at 16-year record highs and this presents a real challenge, placing further upward pressure on interest rates. Interest rates, we know, are the enemy of all Australians—the enemy of families, the enemy of those on fixed incomes, the enemy of businesses, the enemy of small business. They are the enemy of the economy overall and the enemy of living standards for working Australians. Therefore the challenge which the government faced in the budget was how to bring about a responsible budget in the context of responsible economic management to bring downwards pressure to bear on inflation and, therefore, on interest rates. And that is what we did. We brought in a budget which proudly boasted a \$22 billion surplus. We believe that is a responsible course of action. It is a responsible course of action because it peels pressure away from public demand and the overall impact on demand in the economy, both public and private.

That is one step in the right direction. Another step in the right direction as far as the inflation challenge is concerned is investing in skills and infrastructure. On this side of the House we are proud to have established Infrastructure Australia. We are proud to have established the Building Australia Fund—some \$20 billion to do something about the infrastructure bottlenecks, about which the previous government was warned for many, many years as causing overall in-

flationary pressures in the economy. Beyond infrastructure, we have taken steps to increase skills as well, which again was the subject of repeated Reserve Bank warnings to the previous government but which was neglected. We have established Skills Australia, and we have also established an Education Investment Fund of some \$11 billion for the future, focused on universities and TAFEs. The overall objective in these policies is having a responsible government surplus through the budget process and, on top of that, investment funds for the future guided by professional bodies such as Infrastructure Australia and Skills Australia to deal with these long-term capacity constraints in the Australian economy. If this overall fiscal discipline is compromised, so too is the overall integrity of the budget and the integrity of Australia's economic policy settings.

Those opposite have come forward with a budget of some \$22 billion worth of raid on the overall surplus and yet with not one indication as to where they may extract a single saving from. That, I think, is a real problem in terms of economic credibility. I think it behoves the Leader of the Opposition to indicate which of those programs currently before the House he will be seeking to remove, axe, not fund and not support in order to find the offsetting savings for the \$22 billion raid he has conducted on the government surplus. Will the opposition be supporting, for example, the education tax refund in the Senate? Will the opposition be supporting the increase of the childcare tax rebate in the Senate? Each of these measures is expensive but the opposition so far has said, opportunistically, that it will conduct this \$22 billion raid. It is about an opposition which controls the numbers in the Senate and has therefore a high degree of relevance.

In terms of the overall inflationary pressures both globally and within Australia, we are also dealing with the effect of rising oil

prices. This is a major problem for motorists right across Australia, a major problem for families and a major problem for those who are dealing with making the family budget stretch to the extra cost that they have to pay at the bowser. We have put forward a clear-cut long-term policy for dealing with this. We have an array of measures out there, one of which deals with how we affect retirement incomes policy and the treatment of various taxation imposts in the context of the Henry commission. We brought about competition policy measures through the ACCC and, of course, we have our well-established policy in relation to Fuelwatch.

I contrast our policy clarity on the one hand with a policy confusion on the part of those opposite. We already know where they stand—or we think we know—on this 5c excise, which is that the Leader of the Opposition says it is core opposition policy, whereas the shadow Treasurer says that he could not give any guarantee that this will be implemented should they go to and win the next election.

Beyond that, their position on Fuelwatch has really been one to observe in the last 24 hours, because yesterday we had a vote in the House of Representatives on a detailed motion that goes to the absolute core content of the Fuelwatch legislation. The honourable members opposite were asked to vote. They could not sit on the fence anymore. When push came to shove they had to vote, and they voted against Fuelwatch. You would think that would have summed up the situation entirely, but 12 hours is a very long time in politics. If we look at what has happened in the intervening 12 hours, it really gets very interesting. Yesterday they opposed Fuelwatch, but this morning, as the good Senator Adams from Western Australia entered the Senate doors, what did she say about Fuelwatch? I quote:

I think FuelWatch is working.

She then went on to say:

Some places are a lot higher and others are a lot cheaper. Myself, I am very aware of what is at the bowser. If there is cheaper fuel at a price somewhere, and if someone else is 10c dearer, I will certainly go there.

That is from Senator Adams, a Liberal senator for Western Australia. This is not a month ago or a year ago; it is from this morning. It was barely a few hours after they voted in the Senate to say that they would oppose this legislation. The good Senator Adams—I would like to meet the good senator—said that she thinks that Fuelwatch is working, and she is from the one state in the federation where it has been operating since 2001, when it was introduced by a Liberal government.

But it gets better from there. For further clarity on the part of those opposite on their Fuelwatch, we then turn to good old Senator McGauran, who was asked this morning at the Senate doors what they would do on this. He said:

Pre-June 30, we will knock it back, because we control the Senate.

So we have Senator Adams saying that this is a terrific piece of policy and Senator McGauran saying they are going to oppose it. If that is not sufficient lack of clarity, let's turn to the good old member for Wentworth. He was asked this morning what his position on FuelWatch is—and this is a good one. The member for Wentworth said:

We are going to both support it and oppose it in the parliament.

This was this morning, 28 May. They are going to support some of it and they are going to oppose some of it, despite the fact that they voted against all of it yesterday.

So we have Senator Adams saying it is a fantastic piece of policy; we have Senator McGauran, despite the fact that Senator Ad-

ams thinks that it is a fantastic piece of policy, saying the Senate is going to vote against it; and then the member for Wentworth says that we are going to have half of it but not the other half of it, even though they voted against all of it yesterday. And where does the Leader of the Opposition stand in all of this? Nobody knows where the Leader of the Opposition stands on this. The last time he seems to have been asked about this, he did not know whether he was going to support or oppose it either. There is no clarity on their excise policy and no clarity on their Fuelwatch policy. The government is getting on with the business of governing.

DISTINGUISHED VISITORS

The SPEAKER—Order! Before giving the Leader of the Opposition the call, I indicate to the House that we have in the gallery today a parliamentary delegation from Tanzania. On behalf of the House I warmly welcome them.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Fuel Prices

Dr NELSON (2.25 pm)—My question is to the Minister for Resources, Energy and Tourism. I refer the minister to what he describes as a little problem: petrol at \$1.60 a litre. Why did the minister originally advise his colleagues that Labor's Fuelwatch scheme is anticompetitive, will hurt small business and will slug motorists hardest in areas like Western Sydney?

Mr MARTIN FERGUSON—I thank the Leader of the Opposition for the question and simply say that I, like the Australian community, regard the problems in the international market with respect to the price of oil at the moment to be very challenging and a major difficulty for ordinary households. It is for that very reason that our cabinet has had serious debates about how we try and

assist consumers. As the Leader of the Opposition knows, cabinet processes are robust and the best possible policy options emerge as a result of those robust discussions and the testing of ideas. I assume that he would never—and I can guarantee that I will never—reveal the nature of cabinet discussions.

This is about proper consideration in a free and objective way; it is about the best way forward for Australian consumers. It is not just about the initial decisions made. There is also ongoing work that I will assist cabinet colleagues with. That not only goes to the introduction of Fuelwatch in December of this year, which is about transparency and the capacity of Australian consumers to select the best possible price when purchasing fuel on a given day in a given place, but also goes to ongoing work that I have with other ministerial colleagues to introduce a review of the Oil Code, and that is currently underway. It also goes to conducting an audit of terminal capacity for petrol in ports. We are about guaranteeing that we can meet our future challenges as a nation whilst assisting consumers in the short term. I simply stand by the cabinet process. There was a full and proper process, and the right decision has been made.

Budget

Mr ADAMS (2.28 pm)—My question is to the Treasurer. Will the Treasurer outline how the government's responsible budget is putting downward pressure on inflation, and how irresponsible spending can lead to higher inflation?

Mr SWAN—I thank the member for his question. We on this side of the House understand that responsible budgeting and investing in the future are absolutely necessary to fight inflation and to put downward pressure on interest rates. It is something that is not understood by those on the other side of

the House. We have put forward very substantial savings in this budget to put downward pressure on inflation and downward pressure on interest rates. Now the opposition is attempting to blow a \$22 billion hole in the surplus. That can do nothing but put upward pressure on inflation and upward pressure on interest rates.

In this budget we cut back spending very hard. We withdrew spending growth to one per cent. Under the previous Treasurer it was four times that—reckless spending from the previous government. In the last Howard-Costello budget they went on a spending spree of \$40 billion, without one cent of savings. That is what occurred in their last budget. They did that despite the advice from the Treasury at the time. On 24 November 2006, this is what the Treasury had to say to the then government, including the present Leader of the Opposition and the shadow Treasurer. This is what the Treasury said to the then Treasurer:

... as the economy is running close to capacity there is a real risk that significant spending will add to inflationary pressures.

That is what the Treasury said about their last budget. At that stage, they had \$13 billion worth of additional spending on the table—and guess how much they spent when the budget came down? \$40 billion. That is what is putting upward pressure on inflation and upward pressure on interest rates. Since that time, interest rates have gone up four times and inflation has hit a 16-year high. They have learnt no lessons from that. A leopard never changes its spots. Old habits die hard—because now they want to blow a \$22 billion hole in the surplus. We saw it in the House this morning. We saw it from the shadow Treasurer. He could not even make it into the House to take his speaking slot on the luxury car tax bills. He could not even get in here. They are so disorganised. They have so lost their way, and they do not know

where they stand on this budget. Do you know what he said when he arrived in the House? He said, 'We might be in favour of the luxury car tax or we might not.' That is the response of the Liberal Party. They are disorganised, they have lost their way and they do not know what they stand for except high inflation, high interest rates and high spending.

Ms Julie Bishop—Mr Speaker, the Treasurer was referring to a minute. As he read it, I ask him to table the minute which he read.

The SPEAKER—Was the Treasurer reading from a minute?

Mr SWAN—No, I was reading from notes.

The SPEAKER—Were the notes confidential?

Mr SWAN—They are.

Fuel Prices

Dr NELSON (2.32 pm)—My question is to the Minister for Resources and Energy and Minister for Tourism. I refer the minister to his letter opposing Labor's Fuelwatch scheme on the basis that it is anticompetitive, will hurt small business and will slug motorists hardest in areas like Western Sydney. Yesterday, the minister said he had changed his mind, on the basis of further detailed work. Given he was not at the cabinet meeting that he considers so persuasive, what further detailed work was undertaken to prompt such a remarkable cave-in?

Mr MARTIN FERGUSON—I thank the honourable member for the question. It is interesting that he should raise Western Sydney. I grew up in Western Sydney. My mother still lives there and so do three brothers and sisters and my nieces and nephews. Whilst I represent a seat in Melbourne, my heart is also still in Western Sydney, because that is where I grew up and was given an

opportunity in life. I can assure the House and the Australian community that the challenge of oil is not a short-term problem. I correctly contributed to a cabinet process, and for me as the minister for energy it is an ongoing process. It is not something that the opposition discovers from time to time trying to play short-term political games. It is actually about overcoming years of neglect by the Howard government on what is a very serious policy debate.

Dr Nelson—Mr Speaker, on a point of order: the minister should come back to the question, which is what is the convincing evidence that he has seen that now has him supporting Fuelwatch, which he has opposed in writing.

The SPEAKER—There is no point of order. The minister is responding to the question.

Mr MARTIN FERGUSON—Unlike the Leader of the Opposition, I, like Australian motorists, follow petrol prices on a regular basis, because I am concerned about their impact on ordinary Australian families. More importantly, I am concerned in trying to develop, through my national energy security assessment, a white paper on where we go in energy security and how I can contribute in a real policy debate to putting in place a real alternative fuels policy in Australia—something the Howard government neglected.

Skills Shortage

Ms NEAL (2.35 pm)—My question is to the Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion. Will the Deputy Prime Minister explain to the House what the government is doing to address Australian industry's need for more skilled people?

Ms GILLARD—I thank the member for Robertson for her question, and I know she is deeply concerned about educational oppor-

tunity and skills shortages in her electorate. Today is an important day because it is the first day that the government's new body, Skills Australia, meets—and I congratulate Mr Phil Bullock, a former Chief Executive of IBM, who has agreed to lead Skills Australia for the government. This body is going to act in a crucial advisory capacity to government, charting where skills development is most needed and where skills shortages are most acute, charting where the government's 630,000 training places would be best deployed to meet skills shortages and advising government on the long-term policy agenda for reform in the vocational education and training sector. Having Skills Australia is part of a reform process for vocational education and training, with the government in the recent budget committing \$19.3 billion, including an \$11 billion Education Investment Fund. All of this work is necessary because this nation is facing a skills crisis. Whether you are trying to build a huge resource project in the north-west of this country or trying to get a plumber to come to your home to attend to a small job, you are an expert in the skills crisis in this country.

Right across the country we are crying out for skilled workers. This has been a crisis a long time in the making and it was specifically made by the more than a decade of neglect by the Liberal Party in government of this vital skills agenda, a personal neglect by the Leader of the Opposition and the Deputy Leader of the Opposition. We have moved to address the skills crisis immediately with 20,000 new training places. As I indicated yesterday, we have more than 3,500 students already enrolled and 380 registered training organisations signed up and ready to go.

This morning the Prime Minister and I visited a childcare centre where the skills crisis was on display, a childcare centre that would like three more skilled workers but cannot get them. I am very pleased to say

that a number—more than 700—of the government's training places which have already been taken up have been taken up by people who are going to work at certificate III level in the childcare industry.

From time to time members opposite in this place come in and pose as great supporters of the resources sector. We have seen that on display as recently as this week. But it has been my pleasure today to speak to the Minerals Council of Australia, and when you talk to them what they know is that the skills crisis is restraining the capacity of the resources boom. We need to be investing in skills in mining and in construction, and we will be doing that.

Later today I will be speaking at the master builders dinner. It is an industry that is suffering the constraints of skills shortages. This is the record of more than a decade of neglect, something that members opposite should be ashamed of. They have not only constrained the productive capacity of our economy, putting upwards pressure on inflation and interest rates, they have denied hardworking Australians the opportunity that increased investment in skills would have brought. Where a decade of neglect has built up, the Rudd Labor government is addressing the problem and part of addressing the problem is our new skills advisory body, and I congratulate it on its first meeting in the House today.

Fuel Prices

Dr NELSON (2.39 pm)—My question is to the Prime Minister. Why won't the Prime Minister guarantee that Australians won't pay a cent more on petrol under Fuelwatch?

Mr RUDD—The former Liberal Prime Minister of Australia stood here with the support of all those opposite and not only said that working families had never been better off but went one better and said irresponsibly that interest rates would be kept at

record lows. If I know one thing about the Australian people it is that they are sick and tired of politicians making irresponsible promises. We have introduced a competition policy measure. We have said that it is not a silver bullet but we think that it is the right way ahead. At least we have a policy. Those opposite, as of today, have four different policies. It would be useful if the opposition would provide clarity on that.

DISTINGUISHED VISITORS

The SPEAKER—Before giving the member for Fremantle the call, I inform the House that we have Mr Rod Sawford, a former member for Port Adelaide, in the gallery today. Despite in his farewell address making very cutting remarks about members of the parliamentary Left seeking to make contributions to this place, on behalf of the House I offer him a very warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Fuel Prices

Ms PARKE (2.41 pm)—My question is to the Assistant Treasurer. Will the minister outline to the House the support from motorists, those in Western Australia and other experts, for the government's Fuelwatch scheme, which will increase price transparency and reduce volatility in petrol markets?

Mr BOWEN—I think the honourable member for Fremantle for her question, another Western Australian member who understands the benefits of Fuelwatch. Everyday in Western Australia 30,000 emails are sent out to individuals who have subscribed to the FuelWatch system. There are 30,000 emails everyday telling people where they can find the cheapest petrol in Western Australia. Each month the FuelWatch website receives 190,000 visitors—just in Western Australia. There are 190,000 people using

the website to find the cheapest fuel in Western Australia.

A very interesting market survey in 2006 found that 86 per cent of Western Australian motorists had used FuelWatch and 10 per cent told the market survey that they saved over \$10 a week through the FuelWatch service. Apparently one of those 86 per cent of Western Australian motorists was a member of the Senate, Senator Adams, who said this morning that she thought FuelWatch was working. She joins a long line of conservative politicians who support Fuelwatch. She also joins the Leader of the Opposition in the Northern Territory, Terry Mills, who said:

A FuelWatch system is long overdue particularly in the Territory where we regularly pay the highest prices in the nation. Giving customers information on fuel prices for a 24-hour period will produce sharper competition in the marketplace. FuelWatch will enable consumers to quickly compare the various prices on offer in their town and buy accordingly. People are very price sensitive about the petrol so I am sure consumers will head to the stations offering the best price.

We could not have said it better ourselves! That was the Leader of the Country Liberal Party in the Northern Territory.

As I said yesterday, the ACCC's report made very clear that there are great concerns about the current operation of the fuel market. They made very clear that there are great concerns about the way information is shared between retailers through their own website. Yesterday we heard the shadow Treasurer, the member for Wentworth, claim that the ACCC does not really support FuelWatch, that it is all a socialist plot to take control of the market. Let us see what that well-known socialist Graeme Samuel thinks about that. Comrade Samuel said on the *Business Sunday* program:

There has been a lot of focus on the one to two cents saving which our analysis through the petrol

inquiry indicated occurred in Perth and we believe it will occur across Australia.

These are the words of the chairman of the ACCC—'we believe it will occur across Australia'. He went on:

But to focus on that ignores the most important element of this FuelWatch scheme which I think is a very important process to be introduced for the benefit of Australian motorists.

That is the ACCC Chairman, Graeme Samuel. He went on to say:

The really important saving for motorists is the power it gives them to know when prices will be lifted and reduced—

And, more importantly, know where they can buy petrol at the lowest possible price—

If you know that prices will be lifted by 10c tomorrow, you've got 15 hours notice under the FuelWatch scheme to buy today, that'll save you 10c a litre.

That is the Chairman of the ACCC, Mr Graeme Samuel. We also heard from the opposition yesterday that Graeme Samuel used to oppose Fuelwatch so, therefore, it must be a bad thing. So let's see what Mr Samuel says about that. He was asked on the *7.30 Report*: 'Isn't it true that it was you who long questioned the effectiveness of introducing a Fuelwatch scheme?' Remember, they said the report was not rigorous and there was not enough analysis. This is what Mr Samuel said:

Oh, absolutely, and I would be the first to say that I was wrong. We would not, I would have to say to you, examine the FuelWatch scheme in as much detail and with as much rigour as the commission has examined it as part of the petrol inquiry.

That is what the ACCC says about the Fuelwatch proposal and their analysis.

But in all seriousness, and in all fairness, I can understand the difficulties that the opposition have. In all seriousness, and I mean this in all fairness, the government has had

the benefit of working through the ACCC's report with them over several months and working through the implications. The ACCC recommended that more work be done on Fuelwatch. I understand that the government had had the benefit of that analysis and that process and that the opposition has not. I wrote to the Leader of the Opposition on 16 April and 18 April suggesting that he receive a briefing from Mr Samuel, from the Petrol Commissioner and from Dr Stephen King, one of the ACCC commissioners and a well-respected expert on competition matters. That briefing has not yet occurred. But today I can, for the benefit of the House, facilitate a briefing for any member of parliament by Mr Samuel, Dr King and Mr Walker on the benefits of the ACCC's proposal for Fuelwatch. For any members, collectively or individually, the chairman of the ACCC is more than happy to work them through the analysis that the ACCC has done, work them through the econometric analysis and work them through the proposals. If members seriously want to deal with petrol prices and they seriously want to hear about the rigorous analysis that the ACCC has done, they will take up that offer and they will meet—

Mr Hockey—The ACCC cancelled a meeting today! It was they who cancelled the meeting!

Mr Bowen—I think you will find the member for Dickson has another engagement at four o'clock.

Mr Dutton—Mr Speaker, on a point of order: I am happy to take up the invitation. Mr Samuel cancelled the appointment until after estimates.

The SPEAKER—Order! It is not a point of order. The member for Dickson will resume his seat.

Mr Bowen—I made it very clear that that briefing had not yet occurred, but the

chairman of the ACCC is available for the Leader of the Opposition and the shadow Treasurer or any other member. Far be it from me to give the opposition political advice, but the chairman of the ACCC will be appearing before estimates next week and he will be more than happy to take the questions of opposition senators as to why the ACCC supports Fuelwatch.

Let's have none of this nonsense that the ACCC does not support Fuelwatch, because on this side of the House we back the people who stand up for consumers. The ACCC is the body which supports consumers. The ACCC is the regulator. You left them out to dry. The ACCC called for criminalisation of cartels. You would not do it. The ACCC called for a strengthening of the Trade Practices Act. You would not do it.

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

Mr Bowen—We will back the regulator any day of the week.

Fuel Prices

Dr Nelson (2.49 pm)—My question is to the Prime Minister. With petrol crashing through the \$1.60 a litre barrier, why won't the Prime Minister guarantee Australians they will not pay a cent more a litre for petrol under Fuelwatch?

Mr Rudd—The advice on which the government has constructed its Fuelwatch policy comes from this 300- to 400-page report commissioned by the member for Higgins, commissioned by the previous government, and delivered to this government and referred to just now by the Assistant Treasurer. It says quite clearly that the relevant weekly average price margin was around 1.9c per litre less on average for the period from January 2001 to January 2007. We believe that is a robust basis upon which to implement this, as in fact does Senator Adams from Western Australia. We think it is

a robust way ahead. We think it is not a silver bullet, but we also think it is appropriate.

Dr Nelson—Mr Speaker, I raise a point of order. Why won't the Prime Minister guarantee Australians they will not pay a cent more for petrol—

The SPEAKER—The Leader of the Opposition will resume his seat. A point of order is not just an opportunity to repeat the question. If the intent of the point of order was relevance, the Prime Minister is responding to the question. Prime Minister.

Mr RUDD—Thank you very much, Mr Speaker. This was a very clear-cut piece of advice commissioned by those opposite, ignored by those opposite, but we have decided to back consumers. This actually is the party which supports consumers. It seems increasingly that those opposite are the party of big oil.

Budget

Mr PERRETT (2.51 pm)—With respect to the former member for Port Adelaide: I have always appreciated your contribution in the House.

The SPEAKER—Order! The member for Moreton has the call and he should not stretch it too far.

Mr PERRETT—My question is to the Minister for Finance and Deregulation. How will the savings built into the budget assist with the fight against high inflation and interest rates? What would be the economic impact of rejecting those hard decisions and adopting a loser approach—I beg your pardon, a looser approach—to government spending?

Opposition members interjecting—

The SPEAKER—Order! The honourable member for Moreton should be careful in adding debate to his question. The question is in order.

Mr TANNER—I thank the member for Moreton for his question. Underlying inflation is currently running at 4.2 per cent in the Australian economy, which is well outside the Reserve Bank's target zone. That is why the Reserve Bank has been engaged in putting up interest rates over the past six to nine months. One of the key reasons why inflation has been running at an unacceptably high level, of course, is that government spending has been running at an increasingly high level, growing much too fast. In fact, in the financial year that is about to end, the budget that we inherited from the former government had spending growing at over five per cent in real terms, pumping up spending in the economy without increasing the economic capacity that is needed to absorb the spending in productive activity.

The Rudd government inherited a loose, wasteful budget from the member for Higgins that is pushing up inflation and pushing up interest rates. Therefore, we have no choice but to slow government spending, to put the brakes on, in order to push back against rising prices and rising interest rates. That is why the government has delivered a surplus of \$21.7 billion for the forthcoming financial year—1.8 per cent of GDP—slowed spending growth from around five per cent per annum in real terms to barely over one per cent per annum in real terms and reduced spending as a proportion of the total economy by over one per cent to the lowest level since 1989-90. That is why the government has put on the brakes: it is in order to put downward pressure on inflation and interest rates and to reverse the impact that the budget was having from the previous government's fiscal settings of putting upward pressure on inflation and interest rates.

Inevitably, commentators have had different views about the budget. There have been one or two who have suggested that we have not gone hard enough. Many commentators

have, however, suggested that, broadly, the settings are in the right place and the fiscal positioning is right to put downward pressure on inflation and interest rates. I have not seen too many commentators, though, who have suggested that our settings are too strict—that they are too tight. Not many credible economic commentators have suggested that. There is, however, one set of participants in public debate who have suggested that our settings are too tight, that they should be looser and that we should be spending more money—namely, the opposition, the Liberal Party.

And, I have to say, the member for Moreton got it in one. He was absolutely correct about this set of commentators—complete losers. Their position still is to pump up inflation, increase interest rates and pour money into the economy. They want to restore tax lurks. They want to revive the notorious Regional Partnerships program. They want to bring back the failed \$1 billion access card project. They want to hand out various tax reductions to all and sundry. But there is one big flaw in this strategy—one big very simple flaw—where is the money coming from? Where is the money coming from to pay for all of the giveaways and all of the rejection of the government savings initiatives?

The combined impact of the position that the Liberal opposition have taken in response to the government's budget would cut a hole of about \$4 billion in this year's budget and a total hole of over \$22 billion over four years in the budget. And not a single cent of savings has been put forward by the shadow Treasurer, the member for Wentworth, by the shadow finance minister, the member for Dickson—we are not quite sure what he does in his day job; he is certainly not finding any savings—or indeed by the Leader of the Opposition. One commitment has not even been costed. The commitment to change the ar-

rangements for capital gains tax on small business does not even have a costing, so unconcerned are the opposition about the impact of their fiscal position on the overall position of the budget.

The member for Wentworth confessed last week where the money was going to come from. He said it would come from the surplus. That is where the money for it would come from. That is a simple recipe for higher inflation and higher interest rates. Motorists know that the short-term effect of cutting the petrol excise could be blown away in a day's oil price fluctuations. What they also need to recognise is that the short-term effect of that would be blown away by the increase in inflation, by the increase in prices generally and by the increase in interest rates that would follow from the loosening of the budget that the opposition is proposing. It would be a false saving for Australian families because it is not funded, it is not paid for and, inevitably, it has to come from somewhere and the opposition refuses to say where. It is not that long ago since the Leader of the Opposition and the member for Wentworth were members of the Howard government cabinet that rejected the very proposition that the Leader of the Opposition now advances. So, after 11½ years of opportunity to put this policy in place, they now suddenly discover it is a good idea.

In conclusion, the opposition's economic approach is very simple: spend, spend again and spend yet again. It is to let inflation rip, let interest rates increase and put further burdens on the budgets of ordinary working people in this country. It is to have giveaways to everybody that they think needs to have some kind of political approach made to them, and to let the pressure on inflation and on interest rates that their budget, which we inherited, was delivering actually increase rather than be turned around. That is the approach that caused the problem that we

are endeavouring to deal with in the first place. A grab bag of giveaways is not an economic policy. The Rudd government is committed to responsible economic management, to investing for the long term and to protecting working people's living standards for the long-term future of this country.

Fuel Prices

Mr TURNBULL (2.59 pm)—My question is addressed to the Prime Minister. Prime Minister, here is the ACCC report and here is a highlighter. You show us where it recommends the introduction of Fuelwatch. Mark the passage—you show us where it says that.

The SPEAKER—Order! I will give the member for Wentworth an opportunity to rephrase his question.

Mr TURNBULL—Thank you, Mr Speaker. I respectfully request that the Prime Minister do us the honour of marking the passage in the ACCC report which provides a clear-cut recommendation that FuelWatch be implemented.

The SPEAKER—That is not a question.

Transport Infrastructure

Ms OWENS (3.00 pm)—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government. Will the minister inform the House about transport funding commitments made before and after the election. What are the fiscal implications of these transport commitments and what are the views of the transport industry on spending proposals?

Mr ALBANESE—In the last budget, the coalition set an AusLink 2 budget of some \$22.3 billion. In accordance with our commitment to economic responsibility, prior to the election Labor made promises within that \$22.3 billion. In the recent budget we have delivered on all of these commitments, as well as bringing forward half a billion dollars

of worthwhile projects, while still delivering a \$22 billion surplus. But the National Party and the coalition were never really good at sticking to a budget. In a desperate attempt to make up for years of neglect, they went on a predictable pre-election spending spree, so that by 7 November, a couple of weeks into the election campaign, the \$22.3 billion was all gone. It had all been allocated. But that did not stop them. They just kept spending. Their spending was so reckless that the Nationals leader, the then Minister for Transport and Regional Services, does not know what they spent. On 20 February 2008 the Leader of the Nationals put out a press release saying, 'the coalition committed to spending \$3 billion more money'. Then three weeks later, in parliament, on 11 March, he changed his mind and said they put 'another \$3 billion to \$5 billion towards our commitment for roads'. Then, on 17 March, it changed again. A spokesperson quoted in the *Australian* went back to the original figure and said that they had allocated \$22.3 billion before the election. But the very next day, 18 March, they changed their mind yet again—for the fourth time. In a press release, the Leader of the National Party said 'they committed to spend \$31 billion before 2013'.

So let us be clear here. On 17 March they had spent \$22 billion—a day later it was \$31 billion. Even for the National Party, a \$9 billion spend in 24 hours is a pretty good effort. But there is even more—it did not stop there. Even though they are now the opposition, they have not stopped upping their government commitments. On 22 May, after our budget which was so welcomed by the transport industry, the Leader of the Nationals told *Lloyd's List* that they promised \$10 billion more than Labor. So let us recap: in February it was \$3 billion, in March it was up to \$8.7 billion and in May it is \$10 billion. Spend, spend and spend some more. Do not worry about where the money is coming

from, do not worry about the implications for inflation and do not worry about the implications for interest rates—they have simply given up on economic credibility. We already know that the opposition leader's uncoded reply to the budget, which aimed to preserve himself rather than to preserve Australia's economic future, blew a \$22 billion hole in the surplus. If you add in the National Party leader's comments, there is another \$10 billion on top of that. How has that been received by the industry? We know that the transport industry has a direct interest in the issue of petrol. There has been a bit of debate in parliament over the last few days about petrol. This morning I spoke to the national conference of the Australian Trucking Association. There were some 600 members there.

Honourable members—Tony Sheldon!

Mr ALBANESE—This is the Australian Trucking Association. Those opposite say 'Tony Sheldon', but this is actually the industry—the owners, Lindsay Fox. This is not the union; it is the industry. The Chief Executive, by the way, is Stuart St Clair. Trevor Martyn, Chair of the ATA—the speaker before I spoke, and I was very interested to hear his comments—said today:

Of course it has been suggested the Australian government could reduce fuel excise, but it would be just a gesture. The price of diesel has already gone up by 48c and is likely to rise an extra 20c. A tax cut of even 10c a litre would hardly be noticeable. Instead, the best approach the Australian government can take is to focus on the long term and fix the road transport laws that are stopping us from using the latest and most fuel-efficient truck designs.

That was the view of industry today. The opposition are totally out of touch, they make promises they cannot possibly fulfil and they continue to have no regard whatsoever for economic responsibility.

Fuel Prices

Mr CIOBO (3.06 pm)—My question is to the Minister for Small Business, Independent Contractors and the Service Economy. Has the minister advised his colleagues of any concerns he has about the impact on small business of Labor's Fuelwatch scheme?

Dr EMERSON—I thank the member for his question. Of course I had an interest in the impact of FuelWatch on small business and so I made some inquiries. Those inquiries revealed, for example, that upon the introduction of FuelWatch in Western Australia, in the period from 2001 to 2007, the number of independents went up quite substantially. This is no secret, because the member could have checked out the relevant website today. He would have found out that as of today there are 93 different independents operating in the metro markets in Western Australia. I will give a couple of examples: Gull has 28 outlets, Independent has 15, Better Choice has three, Quick Fuel has one, Liberty has eight, Peak has 20, United has 15, Westco has three, for a total of 93. In addition, in non-metro outlets, there are 64 independents operating, bringing the total to 157.

Mr Hockey—Mr Speaker, I raise a point of order. The question was very specific: what advice did he provide to his colleagues about the impact on small business of the Labor Party's plan called Fuelwatch?

The SPEAKER—The minister appears to be giving advice.

Dr EMERSON—Indeed, I provided that advice to my colleagues—obviously not as of today's date, because the discussion was held and the decision was made in April. I advised my colleagues that I considered that FuelWatch could, if anything, advantage small business in Western Australia, and indeed I was right, based on the evidence over the period March 2001 to June 2007. There

is not only a substantial number—and an increase in the number—of operators, as I am advised, but total sites for branded independents have gone up from 34 per cent to 36 per cent and for general independents it has increased from two per cent to five per cent. That is the sort of information that would have been available to the member for Moncrieff. That is the sort of information that would have been available to the opposition if it had so inquired. That is the sort of information that leads me to fully support the introduction of Fuelwatch in the eastern states, because I believe that small business will be big beneficiaries from the introduction of Fuelwatch.

Skills Shortage

Mr PRICE (3.10 pm)—My question is to the Minister for Employment and Workplace Relations and Minister for Social Inclusion. Will the Deputy Prime Minister detail the government's approach to tackling the skills crisis and contrast it with alternative public policy and administrative approaches?

Ms GILLARD—I thank the Chief Government Whip for his question. We have had cause in this parliament to reflect on the skills crisis that was brought to this country by the Liberal Party, particularly by the Leader of the Opposition and the Deputy Leader of the Opposition, and it is contrasted with the Rudd Labor government getting on with the job, creating Skills Australia and delivering 20,000 new training places as part of 630,000 new training places.

I have from time to time remarked that the member for Goldstein, as the last minister responsible in this area, stood by as a spectator watching the skills crisis build and did absolutely nothing. I do need to add a fact to the public record that I was not aware of before. The member for Goldstein, the former Liberal government, the former ministers who are here, the Leader of the Opposition

and the Deputy Leader of the Opposition did not do absolutely nothing. They did what the Liberal Party always do when they do not know what to do next: they advertised, spending more than \$68 million of taxpayers' funds on skills advertising. These people who now feign a great interest in cost pressures on working families were quite happy to rip \$68 million out of their purses and wallets to fund advertising.

I am a woman who has done her best to control the plague of Work Choices mouse pads, the avalanche of pens—I have done my best—but I regret to inform the House that I have found some remnants of the skills advertising, what is left of the \$68 million: a mug, and that is how they were treating the Australian community—as mugs.

Mr Broadbent—Mr Speaker, I raise a point of order. I draw your attention to the conduct of the House and the use of props. This started with Minister Simon Crean back in the GST days. The use of these things is totally inappropriate. I would like you to rule on the matter with regard to the conduct of the House.

The SPEAKER—The member for McMillan will resume his seat. Over several question times since the start of this parliament I have advised the House that whilst the use of props is not encouraged it has been tolerated. I will be very charitable, and I hope that the member for McMillan does not take this the wrong way: over the different occasions that he has been here he would have witnessed several ministers, even before the Minister for Trade, use props, going right back to the old place, before television.

Ms GILLARD—My purpose really is to inform Australian taxpayers what their \$68 million went on—the mugs and the business card holders, which presumably are full of business cards that said things like, 'My name is Brendan and I have done absolutely

nothing to fix the skills crisis.' And then, of course, there is my personal favourite: this one is for the mantelpiece; you can put a picture next to this clock so you can watch the skills crisis count down and see a picture of who is responsible.

Honourable members interjecting—

The SPEAKER—Order! The Deputy Prime Minister has made her point.

Dr Nelson—Mr Speaker, I rise on a point of order. Petrol is \$1.60 a litre and that is the best that you can do.

Ms GILLARD—They provided to Australian businesses a clock so that they could count the minutes as the skills crisis counted down. They spent \$68 million of taxpayers' money. Last but not least—and we have heard a lot about luxury motor vehicles in this parliament in the last few days—we have, would you believe, the skills sun visor for your car so that you can protect the dashboard of the Maserati when you are out on a nice sunny day. That was the contribution of the Liberal Party of this country to the skills debate. There were young Australians wanting apprenticeships and businesses wanting skilled workers, and what did the Liberal Party of this country do? They spent \$68 million, and those opposite were around the cabinet table when it was spent.

This tells the Australian community about your priorities. The Leader of the Opposition could have given working Australians \$68 million, but instead he participated in a decision to spend it on propaganda. Add that to the \$121 million spent on propaganda for Work Choices. The Leader of the Opposition, the Deputy Leader of the Opposition, the Manager of Opposition of Business, the shadow Treasurer and the Leader of the National Party were all participants in wasting \$121 million of taxpayers' money on Work Choices propaganda and \$68 million on this. Do not come into this parliament and feign

an interest in the welfare of working families when you have been a participant in this level of waste.

Mr Pyne—Mr Speaker, I rise on a point of order under standing order 75. The minister is tediously repeating her act while Australians out there are struggling to pay \$1.60 for petrol. She should be sat down—

The SPEAKER—The member for Sturt will resume his seat. A point of order is not an opportunity to come to the despatch box and debate.

Ms GILLARD—That is what they thought was a priority in government: Liberal waste; a rip-off of Australian working families.

The SPEAKER—Order! The Deputy Prime Minister has made her point.

Fuel Prices

Mr DUTTON (3.18 pm)—My question is to the Minister for Finance and Deregulation. I refer the minister to the letter from the Minister for Resources and Energy which was reportedly copied to the finance minister. Has the minister for finance advised his colleagues of any concerns, including any about the regulatory impact on small business, of Labor's Fuelwatch scheme?

Mr TANNER—I thank the member for Dickson for his question. I contributed to discussions within the government about the government's policy and I support the government's policy.

Burma

Ms BURKE (3.18 pm)—My question is to the Minister for Foreign Affairs. Will the minister update the House on the situation in Burma and the detention of the opposition leader Aung San Suu Kyi?

Mr STEPHEN SMITH—I thank the member for her question. I regret to advise the House that overnight the Burmese military regime extended the detention of oppo-

sition leader Aung San Suu Kyi, the last democratically elected Burmese leader. Given the terrible human tragedy that has unfolded in Burma, the Australian government has recently tempered its remarks so far as the Burmese military regime has been concerned. That has obviously been in order to seek to maximise our efforts to get humanitarian assistance into Burma in the aftermath of Cyclone Nargis. But this particular matter cannot go without comment.

Aung San Suu Kyi has been under house arrest continuously for the past five years and has been in detention for more than 12 of the last 18 years. Since her most recent detention in May 2003, Australia has repeatedly called for her release and for the immediate and unconditional release of all political prisoners in Burma. Australia's embassy in Rangoon renewed these representations yesterday. Our estimates are that there are around 1,500 political prisoners in Burma.

Aung San Suu Kyi was first arrested after her party, the National League for Democracy, won a majority of votes in the 1990 Burma election, an election that the Burmese military were happy to agree to until it saw the result. In 1991, she was awarded the Nobel Peace Prize. She is a testament to the desire of the Burmese people to freely determine their own future and to bring democracy and respect for human rights to Burma. Sadly, she is also a symbol of the lengths to which the military regime in Burma will go to stay in power.

The extension of her detention comes after the military regime's recent announcement that over 92 per cent of the votes cast in the recent referendum were to approve a new constitution. That referendum and its process was a complete sham. The fact that it was held consecutively on 10 and 24 May was, in the circumstances, a complete disgrace. That new constitution is fundamentally flawed. It

is designed to entrench military power, not to move the Burmese state and people back to democracy. It allows the military to deregister political parties and it prevents Aung San Suu Kyi from standing for political office. Progress towards democracy and respect for human rights in Burma will only occur in a manner which the international community supports and when all political players in Burma have a genuine and transparent opportunity to take part in a genuine political process.

I welcome very much the statements overnight supportive of Aung San Suu Kyi from the UN Secretary-General and from a range of governments, including the governments of the United States, the United Kingdom and Indonesia. I say that this regrettable decision on the part of the Burmese military regime will not affect in any way the Australian government's continued efforts to seek to bring humanitarian assistance to the people of Burma in the aftermath of Cyclone Nargis. In this context, I am very pleased to inform the House that earlier today—very early this morning—the Royal Australian Air Force delivered two helicopters for the World Food Program to Bangkok. These helicopters are sourced from South Africa and will be used by the World Food Program to deliver much-needed food to Burma.

I will conclude on this point: the reluctance of the Burmese military regime to accept international assistance in this matter stands in stark contrast to the approach of the government of China. Can I say to the House how very much we regret the aftershocks that have occurred in China and the additional pressure that this has placed on the Chinese government. I say that, as a consequence of these aftershocks, I have today written to the Chinese ambassador renewing, again, our offer of any appropriate assistance from Australia on behalf of the Australian government but also on behalf of the Austra-

lian community. That approach of the Chinese government stands in very stark contrast to the approach and attitude of the Burmese military regime.

Dr NELSON (Bradfield—Leader of the Opposition) (3.23 pm)—On indulgence, Mr Speaker, I strongly associate the opposition with the remarks made by the Minister for Foreign Affairs on this matter.

Fuel Prices

Mr KEENAN (3.24 pm)—My question is to the Assistant Treasurer. I refer to the minister's claim, on the *AM* radio program today, in defence of the FuelWatch scheme in Western Australia:

Well in Perth today you will find that the price of fuel is on average less than the other capital cities.

Can the minister confirm that, according to motormouth.com.au, the average price of fuel today is \$1.40 in Brisbane, \$1.49 in Melbourne, \$1.50 in Sydney and \$1.51 in Adelaide and has increased to \$1.55 in Perth? Didn't the minister blatantly mislead listeners about the effectiveness of Labor's Fuelwatch scheme?

Mr BOWEN—If my honourable friend would quote the whole interview, he would provide a very different indication to the House. What I am more than happy to confirm for the House is that the ACCC has found that fuel, on average, has been cheaper in Perth for every one of the last five months and has been cheaper in 2004, 2005, 2006 and 2007. I am more than happy to enlighten the House on the full interview.

War Graves

Mr TREVOR (3.25 pm)—My question is to the Minister for Defence Science and Personnel. Would the minister update the House on excavation work in France to determine the presence of remains of fallen Australian and British soldiers from the Battle of Fromelles?

Mr SNOWDON—I thank the member for Flynn for his question. I am able to confirm that I had a call early this morning to confirm that some skeletal remains had been found as a result of an excavation that we are undertaking at Fromelles. This confirms that there are bodies buried at Pheasant Wood, with the strong possibility that they are allied dead buried by the German army but not recovered after the war.

It is worth while just recalling for a moment the nature of this battle. In a 24-hour period, 5,533 Australians were either killed, wounded or captured. Two thousand of these Australians were killed. We believe—or at least we hope—that what we have here are potentially the remains of 170 Australian soldiers, or thereabouts, most of whom crossed no-man's-land on that fateful day or evening to reach the enemy lines, only to be killed either in their trenches or beyond the lines. After the battle was over, the German army properly buried these troops—we think at this site at Pheasant Wood.

We need to understand the horror of this event. It is the worst experience of loss of life and the most tragic day in Australia's military history. You need to understand this. It is a bit hard to describe the land, but across no-man's-land, flanked by machine guns, Australian soldiers were ordered across those lines. One soldier said:

The air was thick with bullets, swishing in a flat criss-crossed lattice of death ... Hundreds were mown down in the flicker of an eyelid, like great rows of teeth knocked from a comb.

The tragedy was a terrible waste of life. It was, frankly, a pointless, senseless, incompetently managed attack. The Germans were fully aware and ready with their lethal response. But the extent of the tragedy needs to be further understood. On that day, on that evening and over that 24-hour period, 12 sets of brothers died; two sets of fathers and sons

died; the very bravest of Australian soldiers, many of whom had fought at Gallipoli, died. It is important that, if we are able to confirm that these are the remains of Australian soldiers, we commemorate them appropriately.

As you would expect, Mr Speaker, as a result of the find early this morning—yesterday our time—in France, work on the excavation site was suspended to allow it to be referred to the French police. We expect that the excavation will resume later today in France. The most important task for this team is to determine the condition and quantity of the remains. I need to stress that there is nothing at this time that can determine the nationality of the remains recovered thus far. We will pursue every available method to identify these remains, including the use of DNA if there is a reasonable chance of a match. However, I need to stress that it is too early to determine whether DNA analysis can be used in such a way. Should the remains be assessed as unidentifiable, the Australian government's position is that the soldiers remain in situ and that the land in which they lie be acquired by the Commonwealth War Graves Commission as an official war cemetery. A small ceremony is planned at Fromelles once this initial excavation work is complete. I am looking forward to working with the British and French governments to ensure that the sacrifice of these brave Australian soldiers is appropriately commemorated.

I need to advise the House that today a meeting will take place of the Fromelles Evaluation Group. It will meet to advise on the next steps. That group comprises the Commonwealth War Graves Commission, Major General Mike O'Brien from the Australian Army, and representatives of the British and French governments. Like the discovery of HMAS *Sydney* this news will be greatly satisfying for many Australian families who have never known the fate of their

uncles, great uncles or grandfathers. We will do everything we can to keep them informed.

Finally, can I recognise here the singular efforts of Mr Lambis Englezos and his supporters, who have researched and urged so persuasively that this research be undertaken. I am sure that, without his commitment and dedication, this mystery would never have been solved.

Honourable members—Hear, hear!

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

OASIS YOUTH SUPPORT NETWORK

Ms PLIBERSEK (Sydney—Minister for Housing and Minister for the Status of Women) (3.32 pm)—Mr Speaker, I rise to ask your indulgence. There are some very special guests in the gallery today from the Oasis Youth Support Network, some young people who participated in a fabulous documentary that I know many members of the House would have watched and been very moved by. We have Captain Paul Moulds and his wife, Robyn, who work with these young people; other staff from the Oasis Youth Support Network; Ian Darling, from the Caledonia Foundation; and, most importantly, those young people who shared their lives so very bravely with so many Australian viewers to let Australians know firsthand what the experience of being young and homeless is like.

The SPEAKER—The Leader of the Opposition approached me earlier in the day on a similar subject. I call the Leader of the Opposition.

Dr NELSON (Bradfield—Leader of the Opposition) (3.33 pm)—On indulgence, if I too could join with the minister in recognising Captain Paul Moulds and the magnificent men and women of the Salvation Army. Courage comes in different forms, and these young Australians have shown that and

much, much more. This country is immensely proud of all of you and we are grateful, and thank God, for the work and everything you do.

The SPEAKER—On behalf of the House, I warmly welcome you all.

Honourable members—Hear, hear!

MINISTERIAL STATEMENTS

60th Anniversary of United Nations Peacekeeping Operations

Mr STEPHEN SMITH (Perth—Minister for Foreign Affairs) (3.33 pm)—by leave—Tomorrow, 29 May, marks the 60th anniversary of the first peacekeeping operation authorised by the United Nations Security Council. Its mission was to supervise the truce after the first Arab-Israeli war in 1948. This anniversary is a significant milestone, for the United Nations, for the international community and for Australia. Since their inception, United Nations peacekeeping operations have brought hope to countries riven by conflict. They have saved lives, helped communities, helped societies and helped rebuild nations. Australia has a long and very proud history of supporting United Nations peacekeeping operations. In fact, if we take into account the 1947 United Nations Consular Commission to Indonesia, during which Australia—then a member of the United Nations Security Council—helped monitor observance of the ceasefire between Dutch and Indonesian forces, it is arguable that we were the first nation state to have personnel on the ground in any modern peacekeeping operation.

Geography alone, however, has not defined Australia's peacekeeping or security interests. Since 1948, Australia has made contributions to United Nations peacekeeping operations in Africa, Europe, Central America, the Middle East and the Asia-Pacific region. As a considerable and significant nation, and as a good international citi-

zen, we continue that noble tradition to this day. More than 30,000 Australians have served around the world as peacekeepers. They have come from all parts of our defence forces, federal, state and territory police forces, and other Australian government agencies.

According to the Australian War Memorial, 12 Australians have died while serving with United Nations and non-United Nations peacekeeping operations. As a mark of respect to those Australians, I table a list of their names. For a period in 1993, Australia had over 2,000 peacekeepers in the field, with large contingents in Cambodia and Somalia. Today we have Australians serving in peacekeeping operations from Sudan to the Solomon Islands. The Australian Defence Force deployment with the United Nations Truce Supervision Organisation in the Middle East is Australia's longest, continuous peacekeeping commitment.

Peacekeeping has become a vital element in Australia's contribution to international peace and security. As well, it is now an essential and highly-valued skill for our military and police forces. The tasks faced by peacekeepers have changed dramatically over the past 60 years. As the nature of armed conflict has changed, United Nations and other peacekeeping operations have in turn become more complex.

Today's peacekeeper may be involved in preventive deployments, in peacemaking or in peace-enforcing arrangements. Peacekeeping itself has come to embrace a wide range of activities that include the promotion of human security, confidence building and capacity building, the provision of electoral support, programs to strengthen the rule of law, and economic and social development. These days, peacekeeping is no longer the exclusive domain of the United Nations. Non-United Nations led peacekeeping opera-

tions are now commonly undertaken by other multinational or regional groupings.

The non-United Nations peacekeeping operations to which Australia has contributed include the Multinational Force and Observers (MFO) in Sinai, the International Force in East Timor (INTERFET) and the Regional Assistance Mission to Solomon Islands (RAMSI). Regional arrangements such as these are increasingly finding favour at the United Nations, as the world body confronts the challenge of sustaining the large number of peacekeeping operations it has deployed around the globe. The success of the missions in East Timor, Bougainville and the Solomon Islands reflect the close regional cooperation between the contributing nations of South-East Asia and the South-West Pacific.

Australia's national contribution to the United Nations' peacekeeping budget is the 12th largest of United Nations member states. Furthermore, Australia supports the efforts of UN Secretary-General Ban Ki-moon to strengthen the UN peacekeeping system. Indeed, only yesterday, 27 May, the Australian Mission to the United Nations in New York delivered a statement on behalf of Australia, Canada and New Zealand expressing our collective interest in working with the secretary-general on his new proposal to strengthen the Office of Military Affairs in the UN Department of Peacekeeping Operations. Our participation in successive United Nations peacekeeping operations is consistent with Australia's strong national interest in maintaining international peace and security, including by promoting stability in countries which might otherwise provide a haven for terrorists or transnational criminals.

The Australian government has decided that, after an absence of more than 20 years, Australia will seek election to a temporary

seat on the United Nations Security Council for the 2013-14 period. It is entirely in keeping with the spirit and the substance of our longstanding contribution to the United Nations' vital peacekeeping work that we should once more participate directly in the work of the United Nations Security Council, the world's pre-eminent body dealing with questions of international peace and security, and the one that authorises United Nations peacekeeping operations. We look forward to making a direct contribution to the security council's work in promoting international peace and security through the authorisation of United Nations peacekeeping operations.

In the 60 years since the first peacekeeping operation authorised by the United Nations Security Council, Australia's reputation for professionalism and competence has allowed us to project a strong voice on peacekeeping. And our continued participation in peacekeeping missions outside our immediate region has helped to demonstrate our commitment to international peace and stability and to strengthen our credentials as a responsible member of the international community.

I ask leave of the House to move a motion to enable the member for Goldstein to speak for a period of not more than seven minutes.

Leave granted.

Mr STEPHEN SMITH—I move:

That so much of the standing orders be suspended as would prevent Mr Robb speaking for a period not exceeding 7 minutes.

Question agreed to.

Mr ROBB (Goldstein) (3.41 pm)—On behalf of the opposition, it is my privilege to support the sentiments just expressed by the Minister for Foreign Affairs. Australia has had peacekeepers in the field with the United Nations continuously for over 60 years. In Indonesia in 1947, Australians were part of the very first group of UN military observers

anywhere in the world and were, in fact, the first into the field. Currently there are 17 UN peacekeeping operations across the world and Australia is playing its part in the Middle East, Sudan, Cyprus—where Australians have assisted since 1964—and East Timor.

In marking this 60th anniversary of the first UN peacekeeping operation, the approach of the tens of thousands of Australians who have participated in UN operations I think is typified by those Australian peacekeepers, led exceptionally by General Cosgrove, who in 1999 answered the call of help for the small and vulnerable community of East Timor. The East Timor operation was highly successful, but the events of earlier this year highlight that there are still many challenges to overcome and Australia must continue to stand side by side in addressing such challenges.

What is more, the Australians involved in this ongoing peacekeeping mission helped restore Australia's relationship with neighbouring Indonesia following our 1999 intervention. As General Cosgrove has stated: 'I was extremely proud of the pragmatic, good-humoured, cooperative way the Australians cooperated with the Indonesians. It was a milestone in our relationship, both at the military level, which had taken some hits, and even country to country.'

In a similar vein, over six decades Australia has contributed over 35,000 Australian military and police personnel to more than 50 peace operations around the world. It is a record which all of us in this House and in our nation should be immensely proud of. We have contributed to rebuilding nation states from the bottom up. From Sudan to the Sinai, Australia can stand tall in the international community, and we all owe gratitude to the men and women who bravely represent us in such missions. Worldwide there are 110,000 people deployed in UN peace-

keeping at the moment from nearly 120 countries. They deserve our thanks and appreciation. I would like to take this opportunity to encourage Australians to donate to the Australian Peacekeeping Memorial Project and to thank those individuals and corporations that have already donated.

I note the minister's comments that the Australian government has decided to seek election to a temporary seat on the United Nations Security Council for the 2013-14 period. As stated by the opposition previously, this is a legitimate objective but, given the nature of elections to such positions these days, it must not be achieved by compromising our principles or national interest to gain a majority of votes from the, now, 192 member countries. Given the harmony and the common sense that has for so long characterised our nation, Australia is well credentialed to contribute to peacekeeping roles. I commend the professionalism and the effectiveness of all those who have carried out the roles on our behalf. Our continued participation is a good thing. It is a very principled and important obligation. It is a demonstration of our belief and support for peace and stability throughout the world.

MATTERS OF PUBLIC IMPORTANCE

Fuel Prices

The DEPUTY SPEAKER (Ms AE Burke)—The Speaker has received a letter from the Leader of the Nationals, the honourable member for Wide Bay, proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The failure of the Government to properly analyse the impact on motorists of its proposed FuelWatch scheme.

I call upon those members who approve of the proposed discussion to rise in their places.

More than the number of members required by the standing orders having risen in their places—

Mr TRUSS (Wide Bay—Leader of the Nationals) (3.46 pm)—Today we have witnessed again a government who has no answers to the problems of rising fuel prices around Australia. Increasing fuel costs are tearing at the heart of the budgets of Australian families from Western Australia to Victoria to Queensland, and from city to country. Rising petrol prices are tearing at the capacity of Australian farmers, Australian families and Australian businesses to balance their budgets. Rising fuel prices mean that families have to go without essential items in their daily lives so that they can meet their transport needs. Today we have been told by the Minister for Resources and Energy that it is just a little problem—not something we should be all that worried about.

The Treasurer told us earlier this week in question time that the people are happy with what the government is doing, and the Prime Minister has well and truly given up by saying, 'We have done all we can.' Here is a government faced with rising petrol prices, which made pre-election commitments to put downward pressure on the price of fuel. The price of fuel continues to go up and up and this government has no answers. It says it is only a little problem, the people are happy and, 'We have done all we can.' That is not a good enough response. There is an instant thing that the government could do. It could lower the excise rate. That is entirely within its capacity. A 5c reduction in the price of fuel would flow immediately from a 5c reduction in the excise rate. In fact, it would be more than that because there is some GST on top of the excise—it would be about 5.5c a litre. That is immediate, practical, permanent help. It would flow through into lower prices and better opportunities for Australian fami-

lies to balance their budgets. It is something that is easy to do and worth doing.

Mr Crean—You did not do it in government.

Mr TRUSS—In responding to the minister, who is now walking out of the chamber, we did do it in government. In 2000 when we introduced A New Tax system we substantially reduced fuel excise. We did it again in 2001 and then we abolished indexation of excise, so we froze the excise rate. We have form. We have delivered. We are undertaking to do it again and to take a further step in reducing the government's tax take, particularly at a time when the price of fuel has reached such exceptional levels.

The government's only answer to this question is to introduce Fuelwatch. The Prime Minister and government ministers seem to be basing their case for FuelWatch around an ACCC report in 2007 into unleaded petrol. It is quite a substantial document of many, many pages. Today in question time the Prime Minister was unable to identify a single line in the report which recommended that Fuelwatch be introduced. The report does not recommend that there be a Fuelwatch scheme. Indeed, it raises quite a number of serious issues that would need to be resolved, and satisfactorily resolved, before you could even contemplate such a scheme. The government is basing its case on a flawed interpretation of an ACCC report and statements which simply do not stand up.

Amongst the things that the ACCC indicated that needed to be resolved before you could progress something like a Fuelwatch scheme were limitations on the analysis that has already been undertaken which might influence the direction of the recommendations; the effect of a price commitment arrangement on independents; whether regional and country markets are sufficiently

competitive to benefit from increased price transparency; the effect of Fuelwatch on price cycles and, therefore, some consumers' ability to predict the days of the week when prices are likely to be relatively low; and the dependence on the media and various systems of publication to realise the full benefits of the scheme. There were also administrative and compliance costs associated with a national scheme. The ACCC concluded that a detailed assessment addressing these issues would have to be made before the government could confidently embark on any one of these options.

There is no evidence whatsoever that the government in fact accepted the ACCC's advice that there needed to be some significant further investigation before embarking on this measure. In fact, all the advice that they received from the minister for resources, perhaps the man who knows more about these issues than any other minister, was that they should not proceed with Fuelwatch, that it was likely to damage motorists, reduce competition and affect particularly the people of Western Sydney. The reality is that the government were confronted with the reality that this scheme would not work. They rely heavily on the experience in Perth to underpin their proposals for a Fuelwatch scheme. However, the report by the Australian Competition and Consumer Commission into the FuelWatch scheme and its operations in Western Australia emphasised, quite clearly, that there were other factors that needed to be considered in assessing whether or not there had been a reduction in the price of fuel in Western Australia since the introduction of FuelWatch. The evidence was quite clear.

In fact, on 24 April 2003, the *West Australian* contained an article entitled 'FuelWatch branded a flop'. As early as 2003 they were saying that FuelWatch was a flop. They went on to point out that FuelWatch has failed

because Perth motorists were paying 3c a litre more for fuel than in the eastern states. They introduced this scheme—all the bureaucracy and inconvenience to small business—and the cost of fuel was actually higher in Perth than in the other states. And we heard today in question time that it has not changed; the price of fuel in Perth is still higher than in the eastern states. The figures from motormouth.com.au are: \$1.40 in Brisbane, \$1.49 in Melbourne, \$1.50 in Sydney, \$1.51 in Adelaide and \$1.55 in Perth. Indeed, if you look back over recent weeks, in almost every week the price in Perth, with the benefit of FuelWatch, was higher than in the eastern states.

Almost all observers believe that the only real downward pressure that occurred in Western Australia in relation to fuel pricing during the period that FuelWatch has been in operation resulted from the introduction of Coles and Woolworths into the market. There was a reduction of one or two cents in the average price of fuel in Western Australia at about the time that Coles and Woolworths entered into the market in 2004. Frankly, the experience in the eastern states has been the same. When Coles and Woolworths went into a market, the price went down. If you go to a town that has a Coles or Woolworths petrol station, the prices tend to be lower there than anywhere else.

So there is no doubt at all that there were clear factors that influenced fuel pricing in Western Australia and in the eastern states. There are pluses and minuses in each of the markets. Western Australia actually has a freight advantage in bringing fuel in from the Asian refineries, so there is a strong case that the price in Perth should always be lower than in any of the other markets. Instead, it has been largely higher than in the eastern markets. The fact is that FuelWatch has been a failure in Western Australia and for that

reason there is no logical basis for it to be spread to other parts of the nation.

You do not just have to take our advice that FuelWatch has been a failure: ask the motoring organisations. I know that members opposite are very keen to quote the NRMA, its president, who I understand is currently seeking Labor Party preselection, and his deputy spokesman, who was once a Labor Party minister in this place, as being supportive of Fuelwatch. But if you talk to any of the other motoring authorities around Australia, they have a completely different view. The RAA of South Australia said in a press release on 14 April 2008:

... most of the 'experts' pushing for the Western Australian FuelWatch scheme seem to be poorly informed.

The RACQ said:

The Federal Government's desire to get fuel prices off the newspapers' front pages at any cost could be at the expense of most motorists ...

The RACV, the Victorian organisation, has been particularly strong in condemning the Fuelwatch scheme as being of no value whatsoever. They have said on regular occasions that this scheme will not work. They said:

... no one has yet provided any evidence that motorists in Western Australia are better off than motorists in the eastern states ...

FuelWatch has not worked in Western Australia and it will not work anywhere else.

The Australian Chamber of Commerce and Industry has rejected the concept of price controls on fuel. The 24-hours-in-advance notification of prices will actually depress competition in the marketplace.

If you want a clear example of how this scheme is so fundamentally flawed, how can you have a scheme that actually fines a service station that dares to put its price down during the day? There is a \$5,000 penalty. And the crime: it put the price of fuel down.

I thought the government was trying to lower fuel prices and would want to encourage service stations to lower prices whenever they possibly could. But in reality under the Western Australian scheme and the scheme that is proposed to be introduced at a national level, any service station that dares to lower its prices on the day will actually be fined.

One of the other interesting observations that people have made in Western Australia when a service station managed to get trapped at a low price level is that it tended to run out of fuel or the bowsers broke down. There are all sorts of reasons why, when it was losing money, a service station would walk away from the arrangements on the day until it could reprice its fuel at a competitive level.

The other issue of particular importance is the impact of this scheme on independents. Independent operators will do very badly under an arrangement like this. They only have one or two outlets. Considering the capacity of Coles and Woolworths type networks, how can the independents possibly manage their losses—manage their profits at one service station against the losses at another? They are the people who get trapped. They are the ones who are held out on a limb.

The member for Leichhardt made it absolutely clear during his visit to parliament before he trotted off home that he could not care less. To use his words:

I am not concerned that FuelWatch is going to reduce the number of independents.

He let the cat out of the bag. The member for Leichhardt said that Fuelwatch is going to reduce the number of independents. It is actually going to reduce competition and he could not care less. These independents have been critically important in many markets, particularly regional markets, for putting

some downward pressure on fuel pricing. To lose those independents not only is a shattering blow for small business—the people who have to bear the administrative load of this arrangement—but will also affect motorists and consumers, whose price for fuel will rise.

While I am talking about regional areas and the impact of this scheme on those areas, what possible use is a Fuelwatch scheme—with all of its administrative costs, including the cost to the budget and the cost to small businesses particularly—in a country town with one service station? You do not need to look up on the internet to find out what the price is—there is only one price in town. And yet these sorts of service stations can also be put through the whole administrative burden of a scheme that has been devised by Labor.

So you might say: 'This scheme is no good in the country. It is not going to have any impact or value there. So maybe it is good for the cities.' Yet we have the minister for resources belling the cat and making it absolutely clear that it is the people of Western Sydney who he thinks will be worst off. I do not want a competition between who is going to be worse off. If this scheme is to be introduced, the government must give us a commitment that no motorist will be worse off and that the price of fuel will not go up.

The Prime Minister has, during question time, repeatedly refused to give a guarantee that the price of fuel will not go up under Fuelwatch. He has not been prepared to do it. He has not been prepared to give a guarantee that his scheme, which is going to cost the taxpayers and the industry money, will not actually also cost motorists money—that the price will not actually go up. Certainly we know that the bottom prices will disappear, but will the high prices go up as well? The reality is that Fuelwatch will not work. It has

not worked anywhere in Australia and it is a failed attempt to address rising public concern about the price of fuel in this country. The Labor Party have no answers. The government have no solutions. They are not prepared to take any significant action. All they are prepared to do for this 'little problem' is to tell everybody that the public are happy, that they have done all they can and that it is all a problem of other people. They are not prepared to grasp the nettle and do what they can to reduce excise charges. They could do that tomorrow. They could reduce it tomorrow. They introduced new excises overnight. Overnight they could also reduce the price of petrol, and that is what they must do. (*Time expired*)

Mr ALBANESE (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (4.01 pm)—I am pleased to make a contribution to this matter of public importance debate, particularly as it is about fuel prices and their impact on Australian working families. The Leader of the National Party just put forward a critique of Fuelwatch. He ignored the fact that the ACCC concluded in its report that the downward pressure on prices as a result of introducing FuelWatch meant that petrol prices were on average 1.9c per litre less under Western Australia's FuelWatch scheme. The fact is that Fuelwatch provides convenience to motorists. It is about information that is already available to the owners of petrol stations being conveyed to the consumers—and that is what the ACCC has found.

In spite of the fact that we have had question after question about Fuelwatch from those opposite, they still will not say where they stand. They still have no idea where they stand. They say—as we heard from the Leader of the National Party—that they stand for a reduction of fuel excise of 5c, but the fact is that such a proposition was re-

jected by these same people when they were ministers. The then Minister for Transport and Regional Services in the previous government is now the Leader of the National Party. When this was on the agenda back then, he said—quite correctly—that it was economically irresponsible. His leader, John Howard, whom he supported through thick and thin, took them over the cliff and they followed like lemmings onto the opposition benches. For the 12 years in government they rejected the measure that they now say must be implemented by the new government. They had 12 years. And there are reasons why that is the case.

The Australian Trucking Association met here in Canberra today, and the member for North Sydney, who is still obsessed by trade unions and is still supporting Work Choices, indicated across the chamber today that it was just a union gathering. I had the privilege to address the 600 transport operators meeting here in Canberra and I understand the Leader of the National Party also had the privilege to address them. It is a pity that the Leader of the National Party was not there for the opening address by the Chairman of the ATA, Trevor Martyn, because this is what Mr Martyn had to say:

Of course it has been suggested the Australian government could reduce fuel excise but it would be just a gesture. The price of diesel has already gone up by 48c and is likely to rise an extra 20c. A tax cut of even 10c per litre would hardly be noticeable. Instead the best approach the Australian government can take is to focus on the long term and fix the road transport laws that are stopping us from using the latest and most efficient fuel designs.

This is consistent with what the ATA has said in critiquing the now opposition and giving support to the now government on our transport policies. Indeed, the ATA's CEO Stuart St Clair, a former National Party member of this place, said on 2 May, about the leader-

ship that had been shown by the government on issues relating to transport:

... the decisions would increase safety, slash red tape and make it easier for the trucking industry to attract and train new employees.

The Minister for Infrastructure, Anthony Albanese, has shown a great deal of leadership in confronting the shambolic system we have now and recognising that it needs to go ...

That is what industry has to say. On 29 February under a headline 'Rudd government listens to the trucking industry'—this is about heavy vehicle charges, which the opposition has blocked in the Senate—the industry had this to say:

... the trucking industry was also a winner from the Government's \$70 million Heavy Vehicle Safety and Productivity Plan.

"Minister Albanese has listened to the industry and delivered a strong result for trucking operators and Australian families," Mr St Clair said.

Well, the opposition's opposing of this measure, like their blocking of many measures, puts that \$70 million productivity and safety package at risk.

But what is all this really about, given that it does not stack up? What this is really about is the split there in the coalition, according to the Manager of Opposition Business, who said this about what united them in question time just this week. The Deputy Prime Minister said:

No matter who ends up leading the Liberal Party, the one thing they are united on, when they cannot be united on who should be in the parliament or who should lead their parliamentary party—

Mr Hockey interjected and it was captured in *Hansard*:

Is how much we hate Labor.

That is what they are reduced to. They have no ideas and make no constructive contribution. Indeed, the *Australian* on 19 May reported on the split between the shadow Treasurer and the Leader of the Opposition

over the plan to cut petrol excise by 5c a litre. The article reported that the shadow Treasurer told the Leader of the Opposition that it is 'bad policy' and that he would put it in writing in an email to Dr Nelson's office. The *Australian* reported that the shadow Treasurer told his colleagues in a leadership group meeting that he did not agree with the policy but he would defend it publicly.

We know also that the member for Mayo, who cannot decide whether he will stay or go, so arrogant is he about the plaything that he regards the parliament to be, also had a few things to say. On *Lateline* on Monday, 19 May there was this exchange:

TONY JONES: Well, I've got to ask you; do you seriously think this particular policy, the cut to the fuel excise tax, will be the Opposition policy at the time of the next election? Do you think it'll stick around for that long?

ALEXANDER DOWNER: Mmm, well it might do, it might very well do.

TONY JONES: You look a bit reluctant to say that it will?

ALEXANDER DOWNER: It's two and a half years away; I can't predict everything that's going to happen in the future.

That is not surprising. The member for Higgins had said way back in 2005 in a doorstep in Washington:

I'm saying that changes in excise will not counteract what is really causing high petrol prices, which is global oil prices and refining capacity.

They have just given up on any economic responsibility whatsoever. They do not know where they stand on Fuelwatch either. Senator Adams at the Senate doors today said:

I think FuelWatch is working. Some places are a lot higher and others are a lot cheaper. Myself I am very aware of what is at the bowser. If there is cheaper fuel at a price somewhere and if somewhere else is 10c dearer I will certainly go there.

Senator Adams, Liberal senator from Western Australia. Unbelievable! The shadow

Treasurer who wants to be the Leader of the Opposition had this to say:

What we are going to do is oppose the key part of FuelWatch, which is the controversial part, that sets prices or requires the prices be fixed 24 hours in advance.

So it is unclear whether they are for it or against it. We gave them the opportunity to vote on it yesterday and they ended up moving a dissent motion just so the member for North Sydney could cover up their tactical incompetence during the censure debate that occurred before the parliament.

This is an opposition in real trouble. Today an email has been sent around to the state executive, federal MPs, Alex Hawke, Scott Morrison, state MPs and MLCs parliament secretariat, from Cecilia Warren of the New South Wales Liberal Party. It outlines the resignation of the President of the New South Wales Liberal Party, Geoff Selig—

Mr Truss—Madam Deputy Speaker, I rise on a point of order. The office-bearers of the Liberal Party have nothing whatever to do with this debate. The comments are irrelevant.

The DEPUTY SPEAKER (Ms AE Burke)—I have not heard what the minister has got to say. I cannot make an assessment until I do.

Mr ALBANESE—The president, the vice-president and the treasurer have resigned from their positions today, and I table the email that has gone around this parliament. It is interesting that they singled out Alex Hawke, an extreme right-wing member, and—

Mr Robert—Madam Deputy Speaker, I rise on a point of order. Under section 76 the minister is to speak to the subject matter. The subject matter of the MPI is the failure of the government to properly analyse—

The DEPUTY SPEAKER—The minister is speaking on a matter of public importance. The minister has the call.

Mr ALBANESE—There have been no points of order from us, because they do not want to hear it. The fact is that their whole debate on petrol and on FuelWatch is all about hiding their divisions. The fact that today the extreme right wing of the Liberal Party have taken over and dominated—

Mr Robert—Madam Deputy Speaker, I rise on a point of order. I go back to my point of order on relevance. That is absolutely not relevant. If the minister wants to speak—

The DEPUTY SPEAKER—The member will resume his seat! I remind the member that he did get a warning today; I was going to inappropriately point that out, but I will not. The minister has the call.

Mr ALBANESE—It goes to the motivation of what the elements here are about. They are trying to hide the fact that they are in disarray. The Leader of the National Party is not quite sure whether his party will continue to exist or not. The New South Wales Liberal Party has been taken over by the extreme Right and anyone with a moderate view has retreated from the scene. The people responsible for the racist leaflet in Lindsay during the federal election now dominate the New South Wales Liberal Party—

Mr Billson—Madam Deputy Speaker, I rise on a point of order. I remind the House that the matter of public importance is the failure of the government to properly analyse the impact on motorists of its proposed Fuelwatch scheme. If the minister has got nothing to say about that and just wants to run down—

The DEPUTY SPEAKER—I thank the member for Dunkley for his point of order. I ask the minister to return to the matter before the parliament.

Mr ALBANESE—I am very concerned that when it comes to FuelWatch and petrol prices we have not one view, not two views, not three views, not four views. Everything this opposition do is all about their internals. It is all about the fact that they are only united according to the member for North Sydney by their hatred of us. The member for Cook enters the chamber—

Mr Billson—Madam Deputy Speaker, I rise on a point of order. You are very perceptive and I am sure that you realise this is a request to have something relevant to the MPI.

The DEPUTY SPEAKER—The minister was talking about Fuelwatch at the time you took the point of order.

Mr ALBANESE—It will be interesting to see what the member for Cook has to say. I hope he participates in this debate, because he cannot participate in debates in branches in Cook because they will not let him join—although the Cronulla women's branch will have him.

The DEPUTY SPEAKER—The minister will resume his seat. The member for Fadden—who has had a warning during question time—on a point of order.

Mr Robert—Thank you, Madam Deputy Speaker, and thank you for pointing out my minor infraction. My point of order goes to standing order 90 and imputing of an improper motive to the member for Cook and his ability or thereof in a branch.

The DEPUTY SPEAKER—The member for Fadden will resume his seat. The minister has the call and will return to the matter of public importance.

Government members interjecting—

The DEPUTY SPEAKER—And the people behind him will stop assisting. The minister has the call.

Mr ALBANESE—I would like to know what the member for Cook's views are on the matter before this House. And perhaps the member for Mitchell can put his views on Fuelwatch and petrol before the House as well, if he can march into this House. They have to separate them, of course, at all quarters. They have to put him on the extreme right because the member for Cook, who could not get to double figures in a preselection, had to be imposed by the extreme Right, so he has been loyal. It is all about the leadership tensions in the New South Wales Liberal Party. The same branch that the Leader of the Opposition and the shadow Treasurer come from is now totally dominated by the New South Wales Right. Brendan Nelson, the Leader of the Opposition, said he would take action— (*Time expired*)

Ms MARINO (Forrest) (4.16 pm)—I rise to speak about the failure of Fuelwatch to provide cheaper fuel for both general motorists and the transport industry. I ask: how will Fuelwatch keep fuel prices down for the trucking industry when the Labor government is increasing diesel fuel excise and heavy vehicle registration fees? How does Fuelwatch fix that particular problem for the transport industry? How will Fuelwatch lower the Labor government's increase in fuel tax from 19.6c a litre to 21c a litre?

The transport industry is facing a triple blow from the Labor government: an increase in heavy vehicle registration fees, an increase in diesel fuel excise, and the failure of Fuelwatch to deliver consistent cheaper diesel prices at the fuel pump in every town and city across Australia. These imposts will deliver an increasing cost burden for Australia's already struggling small- and medium-sized truck operators and their families, specifically the majority who operate on very narrow margins. There is no doubt that we have some extremely efficient and committed small, medium and larger operators in the

trucking industry in Australia. I have great respect for those in the transport industry who deliver 1.69 billion tonnes of freight throughout this country.

The government will also push up prices for every consumer. As trucks carry over 70 per cent of Australia's domestic freight, the flow-on effect of increased costs to the transport industry will be passed on to all consumers, Australian families, businesses and individuals through food prices. And let us not forget that an increase in transport costs also makes Australian exports less competitive and that one in four jobs in regional areas such as my own is dependent on exports and most exports, particularly agricultural exports, start their journey by road.

Let us look at FuelWatch in Western Australia, my home state. There is no evidence that watching fuel has actually reduced prices. In fact, recent evidence shows weekly prices are generally higher in WA than in other mainland states. Monitoring shows that prices are consistently higher in Perth than in other capitals. Interestingly, the weekly price cycle has lengthened to a two-week cycle, so motorists who fuel up their cars weekly are forced to buy at a higher price every alternate week. That affects the 76 per cent of motorists who fill up at least on a weekly basis. It is a very interesting fact that the ACCC Chairman, Graeme Samuel, has said that Fuelwatch is not about saving motorists money, that it is 'not a process whereby consumers might be able to save one or 1.5c per litre off their fuel costs'. In fact, the ACCC has been reluctant to attribute any downward pressure over time on WA prices to FuelWatch, pointing out that other forces were at work in the market—the Coles and the Woolworths. And if we are trying to increase competition, what about the effects of FuelWatch on the independent retailers in Western Australia? Many say FuelWatch is driving them out of business.

There is evidence that FuelWatch has given motorists in WA less choice. An all-party report to the Queensland parliament in 2006 noted that an independent fuel retailer, Matilda Fuel Supplies, urged the committee not to introduce price mechanisms as in WA because it would be a disaster for the independents, and we have heard more about that. We heard in the House yesterday the question to the Prime Minister from the member for Cowan, Luke Simpkins, who asked:

Is the Prime Minister aware of the case where a Perth service station owner was fined almost \$5,000 for the crime of simply dropping his petrol prices during the course of a day?

The member for Cowan then asked:

Can the Prime Minister confirm that his legislation establishing the failed FuelWatch scheme nationally will contain similar penalties as those in WA?

I, like Luke, would ask: how can it possibly be in the best interests of motorists and the transport industry to prevent service stations from lowering their fuel prices during the day?

In my electorate of Forrest I recently visited Elanora Villas in Bunbury, a retirement village and aged-care facility. Geoff Irwin, one of my constituents, had convened a meeting with a group of residents who wanted to talk to me. One of their key points was that, because of the high cost of fuel, they were rarely able to go out anymore. You can imagine what impact that has on pensioners. Can the Prime Minister guarantee that Fuelwatch will ensure that those particular pensioners will not be one cent worse off under a national FuelWatch system?

How does Fuelwatch assist fuel buyers in small, isolated, rural and regional towns, where there may be sometimes one at best, perhaps two, fuel suppliers? What happens in Walpole? What happens in Northcliffe?

What happens in those small towns? How does Fuelwatch work in those small, isolated communities? Do they have to drive to the nearest major centre to fill up on each alternative cheap Tuesday? That would be a good job!

An opposition member interjecting—

Ms MARINO—Yes, that would work, given that this may be 50 or even 100 kilometres away!

Alan Cadd, the Managing Director of Informed Sources, an independent research company, told *AM* that analysis over the past three months shows that people in Perth are paying more for their petrol than those in Melbourne. He said:

Perth is 4.5 cents higher, but even if you look at those people who are able to buy on the lowest days of the week, Perth is still at least one cent a litre higher than Melbourne just by buying on the absolute lowest day each week.

Mr Cadd in fact urged the Prime Minister or someone in his department to contact the independent group of Informed Sources regarding the issue. In spite of the selective comments of the Prime Minister, the ACCC's report on petrol prices states that the number of independent service stations has actually decreased in Perth since 2001—the period that Fuelwatch has been in operation. SSA chief executive Ron Bowden said:

Independent service station operators brought petrol discounting to Australia and their continued existence is vital if consumers are to have access to competitively priced petrol in the years ahead.

He went on to say:

Any initiative that reduces the ability of independents to compete fairly will only worsen the problems they already face in their daily battle with the supermarkets and the oil companies. They need relief, not more problems and comments like those from Jim Turnour—

the member for Leichhardt. He was reported to have said:

I am not concerned that FuelWatch is going to reduce the number of independents.

Well, Jim, I am. And I was appalled when I heard today—and I am sure that there are many across Australia who would have been appalled when they heard—the Minister for Resources and Energy and Minister for Tourism describe the national price of fuel as ‘this little problem’. Let me tell the minister that it is a very big problem. Go to regional Australia, go to my electorate of Forrest, go to Elanora Villas—it does not matter where you go; it is a very, very big problem. Ultimately, I call on the Prime Minister to guarantee that no Australian will pay a cent more for fuel under Fuelwatch.

Mr KELVIN THOMSON (Wills) (4.25 pm)—Few people in the House will be unaware of the theory of peak oil—that there is simply not enough undiscovered oil on the planet to keep up with ever-increasing global demand and that we are therefore destined to suffer from reducing supplies and skyrocketing prices. It seems that there is good news for those who worry about this. There has been a big new oil discovery. It has been made by none other than those opposite. After 12 years in government and six months in opposition, the Liberal Party have discovered petrol. Congratulations on your discovery! Where were you for the past 12 years?

When the Liberal Party were in government things were a little different. They stuck a GST on petrol and sat back and watched billions of dollars in revenue flow in as petrol prices rose. Then they signed up for the coalition of the willing which invaded Iraq, causing massive disruption to global oil production and triggering a relentless rise in the international oil price which continues to this day. Thirdly, they kept the ACCC out of any serious role in monitoring petrol prices. They simply did not believe in it. They were content to allow the absurd roller-coaster ride

we have at the petrol pumps around Australia to proceed unabated.

Does anyone here seriously believe that dazzling rises and falls in the petrol price are anything other than a form of market manipulation? Does the price of bread, milk or phone calls move up and down on a daily basis? Of course they do not. But the Liberal Party have now discovered petrol after washing their hands of the pain felt by motorists throughout the past 12 years. Back at the end of 1998, 10 years ago, the average petrol price in Melbourne was around 63c per litre. By the time of the change of government it was \$1.33 per litre, more than twice what it was back at the end of 1998, and, of course, it averaged \$1.44 in April.

The discovery by the Liberal Party of petrol has taken an interesting form. They have expressed opposition to Labor’s Fuelwatch. That is right—they are opposing it. Those opposite, who have presided over massive rises in the price of petrol and marketing and consumer arrangements which clearly and manifestly failed, want us to keep the status quo. They do not want to see the marketing arrangements change.

What Labor have been doing in relation to petrol is to implement our election commitments. We promised to have a full-time cop on the beat, with full monitoring powers, and we have delivered. The government appointed Pat Walker as the nation’s first Petrol Commissioner. He began work on 31 March. The government has given him full powers under part VIIA of the Trade Practices Act to formally monitor unleaded petrol prices to keep petrol companies in check. The government has also asked the Petrol Commissioner to have a renewed focus on LPG and diesel prices—and we are moving to implement Fuelwatch.

This scheme will require petrol stations in metropolitan and major regional centres to

notify the ACCC of their next day's prices by 2 pm the day before, to maintain this price for a 24-hour period and to apply the scheme to unleaded petrol, premium unleaded petrol, LPG, diesel and biodiesel blends. The petrol price information collected from these petrol stations will be made available to consumers through an email, an SMS alert service informing subscribed consumers of details of the cheapest fuel in their area, a national toll-free number on which motorists can locate the cheapest petrol in the area in which they are looking to purchase fuel and a national Fuelwatch website with station-by-station, day-by-day, suburb-by-suburb petrol price information.

But those opposite have opposed this. They want to stick with the same petrol marketing policies which have failed motorists in the past. As is pretty well known, this scheme is modelled on the scheme which has been at work in Western Australia since 2001. The Western Australian scheme was introduced by which party? It was introduced by the Liberal Party. The ACCC has found that there has been a reduction in prices in Perth of around 1.9c per litre on average for the period from January 2001 to June 2007, compared with the period from August 1998 to December 2000. My colleague the member for Hasluck has pointed out that Fuel-Watch is a popular consumer tool in Western Australia. The website gets over 200,000 hits per month, and over 30,000 people subscribe to the email service. Even more significantly, it is shown during the evening news on commercial TV stations in Perth. That is the measure of its popularity. Motorists can sit there the night before and decide which particular direction they are going to take in the morning, to go via the petrol station with the lowest prices that day. That sounds pretty reasonable to me. That sounds like something that would be useful for motorists in keeping them informed and helping them to

make informed decisions, and I support it unreservedly.

But the big issue is: what is the position of the Liberal opposition? Yesterday the shadow Treasurer was hopping into it. He described it as 'extraordinary'. He said that Fuelwatch was 'an assault on competition, an assault on free enterprise, an assault on the market'. 'We in the Liberal Party stand for enterprise. We stand for competition,' he thundered. He tried to anticipate the obvious objection to this, that giving motorists information about petrol prices is procompetitive, not anticompetitive, by saying, 'We are very happy to have prices disclosed on the internet through websites. That is all good; more transparency is fine,' before going on to oppose what he described as fixing the prices. But the point here is about making disclosure meaningful. It is about real-time free markets. It is about giving consumers a chance. A contract to buy is about offer and acceptance. It is not much good if the price can change from the time a motorist sees it on a website to the time he or she gets to a petrol pump. In the present situation it can and does change, but it seems that, from yesterday to today, the shadow Treasurer has not been able to stick to his militant line. Today he said of Fuelwatch that they are going to support some of it and they are going to oppose some of it, just as this morning he said of the luxury car tax that they might be in favour of it or they might not. Just as his budget backflips caused the finance minister to talk about the soft Malcolm and the hard Malcolm, now we have Malcolm in the middle, a shadow Treasurer who has no idea of whether he is in favour of Fuelwatch or against it—Andrew Peacock without the suntan indeed. The shadow Treasurer is Andrew Peacock without the backbone.

It is worth taking a moment or two to find out what the people who are most likely to know about these things think. I would have

thought that Western Australian motorists would have been a pretty good place to start. The Royal Automobile Club of Western Australia has recommended not only that the FuelWatch system be maintained in Western Australia but that a similar system be adopted in other states. In Western Australia this scheme has bipartisan support. That is because it works. The scheme also has the support of New South Wales motorists. NRMA President Alan Evans says:

Our research shows that FuelWatch is a benefit to motorists and if introduced in the eastern states, then they'll get the benefits the people in the west have been receiving for a number of years ...

Fuelwatch is also supported by the leader of the New South Wales Liberal Party and by his fair trading spokeswoman, who said:

My federal colleagues appear to be unaware of what's going on in the Sydney market.

It is supported by the leading consumer publication, *Choice*. So I know who I am going to trust in the matter of Fuelwatch. I will be on the side of motorists; I will be on the side of consumers. Members opposite are anxious to protect the interests of the oil majors. They always have been. But Labor said before the election that we would adopt petrol-marketing policies to help motorists and that is precisely what we are doing here.

The Prime Minister has said this policy 'does not represent a silver bullet' but that 'it does, however, help competition policy at the margins', and he is right on both counts. It is a testament to how rapidly and dramatically the Liberal and National parties have disintegrated since losing office that they come into this place and raise as a matter of public importance—presumably something they think of as strong political terrain for them—an issue about which they are unable to muster so much as a clear, coherent position. They are all over the place like Queensland cane toads. If this is the best they can muster,

they continue to shred their economic credibility. (*Time expired*)

Mr MORRISON (Cook) (4.35 pm)—There is a clear contrast when it comes to fuel prices: the government wants to watch fuel prices; we want to cut them. And we have form. The coalition in government cut taxes on petrol and diesel. There was a 6.7c per litre cut in excise in 2000 and a further 1.5c cut in 2001. The coalition also abolished indexation. As a result, petrol is now around 20c less than it would have been without these measures. That is the coalition's record. And we want to go further, because here in this place, in the response to the budget, we have said that we want to cut the fuel excise by a further 5c. So we want to go further in ensuring that there are lower petrol prices for families and Australians all around the country.

As reported in today's *Sydney Morning Herald*, fuel prices have increased by 25.7c per litre since Labor came to power. That is what has happened since November. The government's answer is Fuelwatch, a plan repudiated by the Labor Premier of Queensland and by the man who is the Minister for Resources and Energy and Minister for Tourism, a very honest and decent man, as working against the interests of working families, especially in Western Sydney, where he was born and raised—so he should know. It has also been repudiated by motoring organisations in Victoria, Queensland and South Australia.

This government's answer when it comes to fuel prices is to sit on the sideline and watch. As with so many measures in the budget, they did not think this thing through. It exposes their lack of judgement and highlights their lack of experience. Yesterday the Prime Minister came into this place and laid out in front of him on the table a forest of

spin. We saw it in the papers today. There were papers all over the place.

Dr Southcott—Seventeen piles!

Mr MORRISON—Seventeen piles—a forest of spin. Page after page lay before him, but none had the answer to the substantive merits of Fuelwatch or the basis for his claim—and it has been made in this debate—of an average saving of 1.92c per litre. An Informed Sources press release today reads:

Careful reading of the Caveat underneath this section—

which the Prime Minister referred to—

clearly states: ‘There may be other items that may have induced a structural break aside from FuelWatch.’

... ..

... the supermarkets entry into the retail fuel market exerted considerable competitive pressure, forcing the prices below their January 2001–April 2004 levels.

Informed Sources Managing Director, Alan Cadd said, ‘We believe this is the effect clearly documented by the ACCC’s appendix S analysis—unfortunately it is not a result of the introduction of FuelWatch.’

In their rush to a headline on fuel yesterday and earlier, trying to desperately find some substance to support their focus group driven pre-election rhetoric, they have come up short.

As we learnt in the House yesterday, this plan will fine someone—anyone—who tries to bring the price of petrol down. When it comes to the PM’s Fuelwatch plan, I would like to quote one of those who used to sit opposite, the former Prime Minister Paul Keating: this plan is ‘all tip and no iceberg’. There are some simple facts about Fuelwatch that the government cannot recognise and will not acknowledge, and their failure to acknowledge these was highlighted by the ACCC, who, rather than give the government a pass mark—there was no pass mark

from the ACCC—came back to the Assistant Treasurer and said, in red ink, there is a lot more work to be done on this issue.

Here is some of the work that needs to be done. Fuelwatch will make those who can afford to pay more pay less and make those who need to pay less pay more. The Prime Minister seeks to explain it away by averaging out the impact. But you do not get to buy fuel at average prices; you get to buy it at what is available on the day. Fuelwatch will drive independents out of business. It does not place the power in the hands of the consumers but in the hands of the yield managers of big oil companies. Yield managers will be controlling the price in big oil companies because of Fuelwatch. The government need to demonstrate that the scheme will not just establish another costly instalment in the Prime Minister’s bureaucratic fantasy.

The government ran a campaign of deceit. They misled the Australian people. They said they would bring relief. They allowed Australians to believe that this would change petrol prices and that they could do something about it. But, as the ‘Kevin price index’ said in this morning’s *Sydney Morning Herald*, the Prime Minister lied. He allowed a deceit to be perpetrated on the people and families of Australia. Now they say they have done all they can do. Now it is all the problem of global oil prices—something they have only recently discovered—arguments they vilified prior to the last election. (*Time expired*)

Ms PARKE (Fremantle) (4.40 pm)—The question of the extension of Fuelwatch in the form of a national program has shown the government and the opposition in stark contrast. Yesterday the members of the opposition whipped themselves into a frenzy as they attempted to paint an increasingly histrionic picture of the queues and delays that occur on cut-price Tuesdays in states that do

not have a Fuelwatch scheme. At one point the Leader of the Opposition referred to a Toyota Tarago with a wheelchair in the back. He then added five children, and he might have added an endangered species or two if it had occurred to him. In a very short time such histrionics have unfortunately become a distinguishing characteristic of the opposition's approach in this place.

I can say to those opposite that no such scenes of petrol bargain apocalypse occur in the Fremantle electorate, because we are the beneficiaries of FuelWatch in Western Australia. As other members from Western Australia, including Senator Adams, have pointed out, we have moved to a situation where consumers are given the necessary information to allow them to make an informed choice about purchasing petrol. This is about increasing transparency and choice for consumers.

Today, for instance, I know from visiting www.fuelwatch.wa.gov.au that the two petrol stations closest to my electorate office in Fremantle are offering unleaded petrol at quite different prices. Coles Express on Hampton Road is selling unleaded petrol for 153.9c per litre, while BP on Queen Victoria Street is selling unleaded petrol for 159.9c per litre. If I were filling a 60-litre tank, I could save myself \$3.60 with that knowledge alone. As the Assistant Treasurer has pointed out:

It is time for the opposition to indicate whether they will stand with motorists against anticompetitive conduct or stand with those with vested interests.

I should point out that I have requested and been granted a non-standard private plated vehicle in the form of a Toyota Prius. The tank in the Prius is a pretty small one and I fill it up very rarely. Indeed, I am getting at least 800 kilometres per tank of fuel. I encourage other members and senators to con-

sider a hybrid fuel vehicle when their lease next comes up.

On this point I note that the Western Australian Sustainable Energy Association estimates that getting struggling families into fuel-efficient vehicles has the potential to save, in effect, 45c a litre—not 5c by way of irresponsible, badly costed and roundly criticised coalition petrol excise populism, but 45c. While purchasing a fuel-efficient vehicle is not an option that all families have at the moment, it nevertheless points the way forward—just as a commitment to getting more freight off the road and onto fuel-efficient modes like rail and sea freight is the way forward.

I am prepared to acknowledge the big issue here. Petrol prices are going up because oil prices are going up. Oil prices are going up because of the concern about oil supply and about the relationship between supply and demand. Yes, they will go down again, but we all know the long-range trend. Oil and other hydrocarbons are finite. We are using more and more and they are disappearing. You can try to lift your approval rating out of single figures with 5c worth of irresponsible excise populism or you can tackle the big policy challenge. I note Alan Wood's comments in today's *Australian* about the Leader of the Opposition's petrol populism, where he said:

It is an opportunistic exploitation of the rapid rise in oil prices, and Nelson no doubt feels it has paid solid political dividends.

It is a short-sighted view, because it will do longer term damage to the Opposition's economic credentials ...

This government is about good policy, and good policy has its own rewards. We have announced a \$500 million Green Car Innovation Fund to support the design and manufacture of an Australian-made, fuel-efficient vehicle. I look forward to the day when such

cars are common on the roads of Australia and perhaps mandatory in the garages of politicians. This government, on the basis of the evidentiary support of the ACCC, is attempting to tackle a problem that we all know has existed for some time in petrol retailing—that is, that the big petrol retailers are in the know and the consumers are in the dark. Fuelwatch will make a modest but significant difference to consumers in Australia. It is economically responsible and it fits with this government's program of long-term and proactive transport and energy policy.

Mr KATTER (Kennedy) (4.45 pm)—The former speaker on the opposition side said in this matter of public importance discussion that they were for competition. There were 24,000 service stations in Australia some 15-odd years ago. There are now fewer than 8,000. The ownership by Woolworths and Coles is over 72 per cent—

The DEPUTY SPEAKER (Hon. BC Scott)—Order! The time allotted for this discussion has now expired.

**SOCIAL SECURITY AND VETERANS'
ENTITLEMENTS LEGISLATION
AMENDMENT (ONE-OFF PAYMENTS
AND OTHER BUDGET MEASURES)
BILL 2008**

**COMMONWEALTH AUTHORITIES
AND COMPANIES AMENDMENT
BILL 2008**

**OFFSHORE PETROLEUM
AMENDMENT (MISCELLANEOUS
MEASURES) BILL 2008**

**TELECOMMUNICATIONS
(INTERCEPTION AND ACCESS)
AMENDMENT BILL 2008**

Assent

Messages from the Governor-General reported informing the House of assent to the bills.

CONDOLENCES

Lance Corporal Jason Marks

Report from Main Committee

Order of the day returned from Main Committee; certified copy of the motion presented.

Ordered that the order of the day be considered immediately.

The DEPUTY SPEAKER (Hon. BC Scott)—The question is that the motion be agreed to. I ask all honourable members to signify their approval by rising in their places.

Question agreed to, honourable members standing in their places.

Hon. John Norman Button

Report from Main Committee

Order of the day returned from Main Committee; certified copy of the motion presented.

Ordered that the order of the day be considered immediately.

The DEPUTY SPEAKER (Hon. BC Scott)—The question is that the motion be agreed to. I ask all honourable members to signify their approval by rising in their places.

Question agreed to, honourable members standing in their places.

**EXPORT MARKET DEVELOPMENT
GRANTS AMENDMENT BILL 2008**

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 SNOWDON (Lingiari—Minister for Defence Science and Personnel) (4.49 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**CIVIL AVIATION LEGISLATION
AMENDMENT (1999 MONTREAL
CONVENTION AND OTHER
MEASURES) BILL 2008**

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 ALBANESE (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (4.50 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**SYDNEY AIRPORT DEMAND
MANAGEMENT AMENDMENT
BILL 2008**

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 ALBANESE (Grayndler—Minister for Infrastructure, Transport, Regional De-

velopment and Local Government) (4.51 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**HEALTH INSURANCE AMENDMENT
(90 DAY PAY DOCTOR CHEQUE
SCHEME) BILL 2008**

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 SNOWDON (Lingiari—Minister for Defence Science and Personnel) (4.52 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**TAX LAWS AMENDMENT (LUXURY
CAR TAX) BILL 2008**

Consideration in detail

Consideration resumed.

The DEPUTY SPEAKER (Hon. BC Scott)—The question is that the amendment moved by the honourable member for New England be agreed to.

Mr KATTER (Kennedy) (4.52 pm)—Before question time I was referring to luxury car tax. My daughter drives an SUV, but it is a very small SUV. They are very high off the ground; they have a very small wheelbase and are prone to instability. You need a very big car with a very wide wheelbase to be stable. A few days before Christmas, she rolled the car on the highway and from the evidence it is thought she rolled some six times. She was very nearly killed. If she had

been driving a vehicle with a wider wheelbase than in all probability the car would not have rolled. For those of us who have to drive very great distances, this is a reality for us. Both my daughter and my son live in Mount Isa, some 800 kilometres away from our home in Charters Towers.

In its wisdom, for the past 20-odd years, the government of Australia has allocated members in rural areas very wide wheelbase vehicles. The reason for that was the tragic death of the wife of the then member for Riverina—a good friend of my father's—and it was decided that where we were driving great distances in country areas, we needed a bigger and more stable car. The very wide, big cars were made available to us. If we applied those rules to ourselves, for our benefit, it is terribly unfair for us to say that people should be charged a punitive tax for adopting exactly the same principle. It is really bad that we would set one set of rules for ourselves and another set of rules for other people. Knowing the government as I do, whatever their political hue, maybe the solution to that would be taking our vehicles away.

I used those two examples, and I can also remember driving some 320 kilometres up to our cattle station in a Toyota HiLux—very unstable vehicles, but we could not afford much more in those days—and my eyes were bulging and my teeth were hanging out and sand was in my eyes. Driving back with a mate in his LandCruiser was such a pleasure. When you arrived at the town you were still ready for a day's work.

So what is most certainly a luxury in the Ascots and Clayfields of Queensland and the Vaucluses of Sydney is most certainly not luxury for the people that I represent. They are a very great necessity for us. We have very high death tolls on the roads—the accident toll in Queensland is really mostly out-

side of the south-east corner and outside of Brisbane—and the more stable the cars that we have, the better it will be. God was very good—my daughter escaped without serious injury from her accident. When she was buying the vehicle I explained to her that it had a very narrow wheelbase and would be very unstable on the road. She could have bought something that was much lower to the ground that was not an SUV and she most certainly could not afford a big SUV. So as late as a few months ago it was brought home with a vengeance to my family the necessity for having wide wheelbase vehicles.

I have to say there is an element of hypocrisy on the side of the opposition. For the new members of parliament here, it was the opposition that introduced the 25 per cent tax on luxury vehicles. This mob have only put 10 per cent on it. I do not want the ministers to interpret that as suggesting they should try to catch up by making it 25 per cent, the same as the other mob did. The opposition are new in opposition, and they should try to veer away from what is arch hypocrisy. To get up, as previous speakers did—(*Time expired*)

Mr TRUSS (Wide Bay—Leader of the Nationals) (4.57 pm)—Both I and the opposition have some sympathy for the intent of the amendment moved by the honourable member for New England. It raises one of the serious anomalies in this legislation, but it is not the only one. There are quite a number of significant issues that need to be addressed in this legislation. It is hard to argue against a penalty tax on Lamborghinis and Rolls Royces, but I do not think it is okay to put luxury tax on a large vehicle that is necessary to accommodate the needs of a large family. I do not think it is appropriate that there should be a luxury tax on the extra safety features that may in fact take the cost of a vehicle over the trigger figure for the

luxury tax. Nor do I think it is appropriate that there should be a luxury tax on four-wheel drive vehicles that are necessary and required in rural and regional areas where the road systems are poor. So there are serious deficiencies in this legislation, and that is why the opposition proposes that this measure should be dealt with in some detail by Senate committees, for them to look at the various issues and to devise an appropriate response.

I find it difficult to support the amendment of the honourable member for New England because I believe his proposal would be easily rorted. If every four-wheel drive vehicle registered in a rural area was to be exempted, it would be a simple matter of registering your vehicle in a country town and then driving it to Melbourne or wherever you want it to be. In fact, it would be a city based vehicle. I do not think this, therefore, is an appropriate amendment to the legislation. I believe this issue must be addressed in the amendments that will eventually be proposed for this legislation.

In saying that I think this amendment is flawed in its drafting, I do not intend to be critical of the member for New England, because he, like the opposition, had this bill dumped on him in a day with the expectation that it would be debated and through the House in a very short period of time. In common with a whole series of other legislation, this bill was dumped on the House last night and the government expects it to be brought through without giving people any proper opportunity to effectively consider it. What this government has done in bringing legislation in is without precedent. It is difficult for oppositions and Independent members to develop the full suite of amendments that need to be made to legislation like this in the available time. We intend to use the Senate process. If the member for New England wants to make a constructive contribution in

this area, I hope he would also be willing to give evidence to the committee and to put forward his proposals.

So, whilst the opposition believe that the member for New England has raised a legitimate issue and one that must be addressed, we do not believe that the drafting of this amendment is an effective way to deal with the issue. This matter requires more detailed consideration. I note that the government, according to media reports, has also acknowledged that there are problems with this legislation and that it intends to refer the whole issue now to its own tax review for report in a year and a half. The government might be willing to indicate whether the whole thing is going to be put on hold for a year and a half, which means there is no need to rush this legislation through the parliament, or whether it is just going to have a review after the event, which I do not think is very appropriate.

This issue raises the same sorts of questions about GST on a tax—a tax on a tax. They have now referred the fuel issue to the tax review. There are, of course, lots of other cases of taxes on taxes. If that is an issue of principle that the government is now concerned about, it certainly needs to take that into account on matters such as this. So the legislation is defective. Amendments will be required. This proposal by the member for New England, while honourable in intent, will create a range of difficulties and will not really solve the problem for people who live in regional areas.

Mr WINDSOR (New England) (5.02 pm)—For the National Party to be concerned about rorting is absolutely beyond belief. For the Leader of the National Party to come in here and say that an amendment to this legislation that stands up for country people would be rorted! I think he should take another five minutes to explain how this could

be rorted. I cannot believe he even used the word 'rorting' after what he has been through in the last few years. We have had an audit inquiry into the rorting of the Regional Partnerships processes, the breaches of the Financial Management and Accountability Act as well as the program's whole guidelines. No wonder the Leader of the National Party has left the chamber.

To come in here and condemn my well-meaning amendment—supported by the member for Kennedy—to a rather stupid piece of legislation that the government has put up and say it is something that could be rorted says to me that the National Party have done absolutely no homework on any of this. They have assumed that, by just opposing the government, the legislation will drift through and the government will get the blame for it. I do not think the government will be totally getting the blame for this. If the National Party do not support the amendment, they will clearly display that they really do not care about this issue.

The shadow Treasurer spoke at great lengths about these people in the bush and their country vehicles. He said he had great sympathy for those with LandCruisers and believed that these vehicles should not be classified as luxury vehicles. But he will not vote that way. It is becoming a bit of a trademark for him—he says one thing to please one constituency and does another to please another constituency.

The member for Kennedy and I will be dividing the House. It is a great shame that the member for O'Connor will not be able to join us, because I am sure that, given his very clear enunciation of support for these amendments, he would have supported this amendment. This amendment will exempt from the legislation people who live in rural areas. It is very clear. If the Leader of the National Party can describe how that can be

rorted, I would be very pleased to know because he did not do that in his five-minute speech. I encourage the government to reconsider, the minister to reconsider and the opposition, if they are serious about this legislation, to support the amendment.

Mr KATTER (Kennedy) (5.06 pm)—It is narrow axle width as well as short wheel-base. The statement made by the National Party insults the intelligence of every rural person in Australia. Quite clearly, if the vehicle is registered rural and the person is living in the city then it would be in breach of the tax act. It would be construed as an attempt to dodge tax and, of course, it would be considered that way by the tax department. So it is an act of hypocrisy. We will see how they vote. They will vote how they are told to by the Liberal Party, and they soon will be the Liberal Party.

Mr ALBANESE (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (5.07 pm)—As well intentioned as I am sure the member for New England and the member for Kennedy are in respect of this amendment—both of them have my deepest respect—the government will be supporting its legislation before the chamber unamended. We believe that the Tax Laws Amendment (Luxury Car Tax) Bill 2008 is good legislation. It is good legislation as part of our budget, which will deliver a \$22 billion surplus to put downward pressure on inflation and downward pressure on interest rates. We believe that it is critical that the integrity of our budget be supported by the parliament in both houses. We believe that particularly in the context of the fact that the government has, through the budget, put forward proposals entirely consistent with the mandate that we received on 24 November last year.

The opposition, however, cannot claim to have the integrity that the member for New

England and the member for Kennedy have. They are standing up for their views. I respectfully disagree with them at this point in time. The opposition are now engaged in an exercise whereby on a range of issues with regard to budget measures they say one thing one day and another thing another day. Today they have decided to say nothing, abstain and actually pull people from the House. I commend the bill to the House. The government will be opposing the amendment.

The DEPUTY SPEAKER (Hon. BC Scott)—The question is that the member for New England’s amendment be agreed to.

A division having been called and the bells having been rung—

The DEPUTY SPEAKER—As there are fewer than five members on the side for the ayes, I declare the question negatived in accordance with standing order 127. The names of those members who are in the minority will be recorded in the *Votes and Proceedings*.

Question negatived, Mr Katter, Mr Windsor and Mr Secker voting aye.

Bill agreed to.

Third Reading

Mr ALBANESE (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (5.14 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—GENERAL) AMENDMENT BILL 2008

Second Reading

Debate resumed from 26 May, on motion by **Mr Swan**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Third Reading

Mr SNOWDON (Lingiari—Minister for Defence Science and Personnel) (5.15 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—CUSTOMS) AMENDMENT BILL 2008

Second Reading

Debate resumed from 26 May, on motion by **Mr Swan**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Third Reading

Mr GRAY (Brand—Parliamentary Secretary for Regional Development and Northern Australia) (5.16 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—EXCISE) AMENDMENT BILL 2008

Second Reading

Debate resumed from 26 May, on motion by **Mr Swan**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Third Reading

Mr GRAY (Brand—Parliamentary Secretary for Regional Development and Northern Australia) (5.17 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

TAX LAWS AMENDMENT (BUDGET MEASURES) BILL 2008

Second Reading

Debate resumed from 27 May, on motion by **Mr Swan**:

That this bill be now read a second time.

Mr KEENAN (Stirling) (5.17 pm)—We are debating a bill today that was introduced by the Treasurer into this House last night at about 10 minutes to seven. That is less than 24 hours ago. This bill makes 17 amendments to taxation legislation: five amendments to the fringe benefits tax legislation and 12 amendments to the Income Tax Assessment Act 1997. The Tax Laws Amendment (Budget Measures) Bill 2008 will raise over \$1.4 billion in revenue over the next four years—one of the high-taxing measures contained in last fortnight's budget.

I have to say that I think it is with extraordinary audacity that the government is prepared to bring on this debate less than 24 hours after this bill was introduced. I think it is a tactic of a government that is under pressure, a government that is desperate to divert parliamentary attention away from its woeful attempt and lack of a plausible policy to help struggling Australians—singles, families and pensioners—cope with climbing fuel prices. The move to debate these bills at this time is clear evidence that, within the short space of six months, this government has become arrogant and drunk on power.

The Keating government introduced fringe benefits tax legislation in 1986. I think anyone with any passing knowledge of the tax code in Australia will be prepared to concede that it is extraordinarily complex legislation. Over the years, it has rightly been roundly criticised for its density, its language and its tortuous syntax. I might enlighten the House with some examples of this difficult

and tortuous legislation. This is complex legislation and we have been given less than 24 hours to have a look at these amendments. Let me give you an example from section 136 of the Fringe Benefits Tax Assessment Act 1986. It is a definition and a central matter for Australian employers to understand in working out their liability for FBT. I will quote directly from it, and I think this is probably a good example of what I am talking about:

“business journey” means:

- (a) for the purposes of the application of Division 2 of Part III in relation to a car fringe benefit in relation to an employer in relation to a car—a journey undertaken in a car otherwise than in the application of the car to a private use, being an application that results in the provision of a fringe benefit in relation to the employer; or
- (b) for the purposes of the application of sections 19, 24, 44 and 52 in relation to a loan fringe benefit, an expense payment fringe benefit, a property fringe benefit or a residual fringe benefit, as the case requires, in relation to an employee in relation to a car—a journey undertaken in the car in the course of producing assessable income of the employee.

This is the sort of material that the House is dealing with in this FBT legislation, so I think it is fair to say that amendments to this legislation require careful analysis. They warrant more than 24 hours consideration.

This is hardly an example of new leadership. What happened to these promises of greater accountability and transparency? We are seeing a desperate government desperately trying to change the story of their failure, to do anything about the rising price of petrol and spin their way out of the situation they find themselves in by dint of their own actions. So they come into this chamber and ram through complex legislation without giving the opposition the courtesy of a sensible amount of time to properly assess it.

There are three FBT amendments contained within this legislation. The first relates to meal cards. In his second reading speech—a speech, as I said, made less than 24 hours ago in this chamber—the Treasurer stated that the intent of this measure is to tighten the law applying to arrangements for work related items and for property consumed on an employer's premises. These meal card arrangements rely on the exemption given in the FBT legislation for property consumed on business premises on a working day. There is no suggestion that the meal card arrangement has been an exercise in avoidance—far from it. The Australian Taxation Office has issued a number of class rulings that sanction meal card like arrangements.

The change will mean that the exemption for on-site consumption of business property will no longer apply to salary sacrificed food or drink. Salary sacrifice arrangements are widely used by employees wishing to have additional superannuation contributed from their salary package—something you would expect the government to be in favour of. This budget has changed eligibility criteria for many entitlements and payments. For example, for holders of the Commonwealth seniors health card the eligibility test now takes into account salary sacrificed superannuation. This from a party, the Labor Party, that likes to claim it is the father of superannuation—perhaps a more accurate description is the godfather of industry superannuation. You have to wonder whether the government is determined to stop salary sacrifice arrangements.

This FBT measure, like so many other measures contained within this high-taxing budget, is a tax increase. It is yet another case of the government promising one thing and, upon gaining office, doing another. Prior to the election Peter Garrett explained

what was going to happen, and this government is living up to his comments.

I note that the explanatory memorandum claims that the cost impact of this measure will be minimal. Certainly there will be a financial impact on the many small businesses that sell food and drink under meal card deals. A great example of that was aired in the media last week. A person who runs a small cafe—for example, on the ground floor of a larger building in one of our major capital cities—relies on this sort of business to keep their doors open. The government shows a pattern of behaviour that demonstrates that it just does not understand the consequences of the decisions it takes. Those small businesses are going to be casualties of this ill thought out measure. The explanatory memorandum also states that the measures restore the original policy intent of the exemption being given for 'modest benefits'. I would say that sustenance through food and drink is in fact a modest benefit.

The second amendment applies to work related items. In addition to computer software, a briefcase, protective clothing and a tool of trade, there will be an FBT exemption for a portable electronic device. No doubt there will be numerous rulings and determinations from the tax office in the months and years ahead that seek to clarify what is meant by 'a portable electronic device'. For example, guidance will be required by employers in deciding whether a portable electronic device does or does not have substantially identical functions to another portable electronic device. This is the sort of absurdity that the ATO will have to rule on. In a world of fast-changing technology, they are going to have to decide whether a portable device does or does not have substantially identical functions to another portable electronic device. What a ridiculous waste of time for the ATO. This provision gives little certainty to employers in working out the FBT liability.

As has been noted by many commentators, those employers who have been providing benefits like meal cards, salary packaging, laptops and PDAs will have to consider their strategies to attract and retain scarce talent in this tight labour market.

Regarding employee share schemes, the opposition supports action that prevents employees from making a late election for upfront taxation where the taxpayer does not have an acceptable explanation. That is the current policy. To remove the commissioner's discretion to accept late elections in any situation suggests that the government considers that the ATO has been ineffective in its administration in this area of the law. There is no public evidence that supports this implication. Indeed, the tax office was successful before the full bench of the Federal Court in a recent challenge to its determinations in relation to taxation of employee share schemes. It would be helpful to be provided with the assumptions underlying the revenue impact, estimated at \$77 million over the forward estimates—another tax slug for the Australian people. Another point is that there are numerous elections throughout the tax legislation. Numerous discretions are given to the commissioner throughout the legislation. These are features of the self-assessment system that has been in place for more than 20 years.

The Treasurer should inform this House of whether the taxpayer behaviour that apparently justifies this measure included in item 12 of the bill has implications for the self-assessment system more broadly. Will the self-assessment system be part of the root-and-branch Henry tax review? If not, evidently it can quite readily be added to the scope of that review—a review that does seem to be growing on a daily basis. Since the announcement of the Henry review, the government has been madly flapping around, including on subjects like the interaction of

the excise on fuel and the GST—that was very convenient for them—and the interaction of the GST and the luxury car tax legislation just rammed through this House. Indeed, it seems that the review will undertake a comprehensive analysis of the GST as a value-added tax—something, of course, that the Treasurer explicitly ruled out when he announced the review. Who knows where this review is ultimately going to end up?

We know that this is something that the Prime Minister seemed to realise when he was in opposition. On 16 January last year, in a radio interview, he was asked by a journalist:

Would you at least remove the GST component on petrol?

The Prime Minister said:

No, I don't think you can go that far.

The journalist said, 'Why not?' and the Prime Minister—the then Leader of the Opposition—responded:

I think you've got a system when it comes to the application of GST across the general economy you start gouging out more exceptions, I think the taxation system becomes ungovernable.

What a difference a year and a half makes. Then the journalist went on to ask:

So, what do you mean, it would cost you too much?

The Prime Minister said:

I think you've got to be very careful about carving out exemptions and exceptions to generalised taxation arrangements and that applies to GST as well.

The Prime Minister might help out his Treasurer, help out his Assistant Treasurer and let his views on this matter be known to them. He should then go and tell Dr Henry that the review will rule out differential GST rates and the introduction of a retail sales tax—which, perhaps, the Assistant Treasurer has in mind for the sale of fuel—and, of course, rule out this old Labor favourite: the reintro-

duction of a wholesale sales tax; a position, of course, that the member for Griffith thoroughly embraced when he was first in this place when he infamously described the most fundamental tax reform that had been undertaken for a generation as 'a day of fundamental injustice'. But this was in the days when he did not like economic reform. This was in the days when he was 'Caring Kevin' and he did not have his new persona as the hardcore economic reformer. This was in the days when he hated economic reform.

I will turn to in-house software. This measure contained within the bill is another tax hit on business, and small business in particular. Software is bought for operational, not tax, reasons. That is something that the government just does not seem to grasp. Software is a pretty fundamental thing that businesses need to conduct their operations. The measure in this bill defers deductions. The measure is estimated to raise about \$1.3 billion over the forward estimates period. I note that the Treasurer's second reading speech acknowledges that, where a business scraps software before the four-year write-off period has ended—which is something that, of course, can occur, as software is made redundant at a very fast pace—this business will still get an immediate write-off for the remainder under the existing tax law. I call on the Treasurer to inform the House about the assumptions that underlie this estimate of \$1.3 billion, a substantial sum of money, given that businesses will be able to fully write off their expenditure in the circumstances outlined by the Treasurer and will still be able to self-assess an effective life that is shorter than the four-year write-off period.

I note that there is a measure in Treasury's 2007 Tax Expenditure Statement described as 'accelerated depreciation for software', a tax expenditure in relation to software which has an effective life of greater than 2½ years,

which estimates the concession to cost approximately \$70 million per annum. Given this lower estimate in the tax expenditure statement, I call upon the Treasurer to inform the House why he is setting a slower depreciation rate than the effective life for software assumed or implied by Treasury in the TES.

These are just a few of the issues that the opposition has been able to raise about this legislation. Fringe benefits tax is, I think, by popular consensus an extraordinarily complicated and difficult area of tax for business to interpret. I think it is extraordinary, and symbolic of the way this government have now started to behave after just six months in office, that they would introduce a measure less than 24 hours ago in this House and not do us the courtesy—which we always gave to the opposition—of allowing us to fully assess this legislation on behalf of the Australian people.

Mr Bradbury—You aren't serious.

Mr KEENAN—Actually, I am deadly serious. Of course, you were not here, so you do not realise that that was a courtesy that we always extended to you when you were in opposition. It is symbolic of a government that is already so arrogant and out of touch. It is not being disrespectful to the opposition; it is being disrespectful to the Australian people, who elect people to this chamber to fully assess the impact of legislative change on their lives. We have this legislation that is apparently going to be rammed through by this government. I think it is a disgrace. I think it is symptomatic of a government that are already so arrogant and out of touch that they are prepared to treat the Australian people—the people who are represented in this place—with such extreme contempt. I would therefore like to move a second reading amendment. I move:

That all words after “That” be omitted with a view to substituting the following words: “while not declining to give the bill a second reading, the House records its concerns at the haste with which this bill is to be dealt with and calls for the bill to be referred to the Senate Economics Committee for review, which will allow those with practical expertise and legitimate interest in the proposals to have an input”.

I think that that is a very sound policy, and I urge the government to consider it. It makes sense that this legislation be given a proper assessment, as is proper in this place. It is appropriate that that be done within the Senate economics committee, and I urge the government to drop some of its arrogant persona that the Australian people are now seeing and to consider joining with the opposition in allowing this bill to be properly assessed.

The DEPUTY SPEAKER (Mr PD Secker)—Is the amendment seconded?

Mr Haase—I second the amendment and reserve my right to respond.

Mr NEUMANN (Blair) (5.38 pm)—I speak in support of the substantive Tax Laws Amendment (Budget Measures) Bill 2008 and against the amendment moved by the previous speaker, the honourable member for Stirling. We have just witnessed quite an extraordinary performance by the previous speaker. That the member takes issue with the speed with which this legislation has been put at a time when numerous frivolous and irrelevant points of order were taken yesterday—and there was also a dissent motion against the Speaker and a censure motion against the Prime Minister—is quite extraordinary. I just wonder: he was in this House for the last few years—was he aware of the Work Choices legislation? It was legislation that rivalled the tax act, yet thousands of pages of legislation were rammed through opportunistically by the previous government. It is quite extraordinary. We still do not

know whether, in fact, they will ultimately support our substantive bill.

This bill is about equity for employees, consistency in the treatment of employees concerning employee share schemes, the removal of the double tax on ESSs and the alignment of the tax treatment of deductibility concerning computer hardware and software. It removes uncertainty and improves efficiency in the tax system and it restores, contrary to what the previous speaker said, the intention of the fringe benefits tax exemption first introduced in 1995.

This bill is integral to the Rudd Labor government’s budgetary process. It is a responsible bill and it is part of a responsible budget. It shows the true mantle of economic responsibility, if it were ever held by those opposite, has well and truly passed to Labor and I commend the Treasurer for the reforms in this bill—it is a Labor bill. It protects and enhances the integrity of the taxation system and it improves the economic prospects of our nation.

I wish to speak on four aspects of these reforms. The first measure relates to meals provided by employers on their premises as part of any salary sacrifice arrangement. This measure will restore the integrity of the fringe benefits tax scheme. It is about fairness towards those employees who purchase meals out of their after-tax income. It is not about ensnaring legitimate arrangements such as subsidised staff canteens which are not part of any salary sacrifice arrangement. Staff canteens and similar arrangements will not be affected.

Under a salary-sacrificing arrangement an employee with a meal card can purchase meals out of pre-tax income. Under this meal card arrangement the employer pays the employees’ meals, which are independently provided by a caterer on or delivered to the employer’s premises. These reforms in this

measure will bring back the original intent of the legislation, which is that fringe benefits tax exemption for property consumed on an employer's premises be limited to modest benefits and not geared to tax avoidance. This means that taxpayers will not be treated differently. Also, it has the benefit of removing any disincentives to employees to leave and purchase meals elsewhere that may be cheaper or better quality. This measure can simply be seen also to increase competition between retail outlets that sell food.

I turn to the fringe benefits exemption amendments applying to eligible work related items used primarily for work related purposes. The fringe benefits tax laws permit exemptions for eligible work related items, including laptops, briefcases, calculators, mobile phones, computer software, PDAs, electronic diaries et cetera. Since their promulgation in 1995, of course computer technology and its mobility have advanced enormously. Many people now use these items for private use extensively, yet the current law allows employees to enter salary sacrifice arrangements meaning that these items are purchased from income pre-tax. This means workers are treated differently.

The new measure will bring back the intent of the original law by restricting the fringe benefits tax exemptions to items primarily used for employment purposes. Further, it will restrict the fringe benefits tax exemption to one item of each type per employee per fringe benefits tax year unless it is a replacement. The current law is not fair to those employees who cannot purchase these items by use of pre-tax income. This measure will treat workers equally. Under the Rudd Labor government gone are the days when some workers are treated more equally than others, as in the Orwellian world of the Howard government. The meals tax measure will gain the Australian taxpayer \$610 million and the work related items I have out-

lined, \$530 million over the forward estimates.

I want to refer to the employee share schemes election requirements provisions. This amendment removes the ability for taxpayers to manipulate when they are taxed on the discount they receive for acquiring shares or rights from their employer to minimise their tax liability. This means that the value of discounts is properly included in assessable income, as it should be. An employee electing to be taxed up-front will have to include the value of the discount in the income tax return in the year of shares or rights acquisition under the employee share scheme.

Why are we doing this? We are doing this because, while the taxpayer currently must elect which concession applies to the discount in the year they received the shares or rights, they are not required to provide the election to the Commissioner of Taxation. Therefore, if the value of the shares or rights increases significantly, the taxpayer can decide retrospectively that it would have been beneficial for them to elect to pay up front, rather than defer the taxation. They can claim to have made the election but simply by inadvertence forgotten to tell the Taxation Office to include the amount in their assessable income in the income year of the shares or rights acquisition.

These reforms will mean that, if a taxpayer makes an election under the up-front tax method, the value of the discounts greater than the \$1,000 tax exemption amount must be included in the taxation return for the year in which the shares or rights were acquired. However, contrary to what the member for Stirling said, the Commissioner of Taxation will still retain the ability to permit the taxpayer an extension of time to make the election. This measure will bene-

fit the taxpayer to the tune of \$77 million over the forward estimates.

With respect to the amendments concerning depreciation of computer software, the measure increases the period of time over which a taxpayer can deduct expenditure on in-house software from 2½ years to four years—the same period as the safe harbour period for computer hardware. The measure applies to in-house software held under a contract, developed, or held in some other way after 15 May 2008. Pre-existing software assets remain unaffected.

This measure will not affect small business, which can access special tax concessions. For example, small business still has the option of immediately deducting expenditure of \$1,000 or less in this regard. For expenditure of more than \$1,000, the option remains of pooling with other assets with effective lives of less than 25 years and depreciating at 30 per cent. There is a vast array of software packages on the market at less than \$1,000—payroll, accounting, record-keeping and invoicing packages, for example. This measure will not affect the amount that is deductible. It is an alignment of the duration of deductibility. If the software is scrapped within the four-year period, there is an automatic write-off for the remainder. It will increase government revenue by about \$1.3 billion over the forward estimates. One wonders why the previous coalition government did not fix these anomalies. But of course the opposition have always been on the side of just some taxpayers, not of all taxpayers. They do not want all taxpayers to pay, just some. Let others pay for schools, roads and the like. Hospitals should be paid for by some taxpayers, according to the former Howard coalition government.

In summary, these measures add billions to government revenue while improving the fairness and integrity of the tax system.

These measures are important as part of an economically responsible budget crafted by the Rudd Labor government—a government which believes in consistency and fairness, a government which believes that all workers should be treated equally. No-one should be able to manipulate the Australian taxation system in the manner which was allowed under the previous coalition government. These measures help the Rudd government to meet its election commitments on tax cuts, child care, education and infrastructure. I commend the bill to the House and I congratulate the Treasurer on the delivery of a Labor budget that is both equitable and responsible.

Mr MORRISON (Cook) (5.48 pm)—Before making comments on the substantive elements of the Tax Laws Amendment (Budget Measures) Bill 2008, I think it is important to discuss why we are discussing the bill now. In 2007 a total of 168 bills were introduced in the House of Representatives. It is a well-established convention that bills are not debated in the week that they are introduced—as has been done with this one—to allow the various political parties and Independents the opportunity to scrutinise the legislation and take it through an internal party process, such as a caucus or a coalition party room, so there is an opportunity for this parliament to provide the proper scrutiny. This is why I particularly support the amendment put forward by the coalition, those who sit on this side of the chamber, to ensure that this bill, amongst others I am sure, receives the proper scrutiny.

Of those 168 bills introduced in 2007, only 11 were introduced and passed in the same sitting week. Five bills actually comprised the package of legislation to establish the Northern Territory emergency intervention. Three bills related to welfare support payments required before the end of the financial year, including a bill related to pen-

sions for war veterans. That was essential legislation, urgent legislation, emergency legislation. One bill related to the Australian Crime Commission. One bill was to establish the superannuation co-contribution scheme before the end of the financial year. The final bill was to introduce the stronger safety net for workplace relations.

In all 11 instances that they broke with this convention, the Howard government made an argument. They actually came into this place and made an argument for extreme urgency and ensured that the Senate was sitting to facilitate urgent consideration by both chambers. That has not happened in this case. In every circumstance where the former government overrode convention, the case for urgency was made by the fact that the Senate was also sitting along with the House and, therefore, the bills were available for full passage through parliament. The fact that the Senate is not sitting this week exposes the motives of the government in bringing these issues before the parliament today and ensuring that they are rammed through the parliament at this time.

There are no grounds for urgency here. I have heard no statements for urgency in this place today, none at all. The House is sitting again next week and, even if they are passed urgently today, the bills cannot be introduced into the Senate until the week beginning on 16 June. Even then, those bills are still subject to referral to a Senate committee. What we see here is not urgent legislation. What we see here is the product of those in the Prime Minister's war room who have decided: 'We really don't want to have this debate about things like petrol in this place today. We really need to get something else out there on the agenda. We really need to tie this parliament up in other issues and spring this on those opposite to make sure that there isn't the opportunity to really hold the government to account.'

So in opening my remarks on this bill I condemn those opposite for the way they have behaved in bringing this before the parliament. When they have an urgent bill, maybe they would like to make a case for it and in those cases, if there is a statement of urgency, then I am sure there would be support from both sides to ensure these things can be dealt with. But not for stunts like this.

Coming to the bill before us, this is a \$1.4 billion effort as part of the Labor Party's \$19 billion tax grab in this budget. It is \$1.4 billion out of the \$19 billion tax grab outlined by the Treasurer in this place not that long ago. This was a budget that was supposed to be an inflation-fighting budget, but you cannot fight inflation by increasing taxes. You cannot fight inflation by putting taxes up and therefore prices. We saw this with fuel in the debate we have had before the parliament to date. The government wants to watch fuel prices; we would actually like to cut them by cutting fuel excise, by actually reducing taxes. That is one way of actually reducing prices, but this seems to be lost on those opposite. The coalition has form on cutting taxes on petrol and diesel: a 6.7c a litre cut on excise in 2000 and a further 1.5 per cent cut in 2001. There was also the abolition of indexation, which all meant that today petrol prices in this country are 20c a litre less than they would have been were it not for those measures introduced by the Howard government.

If the government wants to cut inflation, here are some suggestions. It needs to do something about wage pressures in our economy and inflationary expectations. Inflationary expectations have risen since this government was elected. People's expectations of where prices are going to go are now at 4.3 per cent. Is there any surprise that inflationary expectations have risen when the government and the Treasurer in particular and the Prime Minister in this place are ob-

sessed about talking about genies and bottles on the eve of Reserve Bank meetings? They have been talking up inflationary expectations as part of a deliberate political strategy.

The other thing we have seen is that the *Reserve Bank of Australia Bulletin* in May of this year, the current edition, has some interesting figures on median inflation expectations not just by economists but by union officials. Those figures show that in November of last year, at the time of the election, the median inflationary expectations of unions were three per cent. By February they had got to 3.5 per cent. Now they are at four per cent and they are rising. But the interesting thing is that the median inflationary expectations of union officials are a full one percentage point higher than those of the economists served by the Reserve Bank. Is it any wonder that we have union fuelled inflationary pressures now building on our wages and we read headlines in the *Australian* of 17 per cent wage rises demanded by unions? These were things that were warned of by the coalition going into the election and these are things we are now seeing coming to pass.

This bill is a grab bag of opportunistic and ill-considered measures. It is not designed to fight inflation, as I have just argued; it is designed to do something very different, and that is simply to grab \$1.4 billion any which way they can. This is not something we heard about before the election. We did not hear about \$19 billion of additional taxes as the Prime Minister wandered around the country on his crusade. This is a government that ran a campaign prior to the last election based on a massive con, a massive deceit and a massive fraud. There was no mention of \$19 billion in new taxes, there was no mention of means-testing the baby bonus, there was no mention of dismantling private health insurance, there was no mention of U-turning, watering down, the Northern Territory intervention and there was no mention

of fining petrol retailers for reducing petrol prices. I stand corrected: there was one Labor member opposite who was very honest in the chairman's lounge in Melbourne on that fateful day when he spoke to Steve Price. The member for Kingsford Smith said, 'We'll change it all.' And when pressed on this point, what did he say? 'I was just kidding, I was just joking, I was just larking about.' We know now that he was not larking about. We know that the member for Kingsford Smith was dead serious. He said, 'We'll change it all,' and they are changing it all, much to the disadvantage of Australians living right across this country.

This government deliberately raised expectations on grocery prices and fuel prices. I say to those opposite that the Prime Minister has made his bed on this issue and he can lie in it. He is the one who paraded around saying they could do something about this. He is the one who said that it could all change. And when he gets into the job, within a matter of months he says: 'That's all we can do. We can't do any more than that.' What I suggest is that they never intended to. There was never any serious intention to follow through on this perception that they allowed to be created out there in the public. I say the only difference between the Prime Minister and a former Leader of the Opposition, the former member for Werriwa, Mark Latham, is this: Mark Latham was found out before the election. He was found out well before the election and the Australian people made their judgement when they found him out. The Australian people are now finding out about this government. They are finding out about this Prime Minister, who allowed people to think that he was going to change all these things, that he was going to improve conditions when it comes to petrol prices and improve things when it comes to grocery prices. But when the acid test comes on the

government, he had no intention of delivering, and they know this.

This bill is totemic of this approach. As I said, it is a grab bag of measures which I think display a very poor judgement. It betrays Labor's politics of envy and punishment, which is written all through the documents of the budget, punishing those that they simply do not like. I think it betrays a real desperation and inexperience. I am sure those opposite would have seen, as keen students of politics, that great film *The Candidate*, which had Robert Redford in it. And there he was, totally minded by the minders all the way through the election: the golden smile, the five-point plan, the clever answers—all of this. And there he is on election night and he wins, and he has this look of shock on his face. He turns to his adviser and he says, 'What do I do now?'

And that is what we find in the budget. They all got together and said: 'We now have to put a budget together. We have gone and won this election. We are going to actually have to govern now.' And as they came together they said: 'What can we do? We have all these promises we have to commit to.' In fact, they have \$30 billion worth of new expenditure they introduced in this budget, and one of the ways they sought to finance that was to slug the Australian taxpayer with an extra \$19 billion worth of taxes. So this budget, with its rather inexperienced and desperate measures, is really a fizzer. I am reminded of another person who sat in this place, the former Prime Minister Paul Keating, when he used to talk about fizzers. He gave a great speech—which, I am sure, with the passing of time even people on both sides of the House can appreciate—on cracker night. Well, I think the cracker night speech has come back to haunt the Labor Party, because this budget is very much like what the former Prime Minister used to call the flower pot. It always promised this daz-

zling performance but often when you lit it up it went 'fip'—and that was it. And that is what we have with this budget—fip; nothing. While we would not have agreed with the former Prime Minister on virtually anything he said, one of the things I think we admired, on occasions, was his wit. I said in this place earlier today, of the Prime Minister, that he has lived up to the former Prime Minister's saying—that he was all tip and no iceberg.

These measures will make it harder for employers in a tight labour market to retain competitive provisions in their salary packaging. It will add to the cost of business in doing this. I would like to refer to an article in the *Australian Financial Review*, which came out after the budget, where KPMG partner Andy Hutt said that the FBT changes would make it harder for businesses to be 'employers of choice'. He went on to say:

For an employee this means their remuneration package will lose its value because choices are taken away and employers will have to review their use of salary packaging as a tool to attract new employees and retain existing ones.

This will make it harder for those trying to retain staff and ensure good package arrangements to keep skilled employees and valued employees as well as attracting new ones.

One of the measures that are in this bill relates to meal cards. This is what I would equate with the Prime Minister and the Treasurer, Mr Happy, basically trying to steal taxpayers' lunch money. They want to come in and steal your lunch money. But they only want to steal it from some, because this measure allows big businesses, who can afford the cafeterias, to continue to provide meals. Maybe they can afford butlers too? They may well be able to afford butlers, valets and all of these things, but one thing these big businesses can afford—and I am sure many of them are big donors to the La-

bor Party, part of Labor's big-money club—is to put these cafeterias in place.

The lunches that are served in the big business cafeteria will not be penalised by this measure. But the small business that contracts out meals with a salary-sacrificing arrangement, that delivers these meals to workers on site—and they may be at a mining establishment; they could be anywhere—will be the ones who will be punished by this, not the big businesses. No, those who can afford cafeterias will be able to continue providing meals. But heaven forbid you decide to go out and support another business which is out there trying to make their way in providing catering to these businesses! No, that door has to be shut. This is the big evil that this budget has to address: it has to steal your lunch money.

Then there are the laptops. Again, this is a mean spirited, revenue driven initiative that gives with one hand and takes with the other. I refer again to the article from the *Financial Review* on 15 May. It says:

Under a Howard government initiative—which ended in Tuesday's budget—

like many things ended in Tuesday's budget, including 134,000 jobs—

wage earners had been able to save money on laptops by buying them with pre-tax income and not having to pay FBT. The changes are a blow to families who have used the exemption to help the children use computers.

"It's been a great thing for both employees and employers to be able to salary package laptops through work," said Mr Hutt, who added that the change was counterintuitive to Prime Minister Kevin Rudd's "education revolution".

So we take computers with one hand and then we give them back with the other. But when we give them back with the other we do not think through the issue of security. We do not think through issues of supporting the schools as to how they are to be made available and the other systems that are needed to

be put in place. We say: 'No, the way you are making these decisions is not how we want you to make them. We are going to give the largesse in this way.' And on every laptop there may even be a little note from the Prime Minister. Former New South Wales Premier Bob Carr used to send out cheques just before school started—and, of course, we know that the Prime Minister is the Bob Carr of national politics.

Then, of course, we have the other measure relating to software depreciation. I do not know how IT literate the Treasurer is. I do not know how often he is online. I do not know how literate he is with matters of communications technology. One thing I do know about software is that its economic life is not getting longer. It is getting shorter. But this measure actually says, 'No, we think software should have the same economic life as hardware.' I do not know where he got this advice from. The other thing that shows the inexperience here is that the measure is a dud, because at the end of the day it provides that if you ditch the software or have to replace it you can write the remaining component off anyway. I am not quite sure what the stunt is here, but basically what they are saying to people who have this software is: 'We are going to extend the economic life because we frankly do not have a clue about how software works or what its economic life is. But if you happen to ditch it, well, you can write it off anyway.' So it seems to me to be a completely fruitless and pointless exercise.

This bill is a grab for tax. In contrast, the coalition is all about lowering tax. In contrast, the coalition introduced more flexible arrangements in relation to taxation in the workplace. It increased the in-house fringe benefit from \$500 to \$1,000 and it extended employee share scheme concessions to stapled securities. Labor have never been on the field of providing tax relief. They would not

even know where it was, let alone take to it. This is a Labor Party that walked away from the l-a-w law tax cuts after the 1993 election. They opposed tax reform in 1998, they gave us rollback in 2001, they gave us absolutely nothing in 2004, they followed it up by opposing tax cuts in 2005, and in 2007 the grand achievement of the Treasurer was to give the people of Australia the coalition's personal income tax policy. That was it. I have said in this place before that the member for Higgins is the finest Treasurer this country has ever had. Based on the performance of the current Treasurer, that position remains in no threat.

I want to conclude by reading one more quote, and that is from Ross Gittins. All of this extra \$19 billion was there for one purpose—that is, to fund \$30 billion of new expenditure. After the budget Ross Gittins said:

The good news in the budget is that Mr Rudd has broken the mould of politicians feeling free to go back on their promises.

I am sure there was a big, happy smile on the face of the Treasurer when he read that. Ross Gittins further said:

The bad news is that most of the promises he has insisted on keeping were weak, vote-buying policies and now quite inappropriate to the present economic circumstances.

So we have \$19 billion worth of extra taxes to deliver \$30 billion worth of duds. The highest taxing and highest spending budget in our nation's history—that is what we have in this budget and that is what we have in these measures. We believe they deserve more attention. This is a budget which, by the government's own admission, will put 134,000 people out of work.

Mr BRADBURY (Lindsay) (6.08 pm)—I rise in support of the Tax Laws Amendment (Budget Measures) Bill 2008. I wish to speak to a couple of elements of the bill, but first I should respond to the suggestions from those

on the other side that the government has not provided the opposition with sufficient time to consider the bill. There are a couple of points to make there. The first one is that, given the inordinate delay that all of us in this House were subjected to yesterday because of the carry-on by those opposite, it is no wonder it took us a bit longer than we had anticipated to introduce the bill. So to some extent I think they have only got themselves to blame. But you will not see any of those on the other side accepting any responsibility. Accepting responsibility is something that they are not in the habit of doing.

My Labor Party predecessor in this debate, the member for Blair, indicated that there was not the same commitment to due process, transparency and the opportunity to scrutinise, debate and consider when it came to Work Choices. Whilst the member for Stirling rightly pointed out that I was not in this place prior to the recent election, I have undertaken some research and the record shows that when those on the other side were in government they made a number of changes. In fact, they tabled 337 legislative amendments to the Work Choices material and then guillotined the debate in the Senate 35 minutes later. That was the commitment to openness. That was the commitment to giving the opposition an opportunity to debate the issues.

We are not talking about a handful of, albeit important, measures that are going to impact on the lives of every person out there in this country in the way in which the Work Choices laws did. These are sensible amendments, sensible proposals, that go to instilling a greater sense of integrity into the tax system. Those on the other side are very fond of coming in here and defending the lurk and the loophole. Where there is a lurk and a loophole they will not be far off. That is why they opposed fringe benefits tax for so long. That is why it was a Labor govern-

ment that was required to introduce fringe benefits tax in order to ensure that one of the most fundamental inequities in the taxation system as it then existed was addressed.

Let me give you a bit of background as to what that was all about. Those on the other side come forward without any context about what fringe benefits tax is all about. I heard the member for Cook saying, 'This is going to take away opportunities for employers to be employers of choice.' Just hold that thought, because I will come back to that point in a moment. Fringe benefits tax was introduced for a simple reason—that is, some taxpayers in collusion with their employers were engaging in a range of activities in order to derive benefits without having them subjected to any taxation. That is okay if you are in a workplace that is conducive to striking up and structuring these arrangements. And that is all right if you have the capacity to do that. But if you are the average wage and salary earner out there—the people that do not have access to taxation law advice, that do not have access to employers that are prepared to engage people to structure deals in order to provide those benefits—then you do not get the benefit of those non-cash benefits, those benefits that previously were not subjected to taxation.

This is about bringing to account gains that are derived by taxpayers. That is a fairly fundamental principle of taxation law. If I am out there earning income derived as a result of my labour, it will be taxed through the income tax system. In the past, if a benefit was provided to me and it was not of a cash nature, on occasions there were benefits that were not subject to taxation. The FBT was introduced to attack that.

I certainly concur with the member for Stirling that the legislation is complex, but the principles are not that complex. That is why I do not believe there is any reason to

delay having a debate about these issues. Both the member for Stirling and the member for Cook spoke a lot about all the contemporary political debates that we are engaged in, but they really did not speak all that much about the issues in contention in this bill.

When it comes to fringe benefits tax, let us have a look at some of those particular lurks and loopholes that have been closed. Meal cards: we have listened to those on the other side talk about the issue of cracking down on the salary sacrificing of meal cards, which are essentially a means by which an employee derives a benefit, possibly in the form of a free lunch or a long lunch. I know that those on the other side are particularly fond of long lunches. It is a shame the member for Mayo is not with us, because he will go down in this place with one of the finest reputations for being one that partakes in the long lunch. I am sure that the member for Mayo does not need any excuse for a long lunch. But perhaps one day he might take out some of his colleagues and teach them a lesson or two. He has been around in this place a little bit longer. He probably even remembers the debates that occurred when the fringe benefits tax was first introduced.

When it comes to these meal cards, the real issue is that the average wage and salary earner out there has to buy their own lunch. Many of them make their lunch and take it to work. That is a concept that might be foreign to a few people around here, but it is something that happens on a regular basis out there in the real world. You do not see the person who packs their sandwiches at home and goes to work getting any tax benefit out of the meal that they have prepared, and they have prepared it with their own labour. They have already paid tax on the dollars that bought the bread, the ham, the tomatoes and the butter. Why should someone who hap-

pens to be the beneficiary of a structured arrangement get a tax benefit?

The member for Stirling referred to class rulings. Class rulings are not applied for or developed without there being some concerted approach to at least obtain a ruling from the tax office on how a particular arrangement will apply to a class of people. That is not something that Mr and Mrs Smith from South Penrith are in a position to do. That is something that a corporation or an organisation with resources at its disposal and access to taxation lawyers or accountants is able to do. They can engage that advice and submit an application. That is why there are class rulings. But the average wage and salary owner does not have access to those benefits. So why shouldn't the people who use post-tax dollars—they have already paid their tax; in some cases they have made their own lunch; in others, they have bought their lunch—get the tax benefit that someone who salary sacrifices and uses pre-tax dollars gets? That money goes towards the purchase of their lunch, and they never paid a cent of tax on it.

The member for Cook speaks about how important it is to be an employer of choice. The member for Cook said that these particular arrangements are an attack on small business. I would like to see the range of small businesses out there that provide this sort of benefit to their employees. In fact, in my experience it is almost exclusively larger businesses that have the capacity to deliver these types of arrangements to their workforce. If you are talking about employers of choice, what you are talking about are those employers—the large businesses—getting a competitive advantage when it comes to luring and attracting workers within a highly competitive work force.

The argument that the member for Cook is putting forward needs to be turned on its

head, because the reality is that what occurs out there is that the employers making themselves employers of choice are only able to do that because they have competitive advantages over their counterparts by way of being larger and thus having the resources to pay for the taxation advice necessary to obtain class rulings. Those on the other side are pretty keen to come forward and lecture us about standing up for small business. Here is your opportunity: I challenge you to come forward and support small business on this one. There are not many small businesses out there getting the benefit of this lurk.

When it comes to laptops, as the member for Blair indicated earlier, the measures that were introduced as part of the compliance measures back in 1995 were designed at a time when technology was not at the point that it is now. Back then, it was not anticipated that the sorts of benefits being provided—such as laptops—would effectively end up being largely, if not predominantly, for personal use. In fact, speakers on the other side are talking about an existing law under which individual taxpayers are able to salary sacrifice, obtain a laptop and provide it to their children. It is hardly work related. It is a benefit being provided to that taxpayer. It is a benefit that should be taxed. All the other hardworking people out there who are wage and salary earners and do not have the capacity to salary sacrifice do not get the tax break on their laptop. One of the best measures introduced in our budget is the education tax refund, which will encourage people to get some tax relief when they go and buy a laptop or a computer for their family. The issue here is that individuals, particular high-income individuals, have been salary sacrificing and obtaining laptops without paying any tax, by using their pre-tax dollars.

The other point to make about fringe benefits tax and salary sacrificing is that of its nature it favours high-income earners,

because what you are doing is using pre-tax dollars. The benefit you get is greater if the tax that you have avoided paying is at a higher rate. Salary sacrificing and avoiding fringe benefits tax has a much greater impact on those who are high-income earners, so there is a real equity issue here. When you look at the fringe benefits tax proposals contained within this bill in their totality, they are designed to provide some equity. It does not matter who you are as a taxpayer, how you earn your income or who your employer is. If you receive a benefit for your employment, it should be taxed in the same way as benefits earned by the person in the business down the road. Everybody should be taxed under a similar regime. That is the equity consideration that is foremost in this legislation.

The other aspect that I want to deal with is the denial of depreciation capital allowances in terms of those benefits. This is an important point. What has occurred in the past with FBT-exempt items is that the taxpayer has had the opportunity—to the extent that the depreciating asset has been used for a taxable purpose—to claim deductions under capital allowances in respect of that asset. That allows for double dipping; tax relief at both ends: tax relief on the way to the store when acquiring the product or securing the benefit and then tax relief over the effective life of that depreciating asset. This is about avoiding an area where there has been some double dipping.

These are important measures. Most importantly, they are at the very heart of this government's commitment to deliver a \$21 billion surplus. Speakers on the other side asked the question, 'Why is this so urgent'? It is urgent because we need to not only implement the election commitments that we took to the people last November but also ensure that we secure and preserve that \$21 billion surplus. Those on the other side have

all manner of plans to raid the surplus—\$8 billion would already have been squandered on the 5c a litre reduction in excise had they been over on this side. Yet, they have not identified one saving. They oppose most of our integrity measures that will raise revenue. It does not add up: \$8 billion of spending and additional items where they choose not to achieve the savings that we are achieving.

Mr Robert interjecting—

Mr BRADBURY—The member from the other side, who no doubt will have the opportunity in a minute to lay his economic credentials bare on the table, has said that those on this side, and our economic credentials, are not up to the job of managing this economy. The only credible claim that those on the other side ever had before the Australian people as to why they should have been given an opportunity to manage this nation's finances was that, on occasions, they had actually run the economy in reasonable shape. But what we have seen, in recent years in particular, is out of control spending. It is not enough for these people to have spent all that money that they did trying to get re-elected. Now, having had the burden of government lifted from their shoulders, there are no constraints. It is a 'spendathon'. It is 'another day, another dollar' when it comes to spending. They will throw money at anything.

The reality is that the Leader of the Opposition is in such dire straits that he knows that whatever promises he makes at this point in time he will not have to deliver, because his timetable is not the next election, it is the next day, the next week—it is making sure that the shadow Treasurer behind him looking over his shoulder takes a little bit of pressure off and does not go in for the kill. I support the proposals. These are important integrity measures. Those people committed

to cracking down on the lurk and the loophole will stand up to be counted on this legislation, and I have a sneaking suspicion that history will repeat itself in that regard.

Mr ROBERT (Fadden) (6.25 pm)—I stand to make a few comments on this piece of legislation, to reiterate my view and to support the amendment put forward by the member for Stirling, Rene Magritte, who was a famous Belgian surrealist artist, once said:

Everything we see hides another thing, we always want to see what is hidden by what we see. There is an interest in that which is hidden ...

The surrealist artist is correct because Labor, in a particularly surreal moment, almost analogous to the clocks painted by the artist Salvador Dali, hid a whole range of bills, coming forward last night at 7 pm and dumping them on the floor of the House for the second reading. Whatever is rushed has something to hide. In complete deference to the member for Lindsay, it is interesting to look at the history of this. The member for Lindsay came out and said that this was not rushed and this was not new. Well, let us look at the facts.

In 2007, a total of 168 bills were introduced into the House, including 14 from the Senate. It is a well-established convention that bills are not debated in the week that they are introduced to allow the various political parties and independents time to scrutinise the legislation and take it through an internal party process. Of the 168 bills introduced in 2007, only 11 were introduced and passed in the same week. Labor wants these four bills and this one passed in the same day. Last year, only 11 of the 168 bills were passed in the same week. Five bills comprised the package of legislation to establish the Northern Territory emergency intervention, three related to welfare support payments required before the end of the financial year—including a bill related to pen-

sions for war veterans—one related to the Australian Crime Commission, one was to establish the superannuation co-contribution scheme before the end of the financial year and the final bill was to introduce the safety net for workplace relations.

In all but one instance when it broke with convention, the Howard government made an argument of extreme urgency and ensured the Senate was sitting to facilitate urgent consideration by both chambers. The Senate is not sitting this week, my Labor colleagues. It is not sitting, and the Rudd government has sought to introduce, debate and pass 10 bills this week, including a number today. Last year, of the 168 bills, only 11 were passed in the same week. All but one stayed within convention, and all of them were passed at a time when the Senate was sitting. Now this government wants to put 10 bills through when the Senate is not sitting. They have said, 'We don't care about convention and we are not interested in ensuring that there is proper scrutiny and proper accountability', even though this fraud, this farce, this con called Rudd went to the Australian people and said, 'I believe in a new era of independence. I believe in accountability and in new standards'. And what does he do? What is the first act that he puts forward? An act of tyranny on the parliament that says, 'I will put 10 bills through in the same week. I will give no warning. I will give no notice. I want them all done and all dusted even though the Senate is not sitting'. And get this: there are no grounds for urgency in any of this. The House is sitting again next week—therefore there is time to consider these bills in detail. Even if this plethora of bills—these 10 that demand the parliament's absolute and undivided attention now—were passed today, the bills cannot be introduced in the Senate until 16 June at the earliest. Even then, bills are still subject to referral to a Senate committee. If the referral is made,

the Senate will be unable to debate the bills until the report is tabled as no legislative committee can meet when the Senate sits, under Senate standing orders. Any bills sent to committee cannot be debated before resumption of the Senate on 26 August.

This is not about urgency. This has nothing to do with urgency. If this legislation were genuinely urgent, if these 10 bills that this government rushed through last night and demanded the House look at were indeed urgent, the Senate would be sitting. But they are not. And the Senate will not be sitting again until 16 June. That only leads me to one conclusion: this is all about diverting the attention of the media away from petrol and the government's failure to guarantee that Australian motorists will not be worse off after the introduction of Fuelwatch—or, as the Australian people are now calling it, 'Foolwatch'. This is about a government that cannot guarantee that no-one will be worse off. It is a government that is consumed by spin. It is a government that is hopelessly trying to cover the fact that, at the Adelaide declaration, the Prime Minister stood there and told the Australian people: 'There is nothing more I can do.' The Prime Minister stood up, held the white flag high and admitted defeat. Where I come from, and with a military background, we do not admit defeat—we fight until the very end. This Prime Minister is an example of all that is disgraceful in running up the white flag. So, here we have it, one of these 10 notorious bills that demand such urgency, even though the Senate is not sitting. That, government, is a joke.

The Tax Laws Amendment (Budget Measures) Bill 2008—let us call it the FBT bill—is a classic Labor Party budget measure. It is an increase in taxes that will hurt Australian workers and employees, all lumped up and disguised, wrapped with a pretty red ribbon in a box called 'closing loopholes'. According to Treasury's own

estimates, this will deliver \$1.3 billion over the forward estimates to government coffers. So why don't we just call this what it so patently and obviously is: a grab for tax. Why wrap it up into something that it is not? Why try the chameleon effect? Why not call it what it is?

This bill only strengthens my view, and undoubtedly the views of most small business owners throughout the country, that Labor does not care about small business, it does not understand small business and it does not appreciate the contribution that small business makes to the economy. I represent the hardworking men and women of Fadden, on the northern Gold Coast. Fadden is one of three electorates that cover the Gold Coast. And the Gold Coast, as we know, has more small to medium enterprises than any area of commensurable population in the country. So I can say with some authority that I stand here and represent small to medium enterprises. And let me give you the drum: they are not impressed.

Let us look at the software changes. This bill increases the period over which taxpayers write off for tax purposes depreciable purchased and in-house developed software, but it changes from 2½ to four years. This effectively reduces the rate of depreciation from 40 per cent per annum, excepting the third half-year, to 25 per cent per year. Expenditure for in-house computer software is incurred by acquiring, developing or having someone else develop computer software. But it also includes off-the-shelf purchases. The change took effect on 13 May. There was no warning for the software industry. There was no: 'Let's look at global competitiveness; let's us look at your research and development; let's look at what's best for the industry—for companies and small to medium enterprises.' There was none of that. In an act of unilateralism, it was just in the budget and bang! It was stopped.

In absolute deference to the member for Lindsay, I am IT literate. I have a masters degree in IT and founded, with a colleague, a company in IT contracting and recruiting. I have a fairly good idea of how IT actually works. And it does not take a genius to realise that four years is an enormous length of time for software to remain current. This is a measure that stifles efficiency in small business, and will no doubt be reflected in labour productivity figures as Australian business finds itself behind the eight ball while our international competitors continue to be encouraged to innovate and use technology to develop and deliver economic growth. The most bewildering thing about these measures is that straight-line depreciation, used when deducting the cost of software to business, would deliver the same depreciation figures over time as the previous measure, though it would take four years, not 2½ years. So, previously, business over 2½ years would depreciate their software. Now it is going to take four years. They will lose 1½ years of deductible expenses that they would have used to reinvest in their business for research and development, for employee share options, for employee benefits or for a whole range of initiatives they might take. Small to medium businesses across Australia have now lost 1½ years of expenses that they could use to build their business. And, generally, when it comes to software, depreciation allows businesses to build extra modules, to put in extra enhancements for their software and to make themselves more competitive. They now have to wait 1½ years longer to realise the full expense deduction of that depreciation. We are deferring tax deductions rather than reducing them.

This is a tax on small business. Let us call it what it is. Let us look in the mirror unashamedly and call this what it is: a grab for tax. This government are saying to small and medium enterprises, to the member for Mon-

crieff—who I note is at the table—to my electorate of Fadden and to the Gold Coast, which has the largest number of small to medium enterprises: ‘We are going to defer 1½ years of deductions so that we the government can keep the money and earn interest. Sorry, you can’t claim those deductions for a further year and a half. We’re sorry you have missed out on the expense claims that you are due, that you can’t reinvest that to make yourselves more internationally competitive, that you can’t invest that in R&D, because we, a Labor government that have no idea about small business, want to take it off you.’

That point is indicative of the changes put forward by a rudderless government. They do not understand the importance to the Australian economy of workplaces maintaining their international competitiveness and productivity. The really odd thing is that reducing the time to depreciate software in itself can be inflationary, in that software costs impact on every part of business life. Everything runs on software. You cannot get on an escalator, get in an elevator, go through an automatic door or get into a cab that uses automatic billing systems without having software running on it. If a business cannot realise depreciation on its software in 2½ years, if it cannot realise the expense deductions, it will be forced to pass those costs of business on to consumers, which results in—wait for it—higher prices, and higher prices equals inflation. It is absolutely staggering that the ‘happy member for Lilley’, who rolled out ‘Australians are happy’ and who has a war on inflation—because apparently the inflation genie is out of the bottle—said, in an act of absolute economic lunacy, a day before the Reserve Bank raised interest rates, that he would change something to actually put inflationary pressure on the economy.

Small business is not impressed. Once again this government has let small business down. I remind the government that small

business employs 50 per cent of Australians. Fifty per cent of Australians are employed by small business, yet this government says to small business: 'We're sorry—we don't care that the change from 2½ to four years depreciation for software will have an inflationary impact, will cause you to raise prices and will make it more difficult economically for you.' This is appalling—absolutely appalling.

I move on to electronic equipment. Electronic equipment is given an FBT exception but it now has to satisfy a concept: used primarily for work purposes. The test is a subjective one, for which no clear guidance is given by the government. The government rush this legislation through, even though the Senate cannot look at it until 16 June—or until the end of August if, indeed, it goes to inquiry. It was so urgent that it had to come before the House. The government have given no clear guidance on what 'used primarily for work purposes' means.

Employers, and especially small to medium enterprises, have no choice now but to have more administration and more paperwork to ensure the test is met, to ensure they can work through an audit process if audited and to ensure they have appropriate means of substantiating the use of the exemption. In an environment where governments are supposedly trying to reduce the compliance and administration burdens of taxes on business, it is disappointing that the proposed amendment is going to cause more administration for businesses. Indeed, given the subjective nature of this test, businesses may be risking FBT exposure by adopting a particular position and may be forced to pay FBT on the item merely to avoid the risk of such exposure.

Companies can allow employees to salary sacrifice communications equipment, including laptops, for work purposes, but there is

no guidance given, so how do we know what it is? If the laptop is at home to allow the employee to log into the systems at night for half an hour and the rest of the time the kids use it, is that primarily for work purposes? If you use the test of hours used, the answer is no. If you look at the test of the impact on the business of an employee who happens to be a systems administrator and is only one of seven administrators for a major bank and who has to move in because there is a problem with cheque clearances that might cost a bank \$2 million if they do not make the short-term money market, may I suggest the business imperative argument is a sound yes. But it is impossible to determine whether it is an hours-used or a business-imperative argument, because this government has not bothered to work through the unintended consequences and decide the rules on what 'used primarily for work purposes' actually means.

This is appallingly sloppy legislation. This government had 11 years in opposition—11 years to put together a legislative agenda that actually makes sense, and what do we get? We get nonsense bills like this, rushed through last night. Ten bills in the same week that apparently have to be dealt with because of the urgency, even though the Senate does not sit until 16 June. Last year there were 168 bills and 11 were introduced in a week. The Senate was sitting and they did not break the convention, except one time. That is the history; that is the convention. The fact is that this is what this government has done. This government stands condemned.

Mrs D'Ath interjecting—

Mr ROBERT—The member for Petrie may find it completely amusing, as she is an industrial advocate only with experience in screwing small business over, not actually working with them, assisting them or helping them. But let me give you the drum, member

for Petrie: small business is not impressed. They are not impressed by this government. They think this government is a fraud, they think it is a con, and they think this bill should be shot down.

Mr GRIFFIN (Bruce—Minister for Veterans' Affairs) (6.44 pm)—I am blushing at that last entry from the member for Fadden. I thank the honourable members who have made a contribution to this debate on the Tax Laws Amendment (Budget Measures) Bill 2008. This bill makes important improvements to the tax law. It improves the fairness and integrity of the fringe benefits tax system, it restores the intent of the tax treatment of employee share scheme arrangements, and it aligns the period over which taxpayers can write off depreciable in-house software with that for computer hardware. These measures are part of a budget that has delivered significant reform of tax expenditures to improve productivity, fairness and integrity in the tax system. The amendments in this bill help contribute to funding the government's key priorities for the future.

The revenue raised from the increase in the luxury car taxes helps contribute to a strong surplus for 2008-09 of \$21.7 billion or 1.8 per cent of GDP. Such a strong surplus is needed to fight inflation, which has risen to a 16-year high, and to put downward pressure on interest rates. The spendaholics opposite do not understand the importance of a strong surplus to the fight against inflation. They do not understand that some Australians who are doing very well should be asked to bear a greater burden in the fight against inflation. The government want to know where the opposition stands on responsible budgeting. We want to know whether this is part of their \$22 billion raid on the surplus. The government also want to know whether they understand that there is an inflation challenge. We have had to take the tough decisions to fund long-term investment in the infrastructure,

education and training, and health and hospital needs of the nation. They do not understand that you cannot keep spending without knowing where the money is coming from. Now they want to punch a \$22 billion hole in the surplus that we need to fight inflation. We should not be surprised. They are absolutely addicted to the type of reckless spending that has given Australia an inflation problem. They cannot resist a good \$22 billion raid on the surplus; old habits die hard. I want to issue this challenge to the Leader of the Opposition and the member for Wentworth. I challenge them to change their ways. I challenge them to say which programs would be cut to pay for their \$22 billion raid on the surplus. I challenge them, for once in their political lives, to choose economic responsibility over short-term political opportunism. I challenge them to support this responsible measure and join us in the fight against inflation.

The DEPUTY SPEAKER (Ms JA Saffin)—The original question was that this bill be now read a second time. To this the honourable member for Stirling has moved as an amendment that all words after 'That' be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Question agreed to.

Original question agreed to.

Bill read a second time.

Third Reading

Mr GRIFFIN (Bruce—Minister for Veterans' Affairs) (6.47 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**TAX LAWS AMENDMENT
(MEDICARE LEVY AND MEDICARE
LEVY SURCHARGE) BILL 2008**

Second Reading

Debate resumed from 27 May, on motion by **Mr Swan**:

That this bill be now read a second time.

Mr KEENAN (Stirling) (6.48 pm)—I will be brief in light of the fact that the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2008 relates to another bill that the House will be debating once we have dispensed with this. These bills are related, and it is a little difficult to see why the government has chosen to debate them separately tonight.

It is just another one of the outrageous measures that we have seen today which show absolute contempt for this parliament and therefore contempt for the Australian people who elect their representatives to this chamber. What we have seen is a government that is totally off message as a result of the failure to fulfil their promises to the Australian people to bring down fuel prices. I see there has been another revelation tonight on Channel 9 by veteran reporter Laurie Oakes further exposing the divisions within the government and within cabinet. Of course, what we find is that they are desperate to try to change the story, so they come into this place and decide they are just going to ram through legislation in a way we never would have done when we were in government. They have no respect for this parliament, and therefore I believe they do not respect my constituents in Stirling or the constituents of the member for Moncrieff. It is very clear that the opposition oppose measures contained within this budget in relation to the Medicare levy surcharge, but we will be outlining our reasons for that in the debate on this subsequent bill. I will therefore let the

business of the House proceed and move on to that.

Mr CHEESEMAN (Corangamite) (6.50 pm)—Thank you, Madam Deputy Speaker Saffin; it is a great honour to speak in front of you. Yet again Labor has done the right thing by working families. Increasing the Medicare levy surcharge thresholds to \$100,000 for individuals and \$150,000 for families from 1 July 2008 will be yet another measure to take the pressure off working families. This measure, like our tax cuts, like our education support measures and like axing WorkChoices, will help working families. The guts of this issue are this: as a result of this change, many individuals will be up to \$1,000 a year better off and couples will be up to \$1,500 better off, and the 400,000 Australians without private health insurance who were being hit with this unfair tax will receive immediate tax relief. There are 400,000 Australians who will be better off under this budget measure.

Within my own electorate of Corangamite, this measure will have a very significant impact. Let's have a look at what it will do in Corangamite. Based on calculations using census data, approximately 4,100 families will directly benefit from this measure. These local Corangamite families will be up to \$1,500 a year better off—\$1,500 is enough to pay for sporting fees for kids for a year for an average family. It is a lot of money for the average working family, and I think it is something the opposition just don't get. It is about immediate financial relief to working families, and there are thousands of families in my own electorate alone.

But there is another issue at play here: the issue of choice. The decision provides Australians with more health choices. As we know, Liberal tradition is supposed to be all about choice. The Liberal theory was all about individuals of free will exercising

choice. Today, as indicated by this debate, we know the Liberals have abandoned their tradition yet again. They have abandoned choice, just like they have abandoned working families. Our government supports working people and believes Australians deserve a real choice when it comes to their health care.

There are a couple of other historic things I want to point out about this measure. Firstly, it is about 10 years since the Medicare threshold was moved. The threshold has been frozen for a decade. When most other similar measures have been adjusted for changing circumstances, time has stood still on this one. In a way, it has mimicked the Liberals. It has moved about as far as the member for Higgins's leadership bid, and that is nowhere. The only difference is that this has not been frozen by fear; it has been frozen because of Liberal policy paralysis.

Mr Ciobo—Madam Deputy Speaker, I rise on a point of order. I ask you to draw the speaker back to the substance of the bill, although he has basically no contribution to make on the bill. It would be better if he sat down rather than carry on with this kind of material.

Mr CHEESEMAN—We all know the former Treasurer is now frozen again, this time at the end of a plank. Will he jump, or will he crawl back onboard, grab a cutlass and join the other cutthroats on the Liberal ship? This Labor government, in contrast to the mutineers on the other side—

Mr Ciobo—Madam Deputy Speaker, I rise on a point of order. I appreciate the speaker's swashbuckling adventures, but it is very clear that this is not relevant to this bill. I ask you to make the speaker relevant.

The DEPUTY SPEAKER (Ms JA Saffin)—In this place we engage in robust debate, and that is what has been going on on both sides. The member for Corangamite

may continue, and I remind the member to speak to the bill at hand.

Mr CHEESEMAN—This Labor government, in contrast to the mutineers on the other side, is working with the states and territories to turn around our public health system. We are totally committed to the public health system and Medicare, something that the others are not. We are investing an additional \$1 billion over the next 12 months through the Australian healthcare agreements and an additional \$600 million for those on elective surgery waiting lists. That is part of a broader \$3.2 billion investment in health and hospitals in this year's budget aimed at improving the quality of our hospitals and at keeping people well and out of hospital.

Those on the other side really are having a lend when they attack us for funding health. I ask: what did they think the impact would be when they sliced around \$1 billion out of our hospitals budget in 2003? We are the party that believe in looking after the health of all Australians, not just those who can afford it, and in doing what we can to take pressure off working families.

I have read the concerns from insurers about growing outlays. It is not unusual to hear these concerns, and it is not surprising that health businesses would bring this to the fore in protecting their turf and their market share. The truth is I cannot remember ever having heard insurers say outlays might be normal in any one calendar year. But the fact is that outlays paid by insurers have decreased over the past decade from around 87 per cent to 82 per cent, which is a drop of five per cent. I have not heard that fact widely disseminated in the media by the industry recently. Realistically, while the participation rate may be lower in the short term, this also results in lower benefit outlays for the insurers.

The underlying growth in private health insurance coverage over the next four years is expected to more than account for the loss in coverage from the surcharge threshold increase. While benefits paid are a significant contributor to private health insurance premiums, the amount of benefits paid does not give the whole picture of the financial position of the insurer and the ongoing need for premium increases. For example, it does not take into account investment income, management expenses, contribution income and membership growth. It is important when making decisions to take into account the complete picture, and that is what our government has done.

It is very important that decisions are made on facts not flummery, and in this debate we have had a lot of flummery. Here is just one example. We have recently had two different estimates from the AHIA chief executive, Michael Armitage, of the number of people who will opt out of private health insurance. The estimates came a week apart. One said 400,000 and the other said 900,000. That is a margin of error of 125 per cent. I note that one of these estimates came from research by the well-known firm Crosby Textor. Let us hope they do not allow this margin of error in their election polling for the Liberal Party, or maybe that is the explanation for the debacle when the Liberals took their policies to the Australian people last year. Of course, there are other reports on the private health insurance industry impacts, a number of which greatly undercut and discredit the opposition's fearmongering and exaggerated assertions on this issue.

We absolutely support the private health insurance rebates; we always said we did. We want to give people incentives to take out private health insurance, not whack them with a big tax slug when they cannot afford it. Labor is committed to decent health care

for all Australians. In addition to our other commitments to health and hospitals, including an additional \$1 billion for hospitals this year, we have committed to: up to \$600 million to clear elective surgery waiting lists; another \$780 million for dental health; \$275 million for GP superclinics; and the establishment of a Health and Hospitals Fund, which demonstrates the government's commitment in partnership with state and territory governments to equipping Australia's health and hospital system for the future. Labor is a party of more investment in health care. The Liberals are a party that loathe Medicare. For years they tried to axe it. They would still like to do it, and they would do it only that Medicare is incredibly popular with Australians. Labor is the party that brought in universal health care and a system to which the rest of the world looks as a model.

Mr Keenan—Madam Deputy Speaker, I rise on a point of order going to relevance. This bill is about 1½ pages long. The second reading speech on it was three paragraphs long. I have a feeling that this member might think he is actually debating the bill that is coming on.

The DEPUTY SPEAKER (Ms JA Saffin)—Could the member tell me what his point of order is?

Mr Keenan—It goes to relevance.

Mr Griffin—Madam Deputy Speaker, I rise on a point of order. This bill relates to issues around taxation laws and Medicare levy surcharges. The bottom line is that the member is entirely relevant and the shadow minister should sit down.

The DEPUTY SPEAKER—The fact that a bill might be one page long and the second reading speech three paragraphs long does not give credence to the point of order.

Mr Ciobo—Madam Deputy Speaker, I rise on a point of order. Standing order 77 is

very clear on this. This debate is an anticipation of the next listed matter of government business. It is not the opposition's fault if the government is unable to work out whether or not a debate should be cognate. Under standing order 77—

The DEPUTY SPEAKER—Would the member for Moncrieff please take his seat.

Mr Price—Madam Deputy Speaker, could I draw to your attention that the anticipation rule was removed by the coalition in the last parliament. There is no anticipation rule in the standing orders.

The DEPUTY SPEAKER—There is no point of order. Speaking on relevance: the title of the bill is Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2008. When we are dealing with relevance, the first point of reference that I have to go to is the title. The comments that the member is making in his contribution are being directed to that. It is a robust chamber. We do engage in wide-ranging debate and there is latitude on both sides. There is no point of order.

Mr CHEESEMAN—Once again, we see the Liberal Party over there trying to hide their true intention, which is to strip back the right of working Australians to access a free health system. Nevertheless, this is a taxation arrangement that I strongly support. I have highlighted, significantly, the impact that this will have in my electorate. It will have a very positive impact in my electorate. I know that people on this side of the House very much look forward to the significant savings for working families and to the opportunity for real, genuine choice—a principle that we on this side of the House strongly support. I am very pleased to be able to articulate to the House my views on this issue.

Mr RIPOLL (Oxley) (7.03 pm)—It is a great pleasure for me to speak briefly on the Tax Laws Amendment (Medicare Levy and

Medicare Levy Surcharge) Bill 2008 because this is all good news. The amendments in this bill are all good news and will do some very good things in terms of thresholds and the Medicare levy. That will mean a lot to a whole range of consumers who expected Labor to do this on coming in, because this is a fulfilment of an election promise. Can I note on the importance of this bill that the Liberal Party takes it so seriously that they have just one speaker.

Mr Keenan—Madam Deputy Speaker, I rise on a point of order.

Mr RIPOLL—How can there be a point of order?

Mr Keenan—Madam Deputy Speaker, we are discussing a bill that is 1½ pages long and that essentially just changes some very—

The DEPUTY SPEAKER (Ms JA Saffin)—Would the member for Stirling take his seat.

Mr Keenan—Madam Deputy Speaker, these bills should have been debated in a cognate way if this was to be freewheeling discussion about the Medicare surcharge.

The DEPUTY SPEAKER—Would the member for Stirling take his seat. Member for Oxley, continue and just be mindful of title of the bill.

Mr RIPOLL—Always, Madam Deputy Speaker. As I said—(*Quorum formed*) I have to thank the opposition for bringing in an audience for me. I always appreciate that; it certainly does make speaking in here a lot more fun. It is a bit rich of the Liberal Party to come in here and complain about the amount of time they have to speak on bills, about democracy, about being heard out, about not being gagged and about getting enough speakers, but when somebody from the government stands up to speak on a perfectly legitimate bill, they try to shut us

down. Calling quorums on people trying to speak on the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2004 is a little bit too rich.

The important thing about the bill is that it brings into line some very important issues: readjusting thresholds and making sure that the right people are paying the right amount when it comes to levies and surcharges, and that people are not being disadvantaged by either the Medicare levy or the Medicare levy surcharge. This bill brings into line the low-income thresholds and the Medicare levy surcharge provisions, and they will be increased in line with the consumer price index. These increases will apply to 2007-08 and later income years as well. It also makes sure those thresholds are aligned for individuals as well as for families.

As people understand, the Medicare levy is imposed at a flat rate of 1.5 per cent on a resident's entire taxable income. However, low-income earners are not liable for the Medicare levy. In addition, a person does not pay the full 1.5 per cent rate of Medicare levy once their income exceeds that relevant threshold. What we have done in our amendments is to make sure that those thresholds and levies are at the right position. Low-income individuals and families will continue to be exempt from the Medicare levy or surcharge. That means that because the Medicare levy thresholds have not been changed since 1997, this is a huge leap forward to catch up to where those levies ought to be. I will give an example: where those thresholds applied on incomes of \$50,000 for individuals and \$100,000 for couples without private health insurance, the Medicare levy surcharge threshold will be changed to \$100,000 for singles and \$150,000 for couples.

I know that these changes have attracted some criticism, although I think they are

very good quality moves. The criticism has come from the Australian Health Insurance Association and from the Australian Medical Association. They have expressed concerns that this may lead to a mass exodus of people from private health insurance schemes and that, in turn, it will stretch the public hospital system. I assure them that while some people may exit the private health insurance system because of these changes, it is a proper readjustment in terms of the impost that was placed on those individuals in the first place. To say that it will stretch the public hospital system is without base. The reality is that there are a whole range of people who are in private health insurance, particularly young people, who are only there because of penalties they otherwise might face. They take out the very minimum of cover so they do not have to pay the surcharge based on their income, and then take out a copayment system where they are trying to get upfront benefits for that. So there is no real win in it for them or for the private health insurance companies. This will realign those systems to be a proper reflection of where they should be. It is also an advantage that will increase the Medicare levy low-income threshold for pensioners below age pension to ensure that they will not incur a Medicare levy liability where they do not have an income tax liability. This will happen from this budget forward.

As I said, I did not want to speak long on this bill but just make a number of points. This bill is good policy, it is keeping the commitment that Labor made prior to the election and it is a readjustment—something that is long overdue, something that the previous government should have done a long time ago and did not do. We will be very keen to follow through on these amendments. I would suggest that maybe the opposition look very closely at these amendments and support them. I would also suggest they

have a very close look at the way they are using interjections, using points of order that are not points of order, using quorums and whatever other mechanisms they think are available to them to disrupt debate and take away the opportunities of government members in this place to have a fair and open hearing—something that this opposition was very good at when they were on this side.

Mr GRIFFIN (Bruce—Minister for Veterans' Affairs) (7.14 pm)—What can I say after that? I thank the members who have taken part in the debate, particularly the member for Oxley for, once again, a very erudite performance. We have been debating the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2008. These changes will ensure that low-income individuals and families will continue to be exempt from the Medicare levy or surcharge. This bill will increase the Medicare levy low-income thresholds for individuals and families in line with increases in the consumer price index. The low-income threshold in the Medicare levy surcharge provisions will similarly be increased. The bill will also increase the Medicare levy threshold for pensioners below age pension age to ensure that, where these pensioners do not have an income tax liability, they will also not have a Medicare levy liability. The amendments will apply to the 2007-08 year of income and later income years. I note that indexation of the Medicare levy has enjoyed bipartisan support for a number of years. I again would like to thank those who have participated in this debate. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Third Reading

Mr GRIFFIN (Bruce—Minister for Veterans' Affairs) (7.14 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

TAX LAWS AMENDMENT (MEDICARE LEVY SURCHARGE THRESHOLDS) BILL 2008

Second Reading

Debate resumed from 27 May, on motion by **Mr Bowen**:

That this bill be now read a second time.

Mr HOCKEY (North Sydney) (7.16 pm)—The coalition is an advocate of choice for Australians. That is why in government the coalition was, and still remains, committed to private health insurance. We are committed to increasing healthcare choices for Australians and to taking the burden off the state-run, dysfunctional public hospital system. In government the coalition used three pillars of key policy reform to improve the uptake of private health insurance. These are the private health insurance rebate, the Medicare levy surcharge and Lifetime Health Cover. I will now explain these policies in full and show how they have changed the healthcare landscape for Australians. This will enable me to highlight how this government's policy vandalism threatens the very delicate balance between public and private health care that has been built up over the last decade and a half.

When we came to office in 1996, health fund membership was around 35 per cent and falling fast after 13 years of Labor neglect. Quick steps were needed to halt the slide and turn it around. In 1997, the then coalition government introduced the Medicare levy surcharge. The Medicare levy surcharge, or MLS, is an additional one per cent surcharge of taxable income. It is imposed on those earning above a certain threshold income who are eligible for Medicare but who do not have hospital insurance with a registered health insurer. The MLS is in addition

to the normal 1.5 per cent Medicare levy. As is now well known, the income thresholds above which the MLS kicks in are currently set at \$50,000 for singles and \$100,000 for families. It is an incentive for those who can afford to contribute to their own health care to take out private health insurance and alleviate some of the pressure on the public hospital system. This measure had an immediate impact on the number of Australians prepared to take out private health insurance. It set in train a pattern of increases in memberships that has continued to this day, but it is part of a wider package.

In January 1999, the government introduced the 30 per cent private health insurance rebate. In return for making a big contribution to the cost of their own health care, the coalition subsidised almost one-third of the total private health insurance premiums of Australians. In 2004 we introduced loadings on the rebates for older Australians. The amendment saw the rebate increase from 30 per cent to 35 per cent for persons aged 65 to 69 and 40 per cent for persons aged 70 and over. This measure again saw a further increase in the uptake of private health insurance, but the coalition recognised the need to do more.

Therefore the third pillar, Lifetime Health Cover, was introduced in July 2000. This measure made it worth people's while to join health funds earlier and to remain members. Under Lifetime Health Cover, Australians aged over 30 who remained uninsured after July 2000 had their future insurance premiums subject to a two per cent surcharge for each year of age they remained uncovered. So, for example, a person aged 40 who purchased health insurance for the first time in 2004 became subject to a 20 per cent surcharge on their current and future premiums. This is the difference between the age of 30, which the lifetime health cover sets as the base, and the actual age of assumption of

cover. If this same person delayed purchasing health insurance for a further 10 years, the surcharge would grow to 40 per cent. The Lifetime Health Cover surcharge is capped at a maximum loading of 70 per cent and Australians born prior to 1934 are exempt. In addition, people in Lifetime Health Cover can take a two-year period of absence without incurring a higher premium.

Together these policy pillars led to the highest number of Australians in private health insurance in the history of the country. From less than one in three in 1998 it is now almost one in two. Indeed, on the Friday of budget week the latest data from the Private Health Insurance Administration Council showed that 9.477 million Australians, or 44.6 per cent of the population, were covered by private health hospital cover. That is almost 10 million Australians who have willingly given themselves a choice of hospital and doctor when they need treatment and care. Significantly, in the 12 months from March 2007, the biggest growth of any age group was among 25- to 29-year-olds with an increase of 57,500 people. That week the Minister for Health and Ageing saw fit to issue a press release about members of parliament participating in Australia's Biggest Morning Tea. Of course the minister said absolutely nothing about this great piece of news. It is no wonder; she must be embarrassed and ashamed that, because of what her government is doing, it will never be the same again.

Let me now turn to that act of policy vandalism. On 13 May the government handed down its first budget, but the Treasurer gave the game away the weekend before. The government announced plans to revise the Medicare levy surcharge thresholds to \$100,000 for singles and \$150,000 for couples and families. To grab a pre-budget headline it was dressed up by the Treasurer as a Robin Hood style tax handback to battlers. In

reality it is another revenue raiser tipped to save \$960 million in rebates over four years to a government trying desperately to rein in its immense expenditure. All the more evidence that this is a savings grab, and it is not really savings; it is a tax grab, cutting spending on the private health insurance rebate that conveniently slots into Labor's anti-private health ideology. It is the announcement, in case we ever doubted it, that this government does not really believe in private health care. This government announced that it does not believe in private health insurance in a speech delivered at that time.

Through this measure the government has breached election promises to leave private health alone. What the Prime Minister, Treasurer and Minister for Health and Ageing are saying to you and me is that private health insurance is a waste of money, that it is not worth having, that the only way to get good health care is through the public system. What dangerous ideological tosh. Australia is a wealthy country. We can afford to provide high-level health care to those who cannot afford to pay for it themselves. But those who can afford to contribute to their own health care should be urged to do so. This ensures a fair, high-quality healthcare system for those who need it. To suggest that the Australian government can provide high-quality hospital care without a significant co-contribution of a private healthcare sector is misleading.

Here in Australia we have a counterbalance system of private and public health care. Private hospitals currently provide almost 60 per cent of hospital admissions, and not just for simple procedures and operations. The growth rate of private admissions has well outstripped that of public admissions since Lifetime Health Cover completed the private health insurance rescue mission in 2000. Several years ago Professor Ian Harper of the Melbourne Business School

and Chris Murphy of Econtech calculated that every dollar spent on the rebate brings in two dollars of private health spending. That is two dollars of public money that does not have to be spent. It is not a bad deal, really. State premiers and ministers have been queueing up since the Treasurer's announcement only a few weeks ago demanding hundreds of millions of dollars of extra funding for the anticipated surge in public hospital demand.

State Labor premiers demanding compensation speaks volumes. This is because, if passed, this measure will see a dramatic decline in private health insurance membership numbers in this country and less choice for Australians. It is not hard to predict who will be the first to drop out of insurance: people who feel they are not getting an immediate pay-off for staying with health insurance. Many Australian families are hurting. Petrol and grocery prices have never been higher, mortgages are sucking up more and more of the household income. With incentives to retain private health insurance under attack, many young, fit Australians will move to drop their private health insurance coverage. With large losses of good-risk members the whole sector becomes less viable. Its policies become unaffordable, the range of products becomes narrower and less relevant to consumers, and the death spiral is back. Indeed, Access Economics predicts a snowball effect. Their report forecasts higher premiums, which will see more people driven from private health insurance, because the incentives to stay with this product are being pared back.

This measure comes at a difficult time for insurance generally. While premiums are important to the ongoing viability of the private health insurance industry, the main source of revenue is investments. Roughly half the income of insurance firms comes from investments in the stock market and

property and various other financial instruments. The stock market corrections both here and overseas and the slowdown of the property market have seen and will see incomes for prudential entities fall. Currently the health industry's net margin is 5.6 per cent. Raising the Medicare surcharge levy will put a lot of pressure on funds' reserves and hence their investment portfolios to cover the gaps left by departing members. The only publicly listed health insurance company is NIB. The Monday after the member for Gellibrand announced the intended MLS changes in the media, the company's listed share price tumbled to a 52-week low. It is now trading at half its former share price. This is a measure of the confidence of the market in the effect this measure will have on the sustainability of private health insurance. The effect of the announcement on private hospital shares was just as bad, as the market knows they depend very significantly on insured patients using their facilities.

There is no doubt that the private health insurance industry is generally offering a high-quality product with good choice for Australians. Just a look at some of the high-cost claims paid by funds shows how well they do. But the industry must continue to strive for efficiency and relevance, and I urge insurers to keep innovating around their products and services, in particular to introduce the broader health cover made possible by the 2007 reforms. If good risk members see true value for themselves then they may well keep their cover, even though it will become more expensive under this government. But this measure will undermine the industry as a whole. One of the reasons that Labor has fastened onto this measure is that private health insurers are a politically soft target. They may not be regarded as the most popular of all industries. However, like most forms of business, health funds can always

do some things better. But this is not just about private health insurance; it is about the long-term viability of what private health insurance purchases—that is, access to private hospitals, choice of doctor and hospital, timely access to the best hospital care and, thanks to the reforms introduced by the coalition last year, better access to early intervention, chronic care management and hospital in the home type services.

This measure will place an enormous financial burden on the public hospital system. Hospitals in this country are under strain. Today's *Sydney Morning Herald* reports the story of two-year-old Zara. She suffers from cerebral palsy and vomits six times a day. The constant vomiting is not only distressing but is giving her pneumonia as the vomit goes down the wrong tube into the lungs. This condition could be fixed by surgery, but Zara's surgery was cancelled for the third time yesterday after waiting around at the hospital all day. How will adding more people to the waiting lists at public hospitals help little girls like Zara?

What about people like 28-year-old Chris Planer? Chris contracted carcinoma on the floor of his nose and the roof of his mouth. After surviving a gruelling 16-hour operation and basically having his face reconstructed, Chris needed reconstructive dental therapy. Contrary to the statements made in this chamber by the member for Gellibrand that Chris would not qualify for the coalition's Medicare dental, Chris was lucky enough to get his treatment before the scheme was axed by the Rudd government. People like Mr Planer have now been delivered a double whammy by this government. With access to private health insurance under threat, how will they access dental care? Not through Medicare. That has been dismantled—dismantled, might I add, by a minister who did not even understand the system she was attacking. Instead, people like Mr Planer will

have to rely once again on the state dental clinics.

Public hospitals are staffed by high-quality professionals, but they retain long waiting lists for surgery and for specialist visits. Access to allied health through the public system is limited. If Australians want access to dentists, physiotherapists, occupational therapists or dieticians, they will simply have to wait and wait and wait. Like all insurance, health insurance is a safety net for those who wish to have choice in how their health care is managed. It is the gateway to a wonderful private system which shares with the public sector the responsibility of meeting our healthcare needs. If private health insurance collapses, so will private health as a whole. It is that simple. At the end of the day, the public system will have to pick up what the private system is unable to deliver. That means longer queues at hospitals and greater strain on the public hospital system, with no solution yet offered by state Labor governments.

In contrast to Labor, the coalition stands for choice. This is a fundamental principle of the Liberal and National parties—the opportunity for individuals to choose the type of health cover that they want. We want private investment in our health care. We do not believe it wrong to provide strong incentives to encourage that participation and investment. The policy contained in this bill is bad policy for Australians. It will lead to higher private health insurance premiums. They will become known in the years ahead as the Rudd insurance premiums. We oppose this bill; we will vote against this bill. We look forward to the debate continuing in the other place but, ultimately, bad policy needs strong opposition, and we will oppose it all the way.

Mrs D'ATH (Petrie) (7.32 pm)—I rise in support of the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill 2008.

In supporting this bill, I do not question the merits of the Medicare levy surcharge, but I certainly do not agree with the member for North Sydney's comment that this is a strong incentive. What this bill seeks to do is to bring equity back into the system. The Medicare levy surcharge is levied on Australian taxpayers who do not have private health cover and who earn above a certain income. The surcharge aims to encourage individuals to take out private hospital cover and, where possible, to use the private health system to reduce the demand on the public health system.

The surcharge is calculated at one per cent of taxable income. This is in addition to the Medicare levy of 1½ per cent, which is paid by most Australian taxpayers. Currently the threshold is \$50,000 for individuals and \$100,000 for families. For example, for somebody on \$55,000 per annum one per cent equates to \$550, and for a couple on \$110,000 it equates to \$1,100. Although these figures are not insignificant for an individual or a family, realistically, at today's rates, private health insurance per annum would be greater. This being the case, it is unrealistic to assume that an individual or a family would choose to spend more to obtain private health insurance than they would otherwise pay with the Medicare levy surcharge for no other reason than to avoid paying this surcharge. The more probable situation is that people are choosing to invest in private health for reasons beyond avoiding the Medicare levy surcharge. The Medicare levy surcharge does act as an incentive, but not as the sole incentive, for moving to private health insurance.

Having said this, I say that what the Medicare levy surcharge does is to penalise people who can afford neither private health insurance nor the Medicare levy surcharge. When the Medicare levy surcharge was first introduced, the policy was targeted at high-

income earners. At that time, \$50,000 was considered a high income for an individual and \$100,000 was considered high for a combined income. However, just as the previous government remained stagnant and failed to move over the years, so did the Medicare levy surcharge. It just sat there, not moving. So, despite average weekly earnings having increased by nearly 50 per cent over the period from 1997-98 to 2007-08, the Howard government neglected the Australian people by failing to adjust the threshold on the Medicare levy surcharge. This left low-income individuals and families under ever-increasing pressure—and these are the families who, the previous government claimed, have never been better off. This is just another example of the previous government's failure to move with the times.

This bill is not about removing the incentive to join private health insurance. This bill is about ensuring that a scheme that was put in place over 10 years ago is adapted to suit changing circumstances. Just as my electorate saw a 21 per cent reduction in bulk-billing rates between 1996 and 2007 due to the neglect by the Howard government of health, the country has unnecessarily paid the cost of an inactive government on this surcharge. This bill seeks to rectify that neglect. It seeks to ensure that the original intent of the surcharge is honoured. When the surcharge was introduced by the previous government, the then Minister for Health and Family Services, Michael Wooldridge, said:

High income earners will be asked to pay a Medicare Levy surcharge if they do not have private health insurance ... These are the people who can afford to purchase health insurance ...

If the opposition seek to oppose this bill then they are saying that this surcharge is no longer targeted at high-income earners; it is now focused on everyday working families on low and middle incomes who are finding it increasingly tough to balance the rising

costs of living. This bill seeks to ensure that those individuals on wages between \$50,000 and \$100,000 are no longer penalised if they cannot afford private health insurance and those couples on combined incomes under \$150,000 are equally not penalised. These figures reflect what this government considers to be the threshold for the means test in many areas of our policies. It is an approach that we believe delivers consistency in our application of those policies. We also believe that these earnings are a more accurate reflection of what are considered high incomes in today's terms.

On the argument, however, that increasing the threshold for the Medicare levy surcharge will lead to a mass exodus from the private health system, I have already outlined one reason why that argument does not factually stand up. In most cases private health premiums are equal to or greater than the surcharge. In addition, there are still incentives for individuals and families to join private health insurance.

The private health insurance rebate still provides a government rebate of at least 30 per cent on the insurance costs. In addition, Lifetime Health Cover is an initiative that encourages people to join private health insurance by the time they are 31 years of age. To fail to join leads individuals to incur a significant premium that increases with age. It has already been acknowledged by the member for North Sydney that these are significant incentives.

Debate interrupted; adjournment proposed and negated.

Mrs D'ATH—As I was saying, the member for North Sydney has already acknowledged that the 30 per cent rebate and the Lifetime Health Cover are in fact significant incentives. I would suggest these are much greater incentives than the Medicare levy surcharge. On top of these incentives, private

health insurers may offer discounts on premiums for people who pay their premiums at least three months in advance, who pay by payroll deduction, who pay by pre-arranged automatic transfer from an account, who have agreed to undertake their health insurance claims by electronic means or who belong to a contribution group under the rules of the insurer; for example, the health insurance product is organised through a workplace or an organisation the person belongs to—although I know that the Howard government tried hard to stop this incentive through workplaces by making it unlawful under Work Choices for employers to enter into arrangements to make contributions to third parties under collective agreements. So it was the opposition when in government who put at risk the ability for discounts to be offered in relation to contribution groups such as workplaces.

These discounts, of course, are all part of competition. At the end of the day, a private health insurer has an obligation to offer a quality package to its potential customers if it wishes to attract business over other private health insurers. This competition is healthy not just for the industry but for the general public to ensure that the community gets the best product for the best price. I note that the member for North Sydney in his comments tonight encouraged private health funds to continue to ensure that they offer their customers good value and to be aware that they can always do better. For all these reasons I submit that there remain many incentives for individuals and families to join private health insurance.

We should not ignore, however, other reasons why people are considering leaving private health insurance, and these have nothing to do with the surcharge. It is the growing gap that people are paying. A couple in my electorate came to me last week about their concerns on this issue. Now both in their

60s, they spoke about how they have been in private health insurance since approximately 1984. Rarely have they claimed on their health insurance. The wife recently had to undergo major dental work due to problems she had with her teeth as a child. Originally this woman was looking at getting a full jaw reconstruction but thankfully that was avoided. What the woman did require was major dental work that cost her \$5,000. This was required to be paid up front. The couple's private health insurance reimbursed \$500 of that cost. The woman has now withdrawn the last \$3600 from her superannuation to try to cover the cost. Her husband still works two days a week to keep some money coming in.

These are the true disincentives to private health insurance. This is also why there are people in private health insurance now—in Petrie approximately 35 per cent of the electorate are in private health insurance—who, when the time comes for needing health care, still turn to the public health system. This is due in large part to the gap payment required to be made. It cannot be assumed that merely because a family or an individual has been fortunate enough to find sufficient funds to pay for private health insurance they then can afford to use private health when the need arises. This is an area that requires further consideration if we are to avoid people moving away from the private health system.

This bill does not remove the incentive for joining health insurance and any arguments that the opposition seek to rely on in opposing this bill are baseless and, once again, further evidence of how out of touch the opposition are with the community. What this bill does is remove a burden on low- and middle-income families who can afford neither private health insurance nor the Medicare levy surcharge. These people deserve the right to have a public health system that provides a service to them if they choose.

That is why the Rudd Labor government has invested, through the announcements made in the budget, \$3.2 billion in national health and a hospitals reform plan to revitalise the public health system. The initial allocation of \$10 billion will ensure long-term funding for hospitals, medical technology, research facilities and projects. These include: improving patient care through GP superclinics; fighting preventable diseases, such as those caused by binge drinking among young Australians; a national cancer plan; a fairer Medicare levy surcharge, to be delivered through the passing of this bill; and boosting the health workforce.

This government supports a mixed-use health system, with both public and private sectors working in tandem to meet the health needs of the community. I understand the benefits of this system, because in some situations, even with the best intentions, someone on private health cover may need to use the public health system. That happened with my family, due to the unavailability of a specialist on a Sunday. The private hospital had to transfer my son to the public hospital so he could get treatment for an injury. We must accept that these systems do not work in isolation from each other. This government is about getting the balance right and providing a fair go for all Australians. The balance is between the private and public health systems. We need to support low- and middle-income families and create the right incentives for those who can afford it to join private health insurance. This bill achieves that balance. That is why I commend this bill to the House.

Mr KEENAN (Stirling) (7.46 pm)—This is another one of the bills that the government introduced into this House a mere 24 hours ago. The Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2008 provides for a number of amendments to the A New Tax System

(Medicare Levy Surcharge—Fringe Benefits) Act 1999 and to the Medicare Levy Act 1986. It is with great audacity that the government is bringing on debate on this bill less than 24 hours after it was introduced. It is a tactic of a government that is under pressure; a government that is desperate to divert parliamentary attention away from their woeful attempt and lack of plausible policy to help Australians—singles, pensioners, families—cope with ever-climbing fuel prices.

Mr Shorten—Stick to the facts.

Mr KEENAN—We know that you are there, Bill. This is a government that is already, by the actions that it has taken in this House tonight, arrogant and drunk on power. The opposition opposes this bill. We oppose it because it is likely to result in a drop-off in the numbers likely to take out private health insurance. In fact, what we know is that the effect of these bills will be to put almost half-a-million more Australians into already long public hospital queues.

Compare that with the record of the coalition government. Through a series of measures—such as a 30 per cent rebate on premiums and Lifetime Health Cover, which allows health funds to charge different rates for people who join at different ages, thereby rewarding loyalty and encouraging people to join early and maintain cover—we rescued private health insurance, bringing membership levels up to a sustainable 44 per cent of the population, compared to 34 per cent under Labor before we came to office in 1996. These measures have led to long-term stabilisation of the private health insurance industry, thus taking the pressure of Medicare. More than 55 per cent of all hospital procedures are now done in private hospitals.

Contrast that with this disastrous Labor budget. The financially and physically fit will no longer be taking up private health insurance. Young people, who are less likely

to make claims on their private health insurance policy, are most likely to drop their cover. They are the best customers for private health insurers, so this decision of the government will impose great financial strain on the private health sector. This leaves pensioners, the elderly and the sick, and those who know that they are going to need their private health insurance, to face higher health insurance premiums. Private health insurance adds money to the health system overall. Reducing the premium inflow and reducing the government assistance through the rebate will reduce the assistance available to Australians through the public system.

Health insurance is now one of the key parts of the CPI. A decision that will lead to higher prices for private health cover will feed into the CPI. How can the Treasurer or the Prime Minister sensibly claim that this budget will keep downward pressure on inflation? We are here today debating a decision that will have exactly the opposite effect. There are estimates that these bills will have an inflationary effect of around 0.17 per cent, reflecting an approximate 10 per cent increase in prices for premiums. Clearly, the cost of private health insurance is going to go up. As people stop renewing their private health insurance, health insurance costs for everybody else will go up. What did this tricky Prime Minister do in the lead up to last year's election?

Mr Shorten—He won it.

Mr KEENAN—That was an interesting interjection from the member for Maribyrnong. He is saying, 'It does not matter what we did to achieve it; it does not matter how we did it; it does not matter that we misled the Australian people: we won it, and that's all that matters.' He is taking from the Graham Richardson school of politics, I see.

This is the reason why we believe the Prime Minister misled the Australian people in the lead up to the election: he wrote to the Private Health Insurance Association of Australia to assure them that he would not be making changes to the current arrangements applying to private health insurance. Just five months later, he pulls a trick on the association and all Australians. He is conning Australians, and particularly those Australians who need private health insurance and those who need hospital care. Some in the industry are saying that these measures will lead to 400,000 people dropping out of private health insurance. How can increasing the load on an already stretched public health system help improve health services? This government's decision can only lead to increasing demands on the public hospital sector and on overworked nurses and doctors. The government's decision is contrary to the coalition's principles of encouraging people to take responsibility for what they do and encouraging self-reliance and independence.

This is a decision that will have a cost to revenue of \$660 million over the forward estimates period. But it will save the government over \$950 million because there will be fewer people claiming the private health insurance rebate. So the government will profit from people dropping their private health cover. When these people get injured, fall sick and need public hospital treatment, they will be joining already long public hospital queues. It is a very misguided decision.

We on this side of the House support choice—whether it is in relation to superannuation, financial products or union membership. This is the centre of our philosophy and we support those who choose to purchase private health insurance. Labor retain their blinkered, ideological objection to private health insurance, thereby posing a threat to a strong and balanced health system. The coalition remain committed to a balanced

public and private system and strongly encourages those who want to take out private health insurance. By doing so we are taking the pressure off the public hospital system and improving the health system for everyone. I cannot support this bill.

Mr SYMON (Deakin) (7.53 pm)—I rise today to speak in support of the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill 2008. Over many years I have worked with a large number of working people affected by the operation of the Medicare levy surcharge since the Howard government introduced this measure way back in 1997. These people were not necessarily well off. They were blue-collar workers: tradespeople, labourers and construction workers. They earned good money when there was work available and very little when work dried up. In 1997 not many of this group would have been earning anywhere near the income thresholds set at \$50,000 per annum for singles \$100,000 per annum for couples. Sometimes in a really good year when work and lots of overtime was on offer, some of these workers would go over the threshold. The next year was not likely to be as good due to the nature of the construction industry and those workers would drop back under the threshold. Mostly the Medicare levy surcharge did not affect them as it was supposed to capture high-income earners when introduced by the Howard government. However, as the previous Liberal government never indexed these thresholds, this group of workers became more and more exposed to the surcharge as their incomes increased over the years through wages growth and CPI movements. Many workers across all industries now earn income in excess of the previous surcharge thresholds and are forced into paying for private health insurance they may not want or need. This does not come about from working massive amounts of overtime. The threshold is

crossed by many who are on award wages and even more who are on enterprise agreements.

A lot of workers have spoken to their accountants at tax time and made the decision to take up bare bones private health cover with many exclusions and large excesses. The reason for this is simple. If the policy costs less than the surcharge that would be payable, the worker is in front. They can then also claim the 30 per cent private health insurance rebate, which is not affected in any way by the introduction of this bill. In fact this bill leaves all the private health insurance rebates in place at the varying levels of 30 per cent, 35 per cent and 40 per cent as we always said that we would. The Rudd Labor government wants to give people incentives to take out private health insurance, not hit them with a tax grab that they cannot afford.

As reported by Phillip Coorey in the *Sydney Morning Herald* on 27 May 2008:

Treasury modelling obtained by the *Herald* shows that when the Howard government introduced the levy in 1997 and applied it to singles earning over \$50,000, it covered eight per cent of workers.

The article goes on to note:

The income threshold was never indexed and over the years, as wages rose, more and more workers had to pay the \$1000 levy unless they took out private health insurance.

In the recent budget, Labor doubled the threshold to \$100,000. The Treasury estimates this will expose 8.5 per cent of the workforce to the levy unless they take out private health cover.

Many people forced into this supposed choice between private health cover or paying the Medicare levy surcharge are young adults, who are less likely to claim on private health insurance whilst they are still young. The Rudd government has allocated \$1 billion in funding for public hospitals over the next year along with substantial investments

in primary care designed to keep the pressure off public hospitals.

I believe this is an issue about choice. Despite the increase in thresholds, it is estimated that most of the individuals and families with incomes between the new and old thresholds will retain their private health cover. If the product and service provided by a private health fund is good and relevant to the individual's or family's needs then I am sure that cover will continue. Being forced to buy a product you do not want or pay extra tax is not choice. But the shadow Treasurer, the member for Wentworth, claims to believe in choice, saying at his recent National Press Club appearance: 'We believe that government should enable choice, rather than take the choices on our behalf.' But the shadow Treasurer and his predecessors in the Howard government let the \$50,000 threshold stay in place that forced working families to take out private health insurance just to avoid a tax bill at the end of the year.

Now of course, this is the opposite of choice—the opposite of what those on the other side of the House claim to believe in. They talk about being the party of tax cuts but they oppose this proposed tax relief for at least 400,000 Australian workers. This leads me, of course, to the very large group of those around 400,000 Australians who choose not to take out private health cover, but who are slugged up to \$1,500 a year in Medicare levy surcharge. If the Liberal Party think that \$50,000 per year is still a high income, I would really like to see what they think a low or middle income is. They claim that an income of \$150,000 per year is not very high and that people in this salary range and above should receive welfare from the government. The opposition cannot have it both ways. If \$50,000 per year is a high income, how can \$150,000 per year not be? Paying an extra one per cent of your gross income is a significant slug to working sin-

gles and families who do not want private health cover.

This bill is targeted at bringing relief to working singles and working families. Some individuals will be up to \$1,000 per year better off, while some couples will be up to \$1,500 per year better off. The question really has to be asked: why does the opposition want to stand in the way of a tax cut to 400,000 working people? I support this measure to help working singles and working families choose whether they should spend their money on private health insurance and I commend the bill to the House.

Mr IAN MACFARLANE (Groom) (7.59 pm)—I welcome the opportunity to oppose the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill 2008. What we are seeing here is more misleading politics and spin from the Rudd Labor government, who have tonight been caught out on a Fuelwatch scheme which is nothing more than a cost impost on average Australians. Just as they were there, they are here being less than honest with the people of Australia. They are portraying this as a tax cut for 400,000 Australians. There is some argument with regard to the figures, but the various figures, which range up to a loss from the health insurance industry of around a million people, can only have one possible consequence. The only possible consequence is that those who remain in private health insurance will pay more—so they are being asked to pay for this. The government pockets something north of \$300 million in money that they save, and the public health system—which I assume those opposite are going to say is in great shape, because, if it is not, why are they pushing more people in that direction?—will groan under a greater load than it has already.

The reality is that right at the bottom of this is a fundamental opposition by those

who sit opposite to private health insurance, which allows people the opportunity to insure against ill health and the costs associated with it. That has been clear every time any discussion on private health insurance has been raised in this House. In the end the true mantra of the Labor Party comes out: they are opposed to private health insurance.

Mr Shorten interjecting—

Mr IAN MACFARLANE—The member opposite, whose seat I cannot remember, since he has only been here a short time—it will come to me later—

Mr Shorten—Maribyrnong.

Mr IAN MACFARLANE—Maribyrnong, that's right. I thought, 'There was a member for Maribyrnong; he was a nice bloke. What happened to him?'

Mr Shorten—There's been 10 of them, actually.

Mr IAN MACFARLANE—No, I was thinking of the last one. He was a nice bloke. There must have been some sort of coup that went on down there. But whoever they have put in there was not here when the government introduced measures to ensure that private health insurance was an option more affordable to more Australians and was an option—

Mr Shorten—What happened in the New South Wales Liberal Party today?

Mr IAN MACFARLANE—I don't belong to the New South Wales Liberal Party, Member for Maribyrnong. But I can tell you that, with what happened here in the House, today was a very interesting day, as reported on the news tonight.

Mr Shorten—Not as interesting as the Sydney Liberals!

Mr IAN MACFARLANE—I would challenge that.

Mr Shorten—You might have a point.

Mr IAN MACFARLANE—And there will be more points tomorrow—I'll give you a tip! This issue is about whether or not Australians can afford to have health insurance in the future under a Labor government. This measure is squarely targeted at small-term political gain for long-term public health pain. This measure is clearly targeted at taking away the opportunities to ensure that health insurance is affordable for all Australians. If I look at my own electorate of Groom—a beautiful electorate, one I am very proud of—I see that 57 per cent of people aged 18 and over have private health insurance.

Mr Shorten—Must be rich.

Mr IAN MACFARLANE—See, Mr Deputy Speaker Georganas, the member for Maribyrnong interjects as he has continually—

The DEPUTY SPEAKER (Mr S Georganas)—Order! I ask the parliamentary secretary opposite to stop the interjections. The member deserves to be heard.

Mr Shorten—I just want him to keep on topic, sorry.

Mr IAN MACFARLANE—I was talking about private health insurance, Mr Deputy Speaker. I am not sure—

The DEPUTY SPEAKER—I advise the member for Groom to keep his remarks through the chair.

Mr IAN MACFARLANE—I was addressing the chair. I was saying that in Groom some 57 per cent of people over the age of 18 are in fact members of health insurance companies. The response to that from the member opposite was, 'By jeez, they must be rich.'

Mr Shorten interjecting—

Mr IAN MACFARLANE—That is what you said, and I hope the *Hansard* picked up your interjection. What it shows is that there

is a fundamental belief that the only people who should have health insurance are the rich people who support the Liberal Party. And the rest of them? The Labor Party is going to look after them in a public health system. I have a Labor government in Queensland and I know what it is like for those people in my electorate who try to use the public health system. They come in and complain continually about it. Health insurance is not the purview of the rich; it is the purview of people who want to take responsibility for their own health costs. And when we were in office our government made sure that it was affordable for a broader range of people than was the case before. We introduced the mechanisms to both encourage them and reward them. The Medicare levy surcharge was part of that encouragement. The reward was a 30 per cent rebate on their health insurance bill. Those two measures saw private health insurance under our government increase significantly.

What we are seeing with this bill is a very deliberate attempt by the Labor Party and the Rudd government to destroy private health insurance for the average person, to push the cost of health insurance up so far that more and more people will withdraw from it. So, while Treasury figures initially said 400,000 will get a tax cut from this, the knock-on effect from that will be a very significant drop-off in the number of people who are privately insured—perhaps a million people, based on figures that have been put around the place in the last few weeks. If it is only a million people then some of us will be relieved. But, if a million people leave these health funds, that effect will continue to cascade. Who knows what the ultimate figure will be! But one thing for sure is that young people and healthy people will not be insuring themselves. On that basis the impact on private health insurance premiums will be left to those who are either aged, sick or in

urgent need of health insurance. The health-care costs to the public health system will escalate beyond control. This sort of short-sighted populism is a hallmark of the Rudd Labor government. It is the hallmark of a government that has no regard for the long-term future of Australia.

Mr Shorten interjecting—

Mr IAN MACFARLANE—I do not have any trouble keeping a straight face on this. I firmly believe that the long-term cost of this to the country will see our health system thrown into further chaos. If I had any confidence that the Rudd Labor government could address the public healthcare problems that we are seeing in Australia at the moment, perhaps my concerns may be lessened a little, but, having seen nothing but spin, having seen nothing that would give me any confidence that they actually even understand the long-term ramifications of this, I have no option but to oppose what is rampant vandalism of private health insurance in this country.

Half the population is being hit by Labor for a cheap, prebudget headline, and the other half will suffer from the pressure imposed on the public health industry and the public health system. No responsible government would take that position. No responsible government would put out a budget measure on the basis that it is going to save, in terms of families, \$660 million over four years but at the same time see a saving to government of some \$959 million, and that is the short-term impact. So the government puts \$300 million in its pocket, the public health system gets loaded up, the private health system faces a crisis in terms of increases in health insurance premiums, and who loses? The average Australian. If we do not have stability in this area of private health insurance, if we do not have across-the-spectrum membership of these health

insurance funds, then only those who are ill or at risk of becoming chronically ill are going to take up the insurance, and that will send the price of this insurance spiralling through the roof.

This is not good legislation. This has not been a good budget. It has been a high-taxing, high-spending budget. It has been a budget that has no regard for the long-term impacts in any area. What we are seeing in this particular piece of legislation is a philosophical opposition to health insurance combined with a smoke-and-mirrors trick where they portray it as a tax saving. They have even convinced members of their own backbench that it is a tax saving but the long-term implication is that taxes must rise. You cannot impose this sort of cost on the public health system and not have to pay for it. So, for a short-term saving, for a short-term gain, there is nothing but long-term pain.

We need to see from the Rudd Labor government a commitment to both private and public health, just as we need to see the same commitment on public and private education. It is a combination, where those who can, those who wish to or those who see it in their long-term benefit to take control of their own costs, decide whether or not they are going to use the private health system and decide whether or not they are prepared to set aside what is a significant part of their income to take out that health insurance. For doing that and for relieving the load on the public health system they should have some reward, and that is why we introduced the rebate and why we also put in place an incentive to encourage people to take out health insurance in the first place. This is bad legislation; the outcomes will be bad for all Australians. Short-term gains and long-term pain should never be the mantra of any government.

Mr COMBET (Charlton—Parliamentary Secretary for Defence Procurement) (8.11

pm)—The Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill 2008 is an important bill. It is a bill that demonstrates the Rudd Labor government's commitment to providing relief to working families, particularly low- and middle-income earners. It is astonishing to hear some of the contributions from the opposition in relation to this bill and that they are opposing it, because this bill clearly will lead to the opportunity for ordinary working people, earning in the order of \$50,000, to have the choice as to whether or not they take out private health insurance and, if they do not take it out, to avoid the Medicare levy surcharge. It is a bill which in aggregate also demonstrates and reinforces the economic credentials of the government, while those across the chamber, through their opposition to this bill, further undermine their economic credibility. Despite the rhetoric of the shadow Treasurer, the member for Wentworth—and I think I heard the member for Stirling suggesting the same—that somehow they are representative of a position of choice in this regard, this particular bill demonstrates absolutely clearly that the Labor Party is the party of choice in this matter. It provides working people with a choice in relation to private health insurance. The Liberal Party, in taking the position that it is taking, is a party of coercion and compulsion in trying to force ordinary working people to take out private health insurance and punish ordinary working people if they choose to not take out that insurance.

This bill, as we have already heard, increases the threshold for the one per cent Medicare levy surcharge from \$50,000 for individual income earners to \$100,000—from \$50,000 to \$100,000—and it increases the threshold for families from \$100,000 in annual earnings to \$150,000. That provides real potential taxation relief for ordinary working Australians and returns—and this is

an extremely important point—the thresholds to the approximate position they started at when the Medicare levy surcharge was first introduced by the Howard government in 1997. It restores the thresholds to the approximate position they were at over a decade ago. It was appropriate then for the opposition to say these thresholds should be at that level. They failed to index or increase the thresholds at any point during the term of the Howard government. Now they say, when you come fast forward: ‘Those thresholds are no longer appropriate and should be retained at a level of \$50,000 for individuals and \$100,000 for families.’

Let’s just consider for a moment what that is really saying. Full-time ordinary average weekly earnings now stand at \$58,400 per annum. So we are in a position where the average full-time worker is subject to the Medicare levy surcharge—and would remain so under the position of the opposition. This bill seeks to change that. In fact we have a position here where people who are earning less than average ordinary weekly earnings are paying the Medicare levy surcharge. To put this in some context it is worth recalling what the then health minister, Michael Wooldridge, had to say when he introduced the surcharge in 1997. He said:

High income earners will be asked to pay a Medicare levy surcharge if they do not have private health insurance.

He went on to say:

These are the people who can afford to purchase health insurance.

So Dr Wooldridge, the then health minister in the Howard government, targeted this levy surcharge at high-income earners because they were the people who could afford to purchase health insurance, and therefore he argued that, as a consequence, the surcharge was appropriate in order to compel people to take out health insurance.

What is the Liberal Party now really saying? Do people earning \$50,000 a year now constitute high-income earners? Do people on less than average weekly ordinary time earnings constitute high-income earners in the view of the opposition? Despite all of the rhetoric about this, the thresholds, as I observed, were not moved once by the previous Howard government since 1997 when they were introduced, the effect being that many more than higher-income earners have been required to pay the surcharge. This is the Howard government in which the current Leader of the Opposition was a minister for seven years.

In his recent budget reply the opposition leader railed against tax bracket creep. Yet, when you look at this issue, in effect the failure by the Howard government to move the Medicare levy surcharge thresholds was a form of bracket creep. It was a form of bracket creep that captured approximately 400,000 middle-income earners as time went by. So where was Dr Nelson, the member for Bradfield, now opposition leader, during the last seven years when he was concerned about bracket creep in relation to these thresholds? Where was he in defending the interests of people who earn less than average weekly ordinary time earnings who increasingly were captured by the effect of the thresholds? He was not around. He did not have any opposition to it and now he is arguing that they should continue to be subject to it. In the view of the opposition, assumedly there should still be no indexation to these thresholds as well.

On this issue, the opposition are being completely hypocritical, have no substance to their position and have nothing to justify it. By doing nothing about the threshold, those opposite were basically supporting, to use the opposition leader’s words, a tax increase on the sly every year since 1997, and it was a tax increase on the sly that hurt a lot

of working families. I am proud to be part of a government that will put an end to this. By this measure, the government will take pressure off people who have struggled either to pay private health insurance or to meet the impost of the surcharge. It gives 400,000-odd people choice that they will not have had up to this point in time.

Since 1997, when the surcharge was introduced, average weekly earnings have increased by nearly 50 per cent while the threshold remained unchanged. Lifting the threshold will mean that by the end of the period of the forward estimates in the budget, about 8½ per cent of single taxpayers will be liable for the surcharge, which brings it back into line with the incidence for single taxpayers that existed in 1997. If the government did not act, the proportion paying the surcharge would be much closer to 50 per cent. That is the effect of this bill.

The effect too of lifting the thresholds means that an additional 400,000 individual taxpayers will not be liable for the surcharge in the forthcoming financial year. This does mean a potential real tax cut of up to \$1,000 for individuals and up to \$1,500 for families. Is that a worthwhile measure or not? A lot of people are struggling under the current environment, where we have inflationary pressure, petrol prices, grocery prices, rising interest rates, mortgage costs and rental costs, and a measure which gives them the choice through this particular operation of this bill—the relief of a potential \$1,000 for individuals or \$1,500 for families—is an extremely important relief to many working people.

Let us remember, therefore, the corollary that, by opposing this bill, the coalition is effectively voting for up to a \$1,500 tax increase, compared with the position of the government. Don't they think working families deserve any relief at all? In their opposi-

tion to all of these measures they are adhering to a position that imposes a lot of pressure on ordinary working people. My colleague the Parliamentary Secretary for Disabilities and Children's Services and I have spent a lot of our working lives representing ordinary working people and we know from our experience of representing people on incomes in this range—around average weekly ordinary time earnings—the pressure this measure has caused them over the course of the last decade. When given a real opportunity to help working families, the opposition is squibbing it yet again. This legislation further demonstrates that not only are Labor the party of choice; we are also in truth the party of competition. We support the important right of people to take out private health insurance if that is what they wish. We also believe it is important that the private health insurance industry compete in the marketplace without ordinary middle-income people being compelled to join to avoid the surcharge. I am sure that if the private health insurance providers continue or make a greater effort to offer quality products that are good value for money then they will keep as members the taxpayers who are no longer subject to the Medicare levy surcharge. They will do it without coercion.

How does it improve our health system if people are forced to subscribe to private health insurance products not because they offer good cover but because, principally, they allow them to escape a tax obligation? This is an argument the previous speaker was endeavouring to make. It is instructive, I think, to go to some of the private health insurers' websites and start the interactive searches of their products to establish the right product for you. If you do that sort of search, on many of the sites you will be asked at some point to indicate what your health priority is, and one of the reasons that can be selected is to reduce tax. That is one

of the reasons private health insurers put on their websites for selecting their products, and that is clearly a wrong position in relation to the people who have been captured by this surcharge over recent years. A rational system of private health insurance should not be based on this type of financial engineering.

The government supports private health insurance, and all Australians who choose to take out this insurance will continue to benefit from the private health tax rebate—an important measure. By contrast, the opposition appears captive to the lobbying of the private health insurance industry and is prepared to compel ordinary people on less than average weekly ordinary time earnings to buy private health insurance products.

The Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2008 is centred on providing indexation to the low-income thresholds—another important reform that will help to deliver support for those who need it most, particularly low-income earners. This was another measure designed to take the pressure off working families. Under the reforms in this related bill, the low-income threshold for the payment of the Medicare levy will be raised to \$17,309 for singles and \$29,207 for families. The additional amount threshold for each dependent child or student will also increase, to \$2,682. For pensioners below the age pension age, the threshold will rise to \$22,922. This increases the threshold for the Medicare levy payment, ensuring that those on low incomes are not subject to the 1.5 per cent levy. Those changes will all help benefit low-income earners in particular.

This bill, particularly in partnership with the previous bill considered by the House, to which I referred, will provide significant tax relief for working people. Up to \$1,500 will be available to working families to help meet

the costs of living, including higher grocery, rent and petrol bills. This is what the Rudd Labor government is about. This is the fundamental cornerstone of the budget presented by the Treasurer just recently. The reaction of the opposition to the bill is instructive, I think, as to the direction they appear to be going over the next term. When given an opportunity like this to provide choice and to support working families, they oppose it. When given the opportunity to move beyond some of the rhetoric and to support real practical measures to support ordinary working people, including those on less than average weekly earnings, they oppose it. How can the Liberal Party be a party of choice, a claim the shadow Treasurer attempted to make, and yet be opposed to increasing choice for 400,000 Australians? How can the Liberal Party be the party of low tax and yet be opposed to providing potential tax relief of up to \$1,500 for middle-income earners? As the political debate unfolds, it will be interesting to see just how those questions are answered.

Mr MORRISON (Cook) (8.26 pm)—I rise to speak on the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill 2008, introduced into this House only last night by the Assistant Treasurer. At other times, we have made comment about how these bills have been introduced and how quickly they have come before this place for debate. I am puzzled to know what the urgency is in relation to this bill and why it is being debated in this place so quickly. I have made that argument on another occasion, but I refer to it and simply ask these questions: where is the case for the urgency? Who has made the case? Who has run the argument on urgency in relation to this matter? It simply has not been done. The government have loaded up the bill with a political tactic in mind, and that is the nature of politics.

Here we are debating a bill in relation to private health insurance. We are very happy

to have a debate on this issue, because for those who sit on this side of the chamber there is a longstanding belief that our health system does not involve just those things covered by the public sector. Our health system comprises health professionals and health institutions that go well beyond the sphere of the public sector. It is the clinicians and those working in the aged-care sector and the not-for-profit sector; it is all of the people who work together to make a viable health system in this country. Frankly, you either believe in that or you do not. You either want to move towards a comprehensive health system which is cradle-to-grave run by the government or you have a system, like we proudly have in this country, which is not the UK system and is not the US system either. Those who rail against private health insurance often make the argument that we do not want a system like the United States. We do not have a system like the United States; we have a uniquely Australian way of dealing with our health system, and it is that uniquely Australian way that the previous government worked hard to restore. Before the previous government came to power, our private health system—and, as a result, our overall health system, at least as it was administered federally—was in a lot of trouble. One of the key measures introduced at that time was to reinvest and provide incentives—carrots and sticks—to ensure that our private health insurance system got back on its feet. And it has got back on its feet. It is moving forward and more and more people have signed up to private health insurance, and that was the objective of that policy. But today we debate a bill which seeks to change all that.

The Medicare levy surcharge was introduced by the Howard government in 1997. It involved an additional one per cent surcharge of a taxpayers' taxable income imposed upon those earning over a certain income but who

did not hold an appropriate level of hospital insurance with a registered health insurance fund. At the time, it applied to individuals earning above \$50,000 and couples earning above \$100,000.

The amendments announced yesterday—yesterday, I note—involved increasing the thresholds applying to the Medicare levy surcharge from \$50,000 to \$100,000 for individuals and from \$100,000 to \$150,000 for couples and families. The explanatory memorandum that was provided with the bill states that the changes will take effect from the commencement of next financial year, the 2008-09 tax assessment period. The financial implications of these changes will be a reduction in revenue, as fewer people will pay the Medicare levy surcharge, and a saving arising from the reduction of government expenditure on the private health insurance rebate. The budget papers indicate that over the forward estimates there will be a net saving of approximately \$299 million as a result of this measure. There is a lesson in that statistic. There is \$30 billion in new spending from the government in this, the great inflation-fighting budget. They have had to find measures to recover that to keep the budget in surplus, which it has been now for many years as a result of the coalition's responsible financial management. The government have been able to graft from this proposal \$299 million towards the \$30 billion in new expenditure in the budget. That is the real motive for this measure, and at the same time they can pursue their ideological tirade against private health insurance in this country—which takes them back many years.

The Medicare levy surcharge was introduced by the former government to provide Australians with choice. It is intriguing to hear those opposite now, as they expound themselves as the new champions of choice. It gave people a choice to opt out of the public system by taking out private health cover

or to stay in the public system. The intention was that people who had the capacity to pay for their own health costs would take out private health insurance, through a series of sticks and carrots, as I mentioned earlier. The Medicare levy surcharge was the stick. It was a stick that worked. The number of Australians taking out private health insurance has increased from approximately 30 per cent of the total population before the Medicare surcharge levy was introduced to its current level of 44.4 per cent. The private health insurance rebate and Lifetime Health Cover were the carrots. Under the Howard government private health insurance became more affordable. In 1999 the coalition government introduced the private health insurance rebate. This provided Australians with a 30 per cent reduction in their private health insurance contribution. The rebate makes private health insurance more affordable for Australians by helping to balance Australia's public and private health systems. We understand the system works as a system. Private health insurance takes the pressure off Medicare for those who need it most.

Lifetime Health Cover was an incentive introduced in July 2000 to give choice to those who had no choice. It encourages young people to take out private health cover by penalising older people who delay taking out private health cover. It encourages people to get into the system when they are young. A two per cent loading is added to the cost of the private health insurance premium up to a maximum of 70 per cent. The loadings mean that a person who delays joining a fund until the age of 40 has to pay 20 per cent more than someone who joins at the age of 30, ensuring that private health insurance covers both young Australians and the older age groups and keeps health insurance premiums lower than they would be without the younger demographic.

Since the budget was released I have stood in shopping centres, I have stood in the village fairs and I have spoken to people in my electorate. This is the issue they go deepest into. They are very angry about petrol prices and they welcome our announcement that we would reduce those by cutting fuel excise. They talk about many issues, but the one they stand there and talk to me about for at least 15 or 20 minutes is private health insurance. It is particularly older people who are saying this to me, because they have paid their dues in private health insurance. They made their commitments to private health insurance long before any of these measures were introduced. They are saying that they would like to see those incentives for younger people when they go into the workforce. They would like there to be the incentives and the proper mix of measures to encourage them to take up private health insurance, to take on some responsibility for their own health care over the course of their lifetime and at the same time ensure that they are contributing to a system that eases the burden on those who are in their advancing years. Many years ago, those who took up private health insurance did so because their parents did so. I must admit that the day I started working was the day I took out private health insurance. My parents had private health insurance and they taught me that it was your responsibility to do as much as you could to take care of yourself and your family. Private health insurance is a responsibility I was happy to take up and maintain. I maintain it today for my sake and that of my own family.

The effect of these coalition introduced measures combined has resulted in the highest number of Australians taking out private health insurance in the history of our country. More than 44 per cent, as I said previously, of our population, or 9.4 million Australians, have taken out private health insur-

ance as a result of those measures. They have had the effect of providing long-term stabilisation of the private health insurance industry and of taking the pressure off Medicare. More than 55 per cent of all hospital procedures are now done in private hospitals. That is what I would call the system working to provide greater facilities, to provide more opportunities and to deliver a whole package to the Australian public—rather than relying only on one side of that equation, which is the public side. God forbid we would have to rely only on that.

The latest figures provided by the Australian Health Insurance Association indicate that there is strong support for private health insurance in my own electorate of Cook. I mentioned this before. More than 92,000 people—that is, more than 70 per cent of the people who live in the electorate of Cook—have private health insurance. That figure is significantly greater than in electorates in the rest of the country, and I am tremendously proud to be a member of that community. Not all communities can afford that, but the community in my electorate have taken on that responsibility. They are by no means an affluent community. They are hardworking people who have small businesses, work in professions or in the Public Service or are tradespeople. There is in the electorate of Cook the broadest mix you could possibly find. They are hardworking people who have decided to pay their dues into private health insurance.

The more than 90,000 people in my community covered by that system are angry because they are now being told one thing: that as a result of this measure they are going to have to pay more to fulfil that responsibility. Many of them will stay, particularly those for whom it has been a responsibility of their lifetime to do this. But some, particularly those who are younger, will not; they will go. They will choose an easier route and

they will choose to have their burden shared by many others rather than making their contribution to ensure that the burden is lighter for all. That is why I am particularly offended by the nature of this bill—it strikes at something we should be encouraging. This notion is alive and well in the community of the Sutherland shire, where people do seek to take responsibility for their own lives and for those around them, and they do whatever they can to do that. Private health insurance has been a principal indicator of their level of commitment to that philosophy and one they live out in all aspects of their life.

The Treasurer said in his budget speech that his government was making the Medicare levy surcharge fairer. I just do not understand how this is achieved by actions that will see a larger number of Australians abandon their private health insurance and move across to the public health system. The results of the Medicare surcharge levy speak for themselves. There has been an increasing number of Australians taking out private health insurance. In fact nearly 9½ million, as we have said, have done so. There has also been a growth in young people taking out private health insurance. During the past 12 months more than 57½ thousand people aged between 25 and 29 have taken out private health insurance. It is the relatively low-claiming 20 to 50 age group that keeps the private health insurance system stable and affordable. This is a policy that is working. We have a policy in our health system that is working, and the first thing the government want to do when they come to power is dismantle it. They may say they want to do this to make it easier on working families, but there are 200 million plus reasons why they are doing this—that is, the revenue they will save and generate from this bill. That is the real incentive. It is not about the health system; it is about trying to raise the money to pay for \$30 billion worth of new expenditure

in the budget. And that is why we are happy to have this debate. We will have the debate based on the issues of how our health system runs and how we encourage people to take on their responsibilities and live them over all of their lives, as people in my electorate do.

There appears to be some confusion about the number of Australians expected to abandon their private health insurance cover as a consequence of these amendments. There are a lot of disturbing figures in the budget. The fact that 134,000 Australians will be out of work as a result of this budget is probably the most damning. But there is another one which says that there will be 485,000 Australians who will walk away from the private health insurance system. That is the most conservative estimate. The health funds believe this figure could be as much as 750,000. Access Economics has predicted more than 800,000 members of private health funds would need to drop out before the government will meet their savings. So Access Economics is questioning the basis upon which the figures that the government has arrived at in raising their \$200 million plus has been calculated. The Australian Medical Association have revised their initial estimate of 600,000 and backed the Access Economic forecast of 800,000. A figure as high as one million has also been reported by some media.

What impact will half a million people or even one million people walking away from private health insurance have on Medicare and the public hospital system? What will be the likely implications of these amendments to the Australian health system? The likely result will be a massive increase of people turning to the public hospital system. And as I said before, God help them when they have to do that. As we know, the public hospital systems run by state Labor governments is an absolute joke—no better illustrated than

in my home state of New South Wales. It has got beyond the point of incompetence; it has become endemic. It is a culture of failure in the New South Wales public hospital system. When you have more bureaucrats than beds, when you have a public hospital waiting list system that seems to go higher than petrol prices in this country, this public hospital system is not one that is prepared and able to take on the burden that this bill will ensure will be delivered upon them in spades.

The waiting list for elective surgery in New South Wales is 58,839 people. It is at its highest level in three years. It was 56,200 just six months ago and 55,900 six months before that. I am reminded of the former Premier Bob Carr many times in this place when I look at the Prime Minister, who I believe is the national version of Bob Carr when it comes to political management in this country. If you want to know what this country will look like if we have the same period of government under Labor, just take a look at New South Wales. The same process, the same people calling the shots with Bob Carr all those years ago, are here in Canberra. They are sitting in the rooms with those who make the decisions in this country and they are running the same lines and the same programs. That is what we can expect. Just take a look at New South Wales. That is what you can expect federally by following the same Carr plan. There is a pattern here: public hospital waiting lists in New South Wales are not getting shorter, they are getting longer. Bob Carr promised to halve them, the big quote before he became elected back in 1995—not unlike ‘We will ease the pressure on working families in relation to petrol prices and grocery prices,’ and all of this deceit that the Prime Minister, when he was the Leader of the Opposition, went around the country proclaiming. Bob Carr said, ‘We will cut them by half.’ And were they cut by half? No, of course not. Did the then Premier of

New South Wales resign when he did not do that? No. And we see the same obfuscation here from the Prime Minister when it comes to holding him to account for what he led people to believe in this country before the last election.

More than 55 people have joined the waiting list in NSW each week since Reba Meagher became the health minister in New South Wales. How many more will there be as a result of this bill? These amendments will further exacerbate the situation. These disastrous changes being proposed by this government will, based on conservative estimates, result in a further 140,000 public patients in New South Wales alone. The New South Wales public hospital system cannot cope with 140,000 extra patients. It cannot cope with what it has now. It is already overstretched, putting extra pressure on the hardworking doctors and nurses of New South Wales—and right across the country. They are suffering under enough of a burden without having this additional burden imposed on them. If these changes to the Medicare surcharge levy proceed, in all probability it is likely that the health minister can expect a visit from her New South Wales counterpart with a request to negotiate the Australian health care agreement to get extra funding for New South Wales public hospitals—then we will see how the blame game proceeds!

Prior to the election, I did not hear the Prime Minister, when he was Leader of the Opposition, promising to change anything in relation to these measures. He did not let this out of the bag. There are a lot of things he did not let out of the bag prior to the election, and that is the great deceit the Prime Minister has inflicted on the people of this country. Whether it is petrol prices, grocery prices, private health insurance or doing a U-turn on the Northern Territory intervention, none of it was discussed before the election. He

comes into this place with a straight face and his forest of spin that sits there on the desk each question time, which has none of the answers that Australians are looking for, and he pretends that he can do no more. The sad truth is that he never intended to do more. He has been found out. I fear the only difference between the current Prime Minister and the former Leader of the Opposition, Mark Latham, is that the Australian people woke up to Mark Latham before the election. They are waking up to this Prime Minister now and they will not be letting him get away with it.

Mr LAMING (Bowman) (8.45 pm)—There is a lot of history behind the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill 2008. It goes to the health ministers who, through the eighties and early nineties, struggled with the notion of the private-public balance in health provision. Both sides of this chamber have devoted an enormous amount of time to debating the provision, quality and funding of public health services and the role that private health plays. It was a former health minister, Michael Wooldridge, who conceived the three-legged support for private health that effectively delivered the blended health model that we have seen work so well until tonight.

That blended model was delivered in stages. ANU academics have attempted to tease out the relative impacts of the 30 per cent discount on private health cover, the Medicare levy surcharge and the third part, community rating, whereby premiums can be adjusted for age according to the age of the person entering private health cover. It was a very delicate balance and there has been a sense that community rating was probably the most powerful of the three. But of course the 30 per cent rebate has become the most well known and that has been adjusted upward for seniors.

Tonight, the government is methodically dismantling that very, very delicate balance that saw 9.5 million Australians elect to pay their way in health care. There may well be within the government a deep ideological distaste for people who pay their way. I understand that before the election they would write letters to the health insurance industry and reassure them that they had their full support, but deep down the enthusiasm for the 30 per cent private healthcare rebate was lukewarm. The plan was to dismantle the Medicare levy surcharge as soon as they came to power. Of course, the last remaining leg in the stool is community rating, which supports the notion that if we enter private health cover early and we pay our way then we are provided for when we are seniors and most need that health cover.

There are neither quality signals nor price signals in a completely free system. While there will always be a role for a free public hospital system, it relies on a competing private health system to maintain the quality as a competitive option. Those who sell private health insurance know that they rely on a significant base to make it all cost effective—an economy of scale. This does sound like economics 101, doesn't it? But the simple fact is that if you can have roughly half your population supporting the private health sector and investing some of their hard earned dollars in the health system then those 30 per cent discounts provided by government are exceptionally well-used resources.

That will change and unfortunately Treasury got the modelling all wrong. It was all a little bit of a rush for the new government coming up to the budget. Having had 12 years to think about these kinds of policies, they suddenly found themselves using the wrong hospital cover data and coming up with the wrong number of people who will fall out of private health cover. That is a great shame, but they are not going to amend

it, are they. It is too late and the government will proceed blindly into this fatally flawed legislation. Whether there are 500,000, 600,000 or 750,000 people who opt out and go straight onto the public hospital waiting lists, that is no great concern for the government because, you know what, that will flow through to the state governments and they will simply handball them another rescue package before each state election.

Ending the blame game has come to this. It has come to the government destroying the private health system to make their point. We had this great hope that the half of Australians under private health cover might actually have tailored private health packages that might encourage public health options and encourage people to take preventative health measures. That has been lost with your legislation.

The DEPUTY SPEAKER (Ms AE Burke)—The member will address his remarks through the chair.

Mr LAMING—The option of having half of Australia covered under private health has gone away for the government. Access Economics predicts as many as 800,000 Australians will pull out of private cover. Most of those will be the young who can say, 'You know what, it is not an insurance policy; it is just money I do not need to pay. What am I getting for my premium?' We do not think about that with house insurance. We do not say, 'What am I getting for my money each year?' We think about it as providing for the future. But the government thinks that this is money that we can return to the kitchen table. When those people are old enough that they need high-level, expensive, cutting edge, state-of-the-art health services and we have not paid for it over those many, many years, there will be no option, no answer and no plan.

When people drop out, they leave behind others who keep paying the increased premiums. They will be those senior Australians who did not pop up in the Hawker Britton popularity polling. They will be those who have to stick with private cover. They have been there for 10 or 20 years. They will keep paying those heightened premiums because they have no choice. They know that, if they want to get their hip or their cataract done, the only hope in a state public hospital system is to remain insured and pay those heightened premiums.

For the younger Australians, you are going to endeavour to convince them that this was a short-term fix to get that budget to balance and to fund all of that \$30 billion of Labor spending. The way to do it of course was to make these cheap cuts in such areas as having to pay out a 30 per cent private health rebate. When this government was sitting over here in opposition, we could see them seething with discontent about having to support a 30 per cent private healthcare rebate. But they did it for political expediency. They silently restrained their anger and frustration that government resources should go towards private health cover without realising that, for every 30 per cent the government pays, an individual for the first time in their life pays 70 per cent of their health care.

It did not cross their mind, did it? It did not cross their mind in opposition, and today they resent the fact that Australians have elected to pay health insurance premiums, just as Australians elect to pay for independent schools. This is that kitchen table test: the choice of putting some money into private cover or some money into independent schools—making a choice as to where I want to invest my money. It is a choice for Australians to make. Premiums are highly competitive and Australians can make a decision. But what you are doing tonight is removing

that option completely by allowing those, particularly of my age, to elect for a cheap way out for the next decade, because I can actually avoid a Medicare levy surcharge, take a cheap option and then hopefully dive back in when I am 45 and think I might need my first operation. That sort of gaming of the system is what this government is allowing by taking a short cut in health care.

We have heard the rhetoric about public health cover and we have heard the rhetoric about health prevention. We have heard the rhetoric about planning for the future. But it is in this legislation that we are seeing the reality. The reality is that, if you as a couple are earning \$149,000, you can take the short cut and avoid the surcharge. You can worry about your health care later, worry about it when you turn 60, and community rating hits all these people up for one per cent of their age over the age of 30. Do not mention community rating to them now; just give them the easy out. And this from a government that was going to take the hard yards, end the blame game and be the new light on the hill for governments working together and taking farsighted decisions.

What you have done is effectively reduce the base. It is as simple as that. Health works on economies of scale, and by reducing the base you have simply allowed moral hazard—that sense that I can get away without private cover. If I need to queue up, I am happy just to sit there all night. It does not matter that seniors are going to pay a whole lot more for their health cover. Of course, you have the other end of the scale—all those people who said, ‘I’m feeling great now, I don’t need to pay, and I will take a chance. I’ll worry about it when I am 60.’ These are the people that you as a government have just fed right into—the short-cut takers, those who say, ‘I don’t feel too bad at the moment.’ The very people that in public health we are trying to target, saying, ‘Worry

about your heart. Worry about your prevention of everyday chronic disease. Worry about your weight.' We have these people effectively paying private health rebates and talking to their providers every day and having access to allied health cover that they had never known under state government funded hospital systems. They had never had access to those kinds of health services because, with respect, under Labor state governments, waiting lists are not waiting lists for health care; waiting lists are dying lists. You sit on that waiting list and for so many Australians your operation just never comes, it never materialises. Why? Because other people get close to death and simply jump in front of you. If you want to wait for a cataract operation in your average public hospital, you will be waiting so long as you are simply superseded by those who have urgent conditions that require treatment that you may never see that operation. That is the state hospital reality we are faced with at the moment.

There are three choices for you on a waiting list. You can wait—others who have more urgent cases can be treated first; you can elect to pay for some private cover and have the operation done; or you can die on a waiting list. That is the great tragedy that as a doctor I would be told, 'No, you have to move down the waiting list. Mr X has passed away waiting for his operation.' That is the hidden saving in having a waiting list that does not move because the hospitals are not appropriately funded. Do not let anyone tell you that today's legislation somehow better funds the state Labor hospital system. In fact, you have actually done the reverse. You have an enormous number of people and the great concern is you do not know how many people are now going to be queueing in those public hospital waiting lists. Australia has a very delicately balanced model: a GP focused health-care system. After hours you typically either get an after-hours GP who

comes to your door through the former coalition federal government's initiative or you go to a public hospital. The entire triage system after hours is typically through an A&E department. By slowing down service delivery, public hospitals manage to delay services and handball them back to GPs the next morning. That is one of the great cost shifts in the health system that we are trying to avoid. So the first thing that this government does is simply add more people onto that waiting list, add more people onto that queue in the A&E department. That was your great healthcare reform of early 2008. Historians will look back on that contribution. They will look back on how you have damaged those economies of scale—

The DEPUTY SPEAKER (Ms AE Burke)—The member for Bowman will desist from using the word 'you'.

Mr LAMING—And how the government have reduced the economies of scale and in so doing made it much harder for the very families they are purporting to support.

I have made the point already that seniors are completely locked in in this fiasco. If it were as simple as a discount for working families and it all adhered to your popularity polling I could appreciate that. I could appreciate that everything else is going pear-shaped so you are going to try and convince those working families that they no longer have to pay a Medicare surcharge. But that is not the case at all. They are not going to see more food on the table or more petrol in the tank from this measure. This is just a measure to forgo saving for your health care from now through until you turn 60. Those same people will be looking to finding the health cover that they need; they will be looking at a public hospital system that is not delivering for them and they will be forced back to private health care and will have to pay the community rating. It is short-sighted. It is

enormously attractive. I am sure when you did your polling it said, 'If we can sell this off as making it easier for working families, it is something we should do.'

I think it is a great shame that many on the other side in government do not actually know the history of healthcare reform, how hard it has been to develop a truly blended healthcare model, how hard it has been to build up the number of Australians opting for private health cover. Oh, how easy it is to take that away. But you have done it in the most disingenuous way possible. This government has done it by writing to the health insurance sector and promising them it will all be okay. It is almost like one of those 'Just wait until we get into government and we will change it all' corflutes for some to have pinned up outside the health insurers. If only they had noticed the corflute. What we have now is that reduced base and the great tragedy that for so many Australian seniors their premiums will be going up. They are locked in and that is all a result of this government's actions tonight.

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

ADJOURNMENT

Ms McKEW (Bennelong—Parliamentary Secretary for Early Childhood Education and Childcare) (9.00 pm)—I move:

That the House do now adjourn.

Water

Ms LEY (Farrer) (9.00 pm)—I rise tonight to highlight to this House the intense pressure which irrigation communities in my electorate of Farrer are under at the moment. Drought, low water allocations and uncertainty associated with the new government policy have had a cumulative and devastating effect on family farms, small towns and rural businesses and communities. As if this were not enough, these communities in the

Murray Valley now face a Labor government intent on a market buy-up of the water that is the most important asset to these towns, with no clear strategy or vision about what is intended to be achieved by that buy-up.

The Minister for Climate Change and Water has announced a \$3 billion water buyback in the budget. I remember that when we were in government we, as members who represented irrigated agriculture, always said that we would die in a ditch before we saw a government enter the market and buy water. I am quite frightened, as are the people whom I represent, by what this may mean for us. But, as if this were not enough, no-one from the government has bothered to come down and explain what the buy-up of water will mean or how it will even work in practice. Minister Wong has announced a stakeholder consultative committee to:

... evaluate the success of the first ever Commonwealth Government water purchase in the Murray Darling Basin.

Those are her words. But the New South Wales Murray Valley appears to have been forgotten by Minister Wong, and it is just not good enough. There are no members from our community of general security water users in the New South Wales Murray on her stakeholder committee. There are plenty of good people, and I recognise their skills and look forward to their input, but every section of the basin has its own needs and interests that need to be represented and, when it comes to water entitlements and allocations, every section has its own peculiarities. For example, Murray Irrigation represents 2,500 family farms and, given that they do not have permanent plantings, they could be right in the firing line under this buyback. How dare the minister ignore this group? In her press release she says:

Water purchase by the Government is a relatively new frontier, so we are acutely aware of the need to learn from our first foray into the market.

Well, that does not fill the farmers whom I represent with confidence. Not only does the minister not know what she is doing but she is not prepared to ask the locals for their input and advice.

The minister mentions that \$5.8 billion will be invested in sustainable irrigation infrastructure and projects. She would want to put that money on the table fairly quickly. I point out to her that, in order for farmers to invest in their own futures, they need to have confidence, and confidence comes from certainty and transparency. So far, the buyback is not transparent. It is secretive. The government deals directly with farmers. In some instances, the farmers are told, 'No, we don't want the water at the price that you have tendered for; perhaps you would like to lower your price.' But there is no register; there is no indication of what a fair price would be; there is just this monstrous buyer in the marketplace. We know that that must surely have a distorting effect.

As I have told the House before, water is not being bought from willing sellers but from stressed sellers. It is not enough to say, as the government has on occasion, 'Well, this is not a compulsory acquisition.' It might as well be. If you are under financial pressure and your bank manager says, 'Sell your water,' you may stay in your house, and maybe you do not appear to be going broke and leaving the district, but your future is affected and sometimes ruined. The government seems determined to crash its way into the market with this \$3 billion chequebook. I do not know how many entitlements it will buy, but it might be as much as 30 per cent of total entitlements.

It is a flawed strategy even for what the government wants to achieve. You can spend \$10 billion, but you cannot make it rain, and without rain all the government is buying is airspace in the dam or empty buckets. Noth-

ing changes environmentally. Buying these entitlements as part of a 10-year plan hinders and discourages investment and efficiency gains at regional and farm level, and any chance of strategic improvement is severely constrained. Instead, this policy will impact on the ability of our irrigation communities to adjust to world-class standards.

Responsible government policy takes notice of economic, environmental and social outcomes. In government the coalition recognised this. This water buyback transfers the ownership from irrigators to government, but there is no change to the allocation of the river. Buying entitlement in the Murray this year means no extra water for the environment, because the systems are on zero allocation. The dollars that have been put on the table could be spent in a way that secures our irrigation future. *(Time expired)*

Budget

Mr SULLIVAN (Longman) (9.05 pm)—We have been blessed this last fortnight with being able to observe in this chamber the rise of a new branch of economics, 'brendanomics'. The beneficiaries of brendanomics are big oil, big alcohol, big insurance and people with big incomes. Brendanomics is about reducing government income while maintaining or increasing government expenditure. Maybe there is some sense to this, but I note that the member for Wentworth did not see a lot of sense in it and I suspect that the member for Higgins did not see a lot of sense in it. You cannot have economics without economic experts on the front bench, but the opposition appears to be trying to do that.

The member for Bradfield has set out on a \$22 billion smash-and-grab raid on the budget. Where is the money coming from? He is not prepared to say—or he will not say. Maybe he has some ideas, but he is not going to let the people in. Who is going to miss out through these proposals of his? I suspect that

it is going to be the pensioners or people on government supported incomes—people who can least afford to miss out and who are looking to this government to give them some assistance in the future as the inquiry reports back to us in about February.

Why would the opposition set out to punish decent Australians simply because they did not choose them to govern Australia at the last election? For a decade those opposite have bragged about their economic prowess. You would have thought that they were doing that economic management for the good of the country, but it appears not. It appears it was all about them or all about their idea that they were better than us. Well, they have been exposed. Their reaction to the favourable reaction to the Swan Labor budget has been one of petulance. They have no idea what they want to do, so they are setting out to obstruct. For example, we talked about the luxury car tax in this chamber today. They do not know whether they oppose it; they do not even support it, I suppose. They did not support the member for New England's amendment. But they do intend to refer the issue to a Senate committee—to delay, if you will, a government revenue measure. You cannot be sure from one day to the next or from one hour to the next, really, where the opposition stands on any question.

Sitting over here we gaze at the faces of the opposition backbenchers and what we see are a bunch of people who are as confused as a three-legged dog on the wrong side of the tree. What this opposition is about is taking cheap political populous points and running with them and knowing that they do not have to suffer any consequences from doing that. Sending the luxury car tax bill off to a Senate committee should give all their chums time to buy a new Ferrari, a Rolls Royce or an Aston Martin. We are getting the picture.

Fuelwatch: do they or don't they support measures that give consumers vital information? Apparently not. They talk about the efficacy of Fuelwatch at great length. Let me put on the record the statistics. The Automobile Association of Australia figures show that against the three capital city average—that is, Sydney, Melbourne and Adelaide; Brisbane is left out because in Queensland there is a state government fuel subsidy—Perth consumers paid on average about 2½ per cent more for petrol between 1980 and the year 2000. Since FuelWatch was introduced in Perth, on average Perth motorists have paid marginally less. I am going to be fair: that margin is as close to zero as you can get it, but it is on the positive side of zero. But what does it mean? It means that since the introduction of FuelWatch in Perth, Perth motorists have saved on average 2½ per cent.

There are a lot of things that go into fuel prices. The world price of oil has doubled in the last little while; it has more than quadrupled since the turn of the century. Petrol prices are rising. I have seen some documents that suggest that crude oil will be \$166 a barrel in 12 months time, up from the \$130-odd that it is now. Are we going to bring in government subsidies such as they do in India, where 1.5 per cent of their GDP is spent in government subsidies on fuel? (*Time expired*)

Road Transport Charges

Mr SECKER (Barker) (9.10 pm)—It was very interesting to hear the new member for Longman. The only comment I can make is that he is certainly not a patch on the previous member. I speak tonight on the devastating impact that the Rudd government increase in heavy vehicle charges will have on the transport industry in my electorate of Barker. Much of the freight industry in South Australia is based in the south-east of the

state in my electorate of Barker. Transport is vital to the state's economy and its communities. It is responsible for moving goods to and from every part of South Australia, within Australia and overseas.

Transport accounts for approximately 4½ per cent of the state's employment and five per cent of the state's gross domestic product, contributing more than \$3 billion annually from companies such as Scotts Transport, K&S Freighters, SWF Transport, Ielasi Carriers, McKenzie Freighters and many others. While putting a dollar value on freight transport is impressive, it does not do justice to the other benefits that the freight industry also provides. These include enabling domestic and global trade, supporting economic development by meeting the needs of the business community, and providing communities with access to goods and services so that they can function effectively.

South Australia's road and rail network also forms a critical part of Australia's land transport network, connecting the east and west, and north and south of Australia. Heavy vehicle transport industries are being hit by diesel prices. The price of diesel is presently hovering around the \$1.80 mark, an increase of about one-third on what it was last year, and trucking companies in my electorate, as in the rest of the country, are feeling the pinch. It is particularly difficult for the small business that subcontracts heavy-vehicle drivers who cart loads on behalf of another transport company at the mercy of a preset rate which cannot keep pace with rises in external costs such as fuel. Subcontractors in this situation have no choice but to absorb these costs themselves, sending many out of business.

As if fuel prices were not enough, the increase in truck registration charges which was recently pushed through by the Rudd government will hit our transport companies

hard, with many businesses in my electorate unable to shoulder the increases themselves. Every increase in truck registration and on-road costs causes a flow-on. The recent transport increases were made more difficult given that the transport companies regularly quote transport costs up to 12 months in advance.

Last month the Rudd Labor government amended the Interstate Road Transport Charge Act, increasing heavy vehicle registrations, with increases of more than \$6,000 for B-double trucks. This pushes the annual registration fees for B-doubles to more than \$14,000. Like many members in this parliament, I believe in user-pays but I also believe that the trucking industry is already paying its fair share. In fact, they presented to the government the facts that showed that they were already paying their fair share.

The increase in B-double and B-triple registration prices does not make sense because these vehicles have a better record of safety and environmental performance, and are more efficient. It will mean that many transport companies will have to turn to smaller, less efficient trucks, with the general public having to share the road with one-third more trucks than necessary—although if they ever did that I am sure that this government would tax them even more. Nor is there any guarantee that the extra revenue raised will go into road upgrades in South Australia. The charges could be used to build a bridge in Queensland or simply disappear into the black hole of consolidated revenue and be lost through Labor's economic mismanagement of the states.

The hike in vehicle registration fees is just one of a raft of measures imposed on the transport industry, including an increase in the road user charge. Earlier this year, the Rudd Labor government announced that it would increase the road user charge from 1

January 2009 by an extra 1.5c a litre, which will be indexed annually at a rate higher than the CPI. This will result in nothing more than major increases in food prices and the driving up of inflation. Transport is a major industry in the electorate of Barker and our industries and communities rely heavily on the transport industry. Heavy vehicles already pay registration charges which vary by truck type and axle loads and they already pay a diesel fuel excise. (*Time expired*)

Budget

Ms REA (Bonner) (9.15 pm)—Events of the last week have demonstrated quite clearly why the Australian people decided to reject the Liberal-National coalition at the last election. The ordinary working Australians in my electorate of Bonner would be overwhelmed by the apparent positions that the coalition have adopted on the budget that has been put before us by Treasurer Wayne Swan. They portray themselves as great economic managers and as the great protectors of ordinary Australians but if we look at their reaction to this budget we see the remnants of a government that left us with a legacy of far too many interest rises, the highest inflation in 16 years and absolutely no plan or even political will to deal with the skills and infrastructure crises that we face.

They have opposed the government's Fuelwatch scheme but wish to blow the country's surplus by introducing a reduction in the fuel excise. A short term gain of 5c a litre is small compensation for the inevitable interest rate rises and inflation increases that would come if they embarked on this \$22 billion raid of the surplus. They have definitely nailed their colours to the mast. Their desperate attempts to boost up a failing leader and to deal with a divided party mean that pensioners, seniors, families and those working Australians out there who are just trying to stay ahead financially, are going to

have to pay. Their support for luxury cars and their stunt to cut fuel excise will blow the surplus. If they believe this is popular, what are they going to tell all those people doing it tough out there when inflation goes through the roof, when mortgages go up and when inevitably the cost of living rises astronomically? The opposition has no plan for and no means of managing the economy.

Alternatively, if they are going to provide a surplus, who in the electorate of Bonner is going to miss out as a result of their support for luxury car drivers? Who is going to miss out because the opposition leader would rather care for the Ferrari drivers and the Bentley owners of this world? Do I tell the hardworking two-income families that they are going to miss out on their child care tax rebate increase? Do I tell the 12,760 households in Bonner who are currently renting that the rental affordability scheme has been scrapped? Do I tell all those young people out there who are desperately trying to save for their first home that the first home saver scheme has been scrapped because the member for Wentworth would rather give Rolls Royce drivers a cheaper deal? Do I tell the parents of the 7,698 secondary school students in Bonner that they cannot get their education tax rebate?

The opposition care more about the plight of luxury car owners than they do about the vast number of Australians who have been unfairly slugged with a Medicare surcharge levy for the last 10 years. Apparently, it is okay for someone on \$50,000 a year, which is less than the average income, to face a choice between paying more tax or paying private health insurance but it is not okay for someone who can afford a Maserati to pay a little more. Just where do they stand?

We all understand that in opposition you have the luxury of saying what you think is popular without really being held to account.

But this opposition have taken that to an absolute extreme. They have wrecked a well-balanced budget that has a healthy surplus that will buffer us against the economic challenges ahead. And they have done it by taking a short-term impractical approach to petrol pricing and by protecting Ferrari-driving millionaires. One might almost call it ruling-class welfare. I know that there is a lot of vote buying going on in the Liberal Party but it is unfair that it is at the expense of those hardworking people out there who are not only trying to make ends meet, educate the next generation and care for their elderly relatives but also going to work every day to provide the goods and services that we need to function as a community. The people of Bonner will see this as an indictment of the opposition. They are reckless spenders without due regard for the hardworking Australians who provide the taxes that they want to so recklessly throw away on their pet issues without caring for the future and without caring about the impact on the economy. (*Time expired*)

Budget

Mr COULTON (Parkes) (9.20 pm)—I want to give the member for Bonner some advice. If she would like to explain to her constituents where the largesse is coming from that is flowing the way of her electorate, she might look to regional Australia. There has been over a billion dollars gutted out of there by this government in the scandalous budget that they have just brought down. Tonight, I rise to speak about the actions in this House earlier today over the introduction of the luxury car tax. Perhaps I was a bit naive, but I thought that the whole point of having a parliament was so that bills like the one on the luxury car tax could be fairly debated before being voted on. I would like to place on record my disappointment over the way that the current government rushed this bill through the House. There was

not much opportunity to consider the bill and there was no warning, until the last minute, that it would be voted on. Many coalition MPs, including me, were not able to speak on it. The Australian parliament is supposed to be a place of fairness and openness. All members of this House should be given the time to study legislation before being asked to debate it. More importantly, every MP should have the right to speak on behalf of his or her constituents. I was elected to represent the people of the Parkes electorate and I should be able to do that.

I am appalled that I was not given the opportunity to speak on the issue despite the fact that the implementation of this legislation will have a huge effect on my constituents. As far as I am concerned, the antics today are an infringement on the democratic rights of the people of my electorate. Had I been given the chance to speak I would have told the parliament that, for many people in areas such as my electorate, owning a four-wheel drive is not a luxury but rather a necessity. Many of my constituents need to have a four-wheel drive in order to get to work or to get their kids to school. There are many roads that are impassable during wet weather, and if residents living on these roads do not have an adequate vehicle then they are left stranded when it rains. I would have also mentioned that four-wheel drives are necessary in my electorate because many of the roads have a lot of animal activity at night, and in most cases large four-wheel drives with a bullbar can mean the difference between staying on the road and having an accident. In addition to this, this tax will affect many car dealerships in my electorate who rely heavily on the four-wheel-drive market to sustain their businesses.

I was not given the opportunity to raise these and many others issues during the debate. This bill was rushed through this House and democracy was overlooked in the proc-

ess. I would also like to use this opportunity tonight to comment on the amendment raised by the member for New England. This amendment, raised in relation to the luxury car tax bill was, I believe, lacking in detail. The member suggested an exception to the tax for 'a four-wheel drive vehicle that is registered in a rural area'. While the member may have good intentions in raising the amendment, I do not think that the amendment was specific enough and it may well have led to some city people finding loopholes in the legislation. After all, what would stop someone who lives primarily in a city residence from finding a way to register their vehicle in a rural area to avoid the tax? How do you define a rural area? And what about families who may not live in a rural area but have to purchase a larger vehicle such as a Tarago to accommodate a child with a disability? Under this amendment, they get overlooked.

There were too many variables in this amendment and not enough clarity. In addition, I was not given enough time to properly consider what I was voting for, which is why I chose to abstain from voting. Every single vote we cast in this place has an effect on the laws of this country, and I was not willing to make a split-second decision on something that has such large implications in my electorate. I resolutely believe that people living in rural areas, such as those in my electorate, should be exempt from this tax. Any amendments to this legislation must specify geographic locations, and be absolutely watertight so that the four-wheel-drive owner in Toorak or Vaucluse cannot find a way to make themselves exempt. I also believe that families who must accommodate the transport needs of a disabled child should be exempt. I support the call by the Leader of the Nationals, the member for Wide Bay, for this measure to be dealt with in some detail by a Senate committee. A committee is the appro-

priate platform for this legislation to be considered in detail. I will be making a submission to this Senate committee so that the voices of the people in my electorate will be heard in relation to this issue.

Budget

Mr SYMON (Deakin) (9.25 pm)—It is with some interest that I start my contribution to this debate tonight. I have been listening to the opposition talking about luxury car tax and I really do find it sticks in the craw a little bit when you think that there are people prepared to spend more on a car than many people can afford to spend on a house. Then they talk to their representatives in this place and say, 'That is outrageous. We shouldn't have to pay that tax because people who earn less should be supporting us.' And this seems to come across time and time again from the opposition—that those who do not have much are actually there as a resource for those that have plenty. Why should working families and working people pay welfare to millionaires? Why does a millionaire need a baby bonus to help with the cost of raising a child? And why does a millionaire family need family tax benefit to help them with their day-to-day living expenses? It is just not right.

This is a complete reversal—a perverse reversal—of what welfare should be. Welfare should be for those who need it. It should not be for those who just want it in order to get a bit extra. Welfare is to help people out so that no-one actually ends up on the bones of their backsides on the street. Welfare is something we take for granted in Australia, and many people have to rely on it because of their circumstances. But those people not in straitened circumstances—who can look after themselves very nicely; who may own several properties; who may go out and buy a Porsche, a Rolls-Royce, a Lotus or any other nice expensive car—are not the sorts of peo-

ple who need welfare. Those on the other side are quite happy to stick up for that system. But I do not find it very attractive at all. I think welfare should go to those who do not have a choice. They need help from the rest of the people in Australia. That is why we have a government and that is why there is a redistribution of income: so that those at the bottom do have a chance and do have a choice to lift themselves up from where they are—or at least to survive on the level that they are at—rather than in an American type system where they end up with nothing and where there is an incarceration rate of nearly two per cent of the adult population. And why do they have that there? Because their welfare system has huge holes in it. Over there, after a few months on welfare, unemployment benefits cease. That is not something that happens in Australia. We look after people in this country and I think that is a very good thing. But there should be limits on who is looked after and when those types of benefits are delivered.

Money that is taken from taxes such as the luxury car tax or other high-end taxes—even those like the progression of income tax scales—is rightly put to social uses. It is rightly put into the Australian economy to build infrastructure and to build our skills base. These sorts of things did not happen during the Howard government. It strikes me that the opposition were not only the party of Work Choices and the party that took away workers' rights and conditions. At the same time they were taking away more in another form—that is, tax cuts would go to the wealthy, who would get a huge advantage at budget time, whilst those on lower incomes would get a small advantage. So in each Howard budget, if your income had been high before, it was certainly a whole lot higher afterwards in percentage terms than for those at the bottom of the income scale.

Finally the cycle is over. Those at the top can survive quite well. Working families who are struggling to make ends meet week by week on wages that are under pressure from cost of living—and that comes from all angles whether it be rent or mortgage stress, petrol prices, or the cost of groceries or bringing up children—do need support. But, again, it comes back to what your income and circumstances are. To see that this budget has actually brought some of that back down to earth is a wonderful thing. As a Labor member, I am proud to be able to stand here and say that. It is not something I thought I would see for many years before I came to this place, because at one time I thought that maybe we were going to be stuck with a Howard Liberal government for a long, long time. And we were. But that is now over and I am happy to see that fairness has started to return to this House. (*Time expired*)

House adjourned at 9.31 pm

NOTICES

The following notices were given:

Ms Gillard To present a bill for an act to amend the law in relation to family assistance, and for related purposes

Ms Gillard To present a bill for an act to amend legislation relating to higher education, and for related purposes.

Ms Gillard To present a bill for an act to amend the Indigenous Education (Targeted Assistance) Act 2000, and for related purposes.

Ms Gillard To present a bill for an act to amend the Social Security Act 1991 and other legislation, and for related purposes.

Ms Roxon To present a bill for an act to provide a framework for the provision of dental benefits, and for related purposes.

Ms Roxon To present a bill for an act to deal with consequential matters in connec-

tion with the Dental Benefits Act 2008, and for other purposes.

Ms Roxon To present a bill for an act to amend the National Health Act 1953, and for related purposes.

Ms Roxon To present a bill for an act to amend the law in relation to pharmaceutical benefits, and for related purposes.

Ms Macklin To present a bill for an act to amend the law relating to social security, veterans' affairs, family assistance, child support and taxation, and for related purposes.

Ms Macklin To present a bill for an act to amend laws in relation to Aboriginal land in the Northern Territory, and for other purposes.

Mr Burke To present a bill for an act relating to the export of wheat, and for other purposes.

Mr Burke To present a bill for an act to deal with consequential matters arising from the repeal of the Wheat Marketing Act 1989 and the enactment of the Wheat Export Marketing Act 2008, and for other purposes.

Mr Burke To present a bill for an act to amend the Farm Household Support Act 1992, and for other purposes.

Mr Bowen To present a bill for an act to empower consumers and encourage transparency in the fuel market, and for other purposes.

Mr Bowen To present a bill for an act to deal with consequential matters in connection with the National Fuelwatch (Empowering Consumers) Act 2008, and for other purposes.

Wednesday, 28 May 2008

The DEPUTY SPEAKER (Ms AE Burke) took the chair at 9.30 am.

STATEMENTS BY MEMBERS

Fisher Electorate: Tullawong State High School

Mr SLIPPER (Fisher) (9.30 am)—We are all, of course, a collection of our life's experiences. I have been a member of the parliament for some time, but it is always refreshing to do something new, original and different. Recently, I was the guest chef at Tullawong State High School. I managed two cooking classes, years 10 and 11. This was a particularly interesting experience and one that I would commend to all honourable members. I have had a long-time interest in cooking, but I have not had the opportunity to combine it with my parliamentary duties in the past. We had two classes. The students seemed interested. I cooked Thai green chicken curry for year 10 and Thai red beef curry for year 11. I had visions of getting up early and chopping up a lot of vegetables beforehand, with a view to ensuring that the meal preparation proceeded swiftly. But it occurred to me that it would be a good idea instead to invoke the assistance of the students. So I had students chopping garlic, pumpkin and doing all sorts of things. After the cooking classes, the students indeed enjoyed the food, as did members of the school teaching staff.

I want to commend the Principal of Tullawong State High School, Leonie Kearney, and her five deputy principals, Kirsten Dwyer, Peter Hoehn, Roger Bryce, John O'Connell and Karen Casey, for the opportunity to pass on some of the ideas I have gleaned in the kitchen over the years. My thanks also to Miss Deanna Dean, the home economics teacher, for helping organise my visit. It gave students the opportunity of interacting with a federal representative. Many people tend to put elected representatives on a pedestal, just to knock them off, and they also see politicians as remote and not able to interact with other members of the community.

The students were exceptionally helpful. One student, Filippo Eliseo, described the curry as 'sweet', which I am told is a very big compliment. I am going to do more of these cooking classes. I understand that no student suffered adversely as a result of indulging in the fruits of my culinary expertise. It was a wonderful experience and also a lot of fun. I hope that the students enjoyed it as much as I did.

We have many students in our community who are absolute role models for other students, and I get sick and tired of seeing young people—the future of this country—being knocked in the media. I benefited greatly from this experience and I hope that, similarly, the students found my visit to Tullawong State High School to be of benefit.

Tasmanian Premier

Mr SIDEBOTTOM (Braddon) (9.34 am)—On 26 May, Tasmania saw a change in both the premiership and the deputy premiership, with the election of David Bartlett as Premier and Lara Giddings as Deputy Premier and the farewell of Paul Lennon, as both Premier and a member of parliament. I would like to pay tribute to the contribution of Paul Lennon to the Labor Party—which, of course, has not ended—to the Tasmanian parliament and to the Tasmanian people in particular. Paul Lennon is Hobart born, like me, and went to St Virgils College, where I went to school. He went into the Storemen and Packers Union after school and

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he rose through the union ranks. He became state secretary of his union and also Secretary of the Tasmanian Trades and Labour Council. He entered the Tasmanian parliament in 1990 and had a most distinguished and colourful career in that parliament.

Paul Lennon was a very loyal Deputy Premier to the late Jim Bacon. He played a significant role in the re-emergence of Tasmania into the 21st century and it becoming a prosperous, innovative and forward-looking state. I thank Paul Lennon very much for his contribution, particularly as he became a reluctant Premier after the death of his very good friend Jim Bacon. I thank Paul for everything he has done for the state and for me personally and particularly for my electorate of Braddon. Paul would not die wondering; he was prepared to go to it and make it happen, and we are grateful to Paul for that.

Of course we must welcome the new Premier, David Bartlett—the new boy on the block. David went to my old school Hobart College. He comes from Taroona and built a career with his Bachelor of Science in computer science and his Graduate Diploma of Business in professional management from the University of Tasmania. He became an adviser to David Crean, our very distinguished former Treasurer, and made his way through those innovative circles to be elected to the Tasmanian parliament in April 2004. While there, he became very much a popular member and was re-elected again in 2006. He had taken up the position of the Minister for Education prior to becoming the Deputy Premier and now the Premier, and he is working his way through very innovative and forward-looking changes to the education system in Tasmania. I note that he has held on to that portfolio. I wish him well. He is energetic and young and has vision and, along with Deputy Premier Lara Giddings in the important area of health, he will take our state forward. I look forward to working with them very much into the future. I thank Paul Lennon for his great contribution.

McPherson Electorate: Tweed Heads Skate Park

Mrs MAY (McPherson) (9.37 am)—The youth of Tweed Heads had a commitment of funding from the previous coalition government of \$100,000 during the 2007 election campaign for the construction of a skate park. The funding was committed under the Regional Partnerships program, conditional upon co-funding from the New South Wales state government. The New South Wales state government did commit to the project but unfortunately did not sign a contract until 2008 due to the federal election that was called. In my view, that is not a reason to scrap the funding from the Commonwealth.

The youth of the Tweed already feel cheated and let down by the political process. Indeed, Minister Elliott's politicisation of the issue further reinforces their sense of betrayal. Minister Elliott has said they should apply through the Better Regions program, but as that is only \$176 million it really rules them out. There is no funding through that program. The money has been expended through programs that were promised during the election campaign.

It is estimated that up to 200 youths would use the park in Tweed Heads on a daily basis. The park would provide a safe environment for youth to enjoy skateboarding, as well as increase social participation and physical activity and give youth of the area the opportunity to do something that they certainly enjoy. It would also give them a place to go. It would get them off the streets. That social interaction is really important for the youth of that area.

The youth themselves came together as a group and identified the need for a skate park. They put the funding application forward to the then federal government. I commend the

youth of the Tweed for doing that. They have been let down, with no funding coming forth for that skate park. I think the minister has let those young people down and I say to her: please ensure that the youth of the Tweed can have this skate park so that they have somewhere to go and have somewhere they can socialise and come together as a young group. We all know that youth in our areas are often looking for places where they can come together in a safe environment. The skate bowl at Tweed Heads would have given them a great opportunity to do that.

I think the youth of the area that I have spoken to certainly feel that they have been let down by the political process. We often have a bad name as politicians. We do like to give our youth and local communities what they need to ensure that there is safety in our communities and there are facilities that can be utilised by local communities. I say to Minister Elliott: please, for the youth of the area, do all you can to secure some funding so that the youth of Tweed Heads have their skate bowl park for the future. It is only \$100,000; it is not a great deal of money.

Northern Territory: Catholic Education

Mr HALE (Solomon) (9.40 am)—I rise today to acknowledge 100 years of Catholic education in the Northern Territory: in 1908 the Daughters of Our Lady of the Sacred Heart—the OLSH sisters—began Catholic education in the NT. I have a strong interest in this important anniversary as I attended St John's College in Darwin for five years. I was a school vice captain and played Australian Rules and Rugby Union for the school. I am still friends with many of the staff: Greg O'Mullane, Leigh and Glenda Lockley, and Noel and Carol Muller. The Mullers have committed much of their working lives to the school. Mr Ralph Braithwaite, who recently retired after more than 30 years service, was instrumental in the administration of the college.

Celebrations throughout the year highlight the work of the OLSH sisters in establishing schools across the Territory and the development and history of all Catholic schools. Today, there are 15 Catholic schools throughout the NT: 10 urban schools and five Indigenous Catholic community schools. In 1908 the first Catholic school, St Joseph's—the present-day St Mary's in Darwin—was established by five OLSH sisters. The sisters went on to establish schools at Bathurst Island, Santa Teresa and Alice Springs. 1 July 2007 is a significant date in the history of Catholic education and marks the commencement of the agreement to transfer five Catholic remote schools to the Catholic systemic model, following negotiations between the Australian and Northern Territory governments. These five schools were previously funded under the 1979 Mission Schools Agreement.

Staff, students and the community are all welcome to become involved in the celebrations. Activities will include a Eucharistic mass, a formal history of the school and centenary awards in recognition of service and outstanding commitment to the school. A dinner and a performing arts festival showcasing the talents of the students will take place on 19 September.

During the orientation program at the start of this year, Sister Anne Gardner, who has spent 50 years at Bathurst Island, launched the celebrations for the year with a study package distributed to each school. Sister Anne was also responsible for the publication of *The Flame in the North*, which seeks to capture the stories and the history of some of the pioneering sisters.

I congratulate everyone involved in the 100 years of Catholic education in the Northern Territory. During 2008, the National Catholic Education Commission will meet in Darwin to mark this centenary. A reception at Parliament House will provide an opportunity to recognise the icons of Catholic education and to recognise long-term service in Catholic education across the Territory. I seek leave to table the timeline of the development of Catholic schools in the Northern Territory.

Leave granted.

Family Payments

Mr HAWKE (Mitchell) (9.43 am)—My electorate of Mitchell is truly the electorate of the working family: 48.6 per cent of my electorate of Mitchell is made up of families with dependent children. That is the highest level of any electorate in Australia. However, according to this government's divisive formula, many of these families in my electorate are now to be classed as 'rich'. The Labor government's blanket \$150,000 threshold, above which you are some sort of greedy, capitalist robber baron living the life of luxury, is a farce. The Treasurer's and the Prime Minister's obsession with 19th-century class struggle will see a significant proportion of the people in Mitchell saying goodbye to their family tax benefit B and goodbye to the baby bonus. Working families in my electorate are certainly to be worse off.

As reported by the chief economist at the Housing Industry Association, Harley Dale, a family income of \$150,000 must be seen in the context of Sydney's median house price of more than \$500,000. A family with an income level of \$150,000 that took on a lot of debt to buy a house a couple of years ago would be facing a repayment burden now which would certainly mean that they were not well off; it would be insulting to refer to them as rich.

While I support the increase in the childcare tax rebate, I ask why Labor decided not to means test this rebate, yet for the family tax benefit part B, which supports all families, especially a significant percentage of stay-at-home parents—most of whom are in my seat of Mitchell, at 32 per cent—it decided to implement a means test. It is clear that the Labor government does not support the value of stay-at-home parents. Is a family with a stay-at-home mother or father not a working family? What does Labor have against these types of working families? If you fit in with Labor's narrow definition of a working family, then you will receive some help with this budget. If you do not, then you will get nothing. Why are family tax benefits and the baby bonus now means tested while the childcare tax rebate is not? Millionaires can send their kids to child care and receive a 50 per cent rebate whilst struggling working families with a stay-at-home parent receive no assistance.

Let us be clear here: this is not a means test; this is an ideological test. Labor is obviously of the view that caring for children at home has less value than caring for children in institutions. Try telling that to the 32 per cent of parents in my electorate who choose to stay at home and care for their young children. These parents were well represented by full-time mum Kate Iori, who spoke out after the budget in the *Australian*, saying that they, being the Prime Minister and the Treasurer:

... are creating this us-versus-them mentality. I feel like we are getting hit from every conceivable angle. I think Rudd has it in for middle class people.

He certainly does. On one hand, no matter what your income is, you receive an increased childcare tax rebate, yet if you decide to care for your own children and your family is on a

combined income of greater than \$150,000 you lose family tax benefit part B. What message is Labor trying to send? Labor has always held, as a remnant of 1970s feminism, a deep lack of respect towards stay-at-home parents, but that has never been so blatantly displayed before. As the Leader of the Opposition, Brendan Nelson, has pointed out, we believe family tax benefit part B is a benefit that recognises mothers and fathers who stay at home and raise children, and this means test should actually be on a mother's income and not on that of her husband. (*Time expired*)

Dobell Electorate: Literacy

Mr CRAIG THOMSON (Dobell) (9.46 am)—I rise to pass on my congratulations to Mingara Recreation Club and Dymocks. I had the pleasure of launching a literacy drive some weeks ago on the Central Coast. Mingara is a club that has a real sense of community and it is often involved in community issues. Along with Dymocks, Mingara has donated over \$45,000 worth of books for preschools. In the last two or three weeks 13 preschools, all community based ones, have been involved in this drive. We have been going around to these preschools delivering books and reading to kids. Because my electorate of Dobell has the lowest household incomes in New South Wales, it is an electorate with a lot of disadvantaged people. Sometimes for young children in my electorate a literacy drive going to community day care facilities and childcare facilities is the first time that they have had the opportunity of looking at new books. A lot of these facilities have books that are very dated and torn. That puts these kids at such a disadvantage as they are starting off in life, as they are behind the eight ball in terms of literacy and of being able to read books and enjoy a love of books.

In particular I would like to acknowledge John Millard, who is the community manager at Mingara and has put together this program. It has grown from the situation of a year or two ago, where those involved only visited and donated to one school, to the situation now where they visit and donate to over 13 schools. I would also like to acknowledge the fantastic work of the Central Coast Mariners football club, who have come along and supported this literacy drive, nowhere more than at Hopetown school, which is a school for disadvantaged primary school through to high school children. As we were reading to children there, we noted the effect of the positive role that sports stars can play in turning kids on to books. Nowhere was that more evident than at Hopetown school, where we went into a classroom in which teachers had been regularly assaulted. We had been warned that we might need to evacuate very quickly because of the violent behaviour of the kids. But you would not have known that when we were there. We were there opening up boxes and were all looking at books, sitting down with these kids and reading to them, often for the first time. The thing that got them in at that particular school was the work that their football stars did, sitting with them reading books to them. That shows that not only can you be champions on the football field, as the Mariners have shown by already reaching the grand final of the A-League on two occasions, but you can have a sense of community and also make sure that you contribute to children's education. So I would like to commend the work that Mingara and Dymocks have done through this tremendous project, and I look forward to continuing to support it in the future.

Grey Electorate: Water

Mr RAMSEY (Grey) (9.49 am)—I would like to bring to the attention of the chamber a water recycling scheme in the city of Port Pirie—a city which is home to a world-class smelting operation concentrating predominantly on lead. Port Pirie has a long history in this indus-

try and has had an historical problem with blood lead levels in children. The current operator of the Port Pirie smelter, Nyrstar, is fully committed to its ten by 10 clean-up program, which aims to have the blood lead levels of 95 per cent of the children under five in Port Pirie below 10 milligrams per decilitre by 2010. Nyrstar's commitment to this goal has seen the company invest \$56 million towards the project, some \$12 million in the local community. However, the company has made it clear that it must have the tools to do the job. The overriding issue to achieve this aim is the availability of an adequate water supply.

Lead is transferred in the environment as dust, and the most important element in any dust abatement scheme is water. The greening of Port Pirie cannot continue without adequate supplies of water. At the moment one would have to assume that without significant action the city is more likely to face tightening water restrictions, not an increased supply. Port Pirie is currently 100 per cent reliant on the River Murray. The Port Pirie Regional Council and the Southern Flinders Ranges Regional Development Board, in conjunction with Nyrstar, have proposed a water-recycling project aimed at capturing the city's two effluent streams, industrial and household, and returning 70 per cent of this water for reuse. This will produce 1,349 megalitres per annum.

Both the South Australian and federal governments have given in principal support to desalination plants at Port Bonython, in the Upper Spencer Gulf, and at Port Stanvac, in Adelaide's south. The estimated cost of the Port Stanvac plant is around \$1.3 billion for an output of 50 gegalitres.

The estimated cost for the Port Pirie recycling project is \$10 million, for an output of 1.35 gegalitres. This project will deliver around three per cent of the water of the proposed Port Stanvac desalination plant for less than one per cent of the capital cost—three per cent of the water for one per cent of the cost. It is a bargain. Make no mistake: 1.35 gegalitres of water is a significant amount of water—unless of course you come from Darwin—and it would be delivered on site, to the users, without costly pumping and infrastructure required to bring it the 205 kilometres from the Murray to Port Pirie.

The Port Pirie Regional Council has put its money where its mouth is and committed \$1 million to this project. The government repeatedly states it is committed to saving the Murray; now is the time for it to step up to the plate and do something positive about it. The recycled water stream of the proposed plant represents 64 per cent of the region's mains water draw from the Murray River. This proposal is one which shows advantages on many fronts. It takes pressure off the Murray and it supplies extra water so that the City of Port Pirie can address its lead contamination issues. It will provide better health for children and will also greatly reduce the amounts of outfalls into the gulf. The Liberal Party pledged its support for this project during the election; it is time the Labor government stepped up to the plate.

Lindsay Electorate: Autism

Mr BRADBURY (Lindsay) (9.52 am)—I rise to inform the chamber of the valuable work of two community groups in my electorate, supporting the needs of children with autism and their families. Yesterday I attended the Autism Month parliamentary breakfast, jointly hosted by the Australian Advisory Board on Autism Spectrum Disorders and the Parliamentary Secretary for Disabilities and Children's Services.

Over my last decade in local government and now as a federal member, I have met numerous times with families of children with autism spectrum disorders, or ASDs, who have wanted to not only raise awareness of the problem but also highlight the need for a greater number of services. It is difficult to quantify the extent to which ASDs affect families, and that is one of the challenges we face in designing policy responses to address the unmet needs of those diagnosed with ASDs. What is clear is the high level of support required for children diagnosed with an ASD and the substantial burden of care on parents and families, who must also navigate the bureaucracies and the frustrating pathways to services and therapies that can help their children.

I am pleased to be a part of a government that is committed to delivering a \$190 million package to assist children with ASDs and their families. These measures will include the establishment of six specialist early intervention centres throughout Australia. There still remains substantial unmet need and I do applaud the parliamentary secretary for recognising this and recognising the need to continue working to deliver more services.

Meeting some of the demands of families in my electorate are groups like Lifestart Nepean and the Luke Priddis Foundation. Lifestart has been operating since 1996 as a parent cooperative. It now runs a number of early intervention centres and playgroups around Sydney. For several years now Deb Emelhain and her team at the Lifestart Nepean early intervention service have been relying on the generous provision of space in spare classrooms at St Marys and St Marys South public schools. It currently services 50 families, with at least another 20 on the waiting list. I am pleased to say that Penrith City Council has granted them a five-year lease at the St Marys occasional care centre, providing the staff, parents and children with a stable environment and a secure operational future.

Working with Penrith council and local stakeholders, I have also been assisting the Luke Priddis Foundation to attempt to secure one of the government's six specialist early intervention centres in Western Sydney. Luke Priddis, a member of the Penrith Panthers rugby league team, and his wife, Holly, established the foundation after the diagnosis of their son, Cooper, with autism. They have been raising funds through the generous support of local businesses with a view to establishing an early intervention centre.

I would also like to thank Mark Mulock, Jonathan Green, Mark Geyer, David Crossman and David Latty, who recently organised a charity walk that raised money for Lifestart Nepean and the Luke Priddis Foundation. I also acknowledge the Rotary Club of Nepean, who recently raised funds for the Luke Priddis Foundation. I am very proud to be supporting these local groups in such a worthy cause in my electorate. (*Time expired*)

Commercial Ready Program

Mr KEENAN (Stirling) (9.55 am)—I would like to raise in this House another case of Labor's extraordinary failure to support Australian enterprise. In an ill-thought-out cost-cutting measure which will have a detrimental effect on the Australian economy, the Rudd Labor government has scrapped the flagship industry development program Commercial Ready. Commercial Ready was introduced by the Howard government in 2004. It provided around \$200 million per year in individual grants, from one-quarter of a million dollars up to \$5 million, to small companies to assist them to bring new and innovative products to market.

Since 2004, \$11.3 million has funded local research and development projects in my electorate of Stirling alone. Many companies used a Commercial Ready grant to leverage extra venture capital funds from the private sector. Up to 20 per cent of Commercial Ready grants went to the often high-risk biotech sector, where it is very hard to get private venture capital. In the past, Commercial Ready has funded further clinical trials for more than five cancer treatments. Solbec Pharmaceuticals, in the light industrial area of Osborne Park within my electorate, was given a landmark \$2.25 million Commercial Ready grant to develop an anti-cancer drug. Under a Labor government this company will not have the support to put this anticancer drug into its next phase of development and to ultimately help people in Australia with cancer.

Another company in my local area affected by Labor's scrapping of the program is Osborne Park based airframe testing technology company Structural Monitoring Systems. Structural Monitoring Systems received \$2.9 million, one of the largest ever Commercial Ready grants that has been awarded to a Western Australian company. The grant helped SMS to commercialise an in-flight structural health monitoring system that is able to continuously monitor the development of any cracks in an aircraft. This reduces costs of maintenance, increases air weight performance, increases the safety of air travel and is lightweight and therefore environmentally beneficial. All of the major international aerospace companies—Boeing, Airbus and Embraer—have already taken a particular interest, as have militaries from around the world. This is a small Osborne Park based company attracting the interests of all the international majors in aerospace that has now been delivered a very harsh blow by this new government. Structural Monitoring Systems employs local people. It keeps experienced engineers and scientists in WA. I have no doubt about the robustness of this company—the product that they are selling is extraordinary—but I think that they, as a small business in my electorate, can expect to have the support of the government to commercialise this extraordinary venture.

This is an example of a government that has no idea about the consequences of its actions. Scrapping the Commercial Ready program breaks an election commitment given by Senator Carr, who promised to shave only a small amount of \$160 million from this program and not to abolish it. (*Time expired*)

Page Electorate: Aerial Spraying

Ms SAFFIN (Page) (9.59 am)—I raise an emerging issue of concern, and an old issue that has reared its head, regarding tree plantations in Page, specifically in the Clarence Valley—the Coledale area—but also up country in Woodenbong, Old Bonalbo and Bonalbo. The old issue is aerial spraying, and I was surprised to find that Forest Enterprises Australia were doing it in our area next to landholders' kids going to school et cetera. A pilot was fined by the state authorities for some spray drift. In this day and age we cannot have such a practice taking place close to landholders, close to kids and close to families. The only solution is to stop it.

Allan and Lyndall Reardon, farmers from Coledale near Grafton, raised it with me, as did John Edwards, Secretary of the Clarence Environment Centre. I have raised it with Timber Communities Australia and I also asked them to facilitate a solution. I also raised it with the local union, the CFMEU. I will soon undertake a site visit and I will invite Forest Enterprises Australia to be part of it.

On behalf of the people of Page, I also expressed a concern about the chemicals being used and other issues emerging—most of them from the agricultural and rural sectors. Some of the

chemicals being used are Simazine and Rogor, which is a dimethoate. They have been banned in other countries such as the USA and those in the EU. Simazine is closely related to Atrazine, which has been found to chemically castrate frogs at levels of about 0.1 parts per billion in research done by Dr Tyrone Hayes. Our wonderful river, the Clarence River, is close to where the spraying is taking place and there is chemical drift into it.

The impact of monoculture and non-native species is an issue that needs to be looked at. The locals have expressed their concern about the mass transfer of land from traditional agricultural use to plantations, the seeming lack of economic return to our area, the low level of jobs for locals and the lack of community engagement.

Another issue that has been raised with me is that there are generous tax concessions for these managed investment schemes, and we have been asked to consider that as well. But it really is the locals, traditional landholders, farmers and people from the agriculture and rural sector who are deeply concerned about it. I am not saying that we have to stop it but that we have to look at how we are implementing it, and aerial spraying in areas where there is a build-up of people is just something that cannot happen.

The DEPUTY SPEAKER (Ms AE Burke)—Order! In accordance with standing order 193 the time for members' statements has concluded.

CIVIL AVIATION LEGISLATION AMENDMENT (1999 MONTREAL CONVENTION AND OTHER MEASURES) BILL 2008

Second Reading

Debate resumed from 27 May, on motion by **Mr Albanese**:

That this bill be now read a second time.

Mr MARLES (Corio) (10.02 am)—I rise in support of the Civil Aviation Legislation Amendment (1999 Montreal Convention and Other Measures) Bill 2008. This bill amends a range of acts which are currently on our statute books. They are the Civil Aviation (Carriers' Liability) Act 1959, the Air Accidents (Commonwealth Government Liability) Act 1963 and the Civil Aviation Act 1988. In amending each of these acts, the bill allows Australia to accede to the Montreal convention.

The Montreal convention is officially known as the Convention for the Unification of Certain Rules for International Carriage by Air. It is so titled because of the fact that the convention was endorsed in the Canadian city of Montreal on 28 May 1999 by the member states of the International Civil Aviation Organisation. The International Civil Aviation Organisation is a UN agency based in Montreal which codifies international aviation and air traffic regulations.

The Montreal convention supersedes the Warsaw convention of 1929, which, despite having had four subsequent amendments—in The Hague in 1955, the Guadalajara convention of 1961, the Guatemala City protocol of 1971 and the Montreal protocols of 1975—was nevertheless very much out of date. That was particularly the case in relation to air carrier liability where there were a number of aspects of the Warsaw convention which were completely out of date. For example, it used a currency which is no longer in existence known as the Poincare gold franc. There was no provision for indexation of liability caps when damages claims were made. So, for example, a number of those liability caps effectively date back to 1929 limits. For death or injury, the total amount of damages that could be provided was between

A\$16,000 and A\$20,000. For a loss of luggage, the amount was between \$30 or \$40 per kilogram. Clearly these amounts are vastly out of date in 2008.

Despite having had wide adherence—there are 151 parties to the Warsaw convention—it was soon recognised that it was very much out of date and these caps were insufficient. Like other countries, Australia did find its way around the out-of-date nature of the Warsaw convention, and so, through the Civil Aviation (Carriers' Liability) Act 1959, there were increases in the caps for liability and damages that could be paid in relation to Australian international carriers. That act provided that a cap of \$500,000 could be paid in relation to death or injury, \$1,600 could be paid in relation to registered baggage and \$160 could be paid in relation to hand luggage. But, of course, these caps could not be applied to international or foreign carriers, and that is exactly what the Montreal convention would provide for and why it is important that we now accede to it.

The Montreal convention, as I stated, dates back to May 1999. In June 1999, the then Minister for Transport and Regional Services, Leader of the National Party and Deputy Prime Minister, the former member for Gwydir, announced a consultative process with a view to ratifying and having Australia accede to the Montreal convention, but from that point on very little happened in relation to the accession by Australia to this convention. In fact, it seems to have gone completely out into the backblocks, and the whole business of government appears to have stalled in relation to this important measure, which is ultimately about connecting Australia to the international aviation system. By November last year, at the time of the election, we had a new Minister for Transport and Regional Services—still the Leader of the National Party, still the Deputy Prime Minister, but this time the member for Lyne—who appeared to be spending more time out of Australia than in it. Still the Montreal convention had not been ratified, despite the fact that Japan, the United States, China and New Zealand had ratified the convention in 2003 and the United Kingdom and most European countries had ratified it in 2004. Indeed, as was the case at the election last year and as is the case as I stand here today, Australia is the only country outside the OECD that has not ratified the Montreal convention.

The Joint Standing Committee on Treaties supported Australia acceding to the convention in report No. 65, which was tabled in this parliament on 20 June 2005, so there has been plenty of notice about this convention. It has been completely clear that it needed to occur. It has been completely clear that the old system of international regulation, in the sense that we were adhering to it, was completely out of date. The remedy for this was presented by the international aviation community in May 1999, yet here we are nine years later and nothing has occurred. It begs the question: what were the Howard government doing over those last nine years that they could not put in place an important, but relatively simple, measure to connect Australia to the international aviation system? Perhaps we could speculate, given who the ministers for transport were, given what party they came from, that there may have been some distraction from the Regional Partnerships program, a program which seemed mainly aimed at providing for pork-barrelling in National Party seats. Maybe we can speculate that the reason that the National Party were not engaged in the important business of running this country was that they were more focused on the Regional Partnerships program. Perhaps we could say that, rather than focusing on connecting Australia to the international aviation system, the member for Gwydir focused on the Seawind fiasco. The Seawind fiasco was of course a fla-

grant attempt at pork-barrelling in Tweed Heads. Seawind was a company involved in seafood processing. It received \$273,500 in grants after, according to the former member for Gwydir, a rigorous assessment process.

Mr Secker—Madam Deputy Speaker, I raise a point of order on relevance. This has absolutely nothing to do with the legislation.

The DEPUTY SPEAKER (Ms AE Burke)—The member for Corio will return to the topic at hand.

Mr MARLES—Madam Deputy Speaker, this is highly relevant. When you look at the package of materials in relation to this bill, the thing that immediately jumps out at you is that the Montreal convention was made in May 1999 and we are now sitting here in May 2008. The only conclusion we can reach is that the Howard government was asleep at the wheel or busy doing other things—for example, engaging in the Regional Partnerships program, focusing on the Seawind fiasco. It is important that that is borne out.

Mr Secker—Madam Deputy Speaker, on a point of order: this clearly has nothing to do with the legislation in front of us.

The DEPUTY SPEAKER—This has been a wide-ranging debate from all sides. I call the member for Corio.

Mr MARLES—In a sense I welcome the point of order, because this has everything to do with it. This is why you were not actually engaged in the business of running the country, which is what this bill is absolutely about. As I said, the Seawind seafood processing company received more than a quarter of a million dollars of government money after what the former member for Gwydir said was a rigorous assessment process. But when the current member for Richmond, the Minister for Ageing, visited the Seawind factory she discovered that the company expected employees to share workboots and to work with unsuitable, old and rusty filleting knives. I know that the minister is still getting over the experience of meeting with the Seawind trainees, who shortly afterwards experienced the company going bust—just five months after the commencement of that government-subsidised position. That appears to be what the former member for Gwydir was doing when he should have been involved in connecting our country to the international aviation system.

But what about the member for Lyne, who took over the portfolio of Transport and Regional Development and the position of Deputy Prime Minister and who was, of course, also the Leader of the National Party? Why wasn't he busy connecting Australia to a modern international aviation system? Was he in fact more concerned with the Regional Partnerships program itself and concerned with—

Mr Secker—Madam Deputy Speaker, I rise on a point of order. The debate may be wide-ranging, but I do not think it can be this wide-ranging.

The DEPUTY SPEAKER—The member for Corio will return to the legislation at hand.

Mr MARLES—The interesting thing here is that the two ministers of the Howard government who were responsible for this portfolio were both leaders of the National Party and both up to their necks in the Regional Partnerships program when in fact they should have been running this country and connecting us to a modern aviation system. Instead, the member for Lyne was out there bitterly attacking the Auditor-General for raising, quite legiti-

mately, concerns that he had about the Regional Partnerships program. We know those comments very well, as they were reported in the *Australian* on 17 May last year. It said—

Howard government ministers approved—

Mr Truss—Madam Deputy Speaker, I rise on a point of order. The Auditor-General's report into the Regional Partnerships program has nothing whatsoever to do with the Montreal convention. No matter how wide-ranging the debate is, it cannot possibly stretch that far.

The DEPUTY SPEAKER—The member for Corio will return to the legislation at hand. I will, however, point out that most members have spoken about the length of time. I think the Leader of the Nationals mentioned it in his speech. I ask the member for Corio to return to the legislation.

Mr MARLES—Again I appreciate the objection raised by the current Leader of the Nationals, who no doubt is pretty sensitive about what the former leaders of the National Party were doing. As the Deputy Speaker has said, the current Leader of the National Party was busily trying to explain why there was a delay. It is a fair question: why was there a delay? Unfortunately, the explanation was not good enough, so I am trying to provide the explanation here by looking at what the former leaders of the National Party were doing, what the former ministers for transport were doing. They were more focused on the Regional Partnerships program and more focused on attacking the Auditor-General, who was raising real problems with the Regional Partnerships program, saying that the ministers had overridden departmental recommendations against approving certain projects, mostly those in coalition electorates—

Mr Secker—Madam Deputy Speaker, I rise on a point of order on relevance. The speaker is clearly not obeying your direction to go back to the legislation. He has done this several times today, and it is about time he did.

The DEPUTY SPEAKER—I thank the member for Barker for his point of order. As I said before, other people have referred to the time it has taken to introduce this convention. I ask the member for Corio to return to the legislation at hand.

Mr MARLES—What is absolutely clear is the sensitivity of the National Party on their inability to actually participate in the running of the country over the last 11 years—

Mr Secker—I'm not a member of the National Party.

Mr MARLES—I refer to the Leader of the National Party, who is present here now—and in particular their failure to put in place a very simple measure to connect this country to the international aviation system, a measure which lay on the table with no action at all for eight years under the Howard government while the leaders of the National Party, the ministers for transport, were busily going off on the Regional Partnerships program.

The Rudd government is going to be very different in the way in which it is going to run this country. It is going to be getting on with the unfinished business, of which there is an awful lot after 11 years of the Howard government. This is a perfect example of it. This is a very important bill. It is an example of how the Rudd government is not interested in governing through electoral cycles but is actually interested in governing for Australia's long-term future and doing the things which need to be done.

This bill is also very important for my electorate of Corio, which has within it the airport at Avalon. Currently Avalon is a domestic airport that is used by Jetstar for low-cost flights.

Flights go from Avalon to Adelaide, Brisbane, Sydney and Perth. It has been undergoing significant expansion over the last decade. This year in the order of 1.4 million passengers are expected to land at Avalon. I have raised this in the context of this debate because a number of us, and Avalon itself, are very hopeful that it may at some point in the future be able to expand its activities internationally so that it would become an international airport. Of course, in that sense this bill will then become very relevant to people who travel to and leave from Avalon.

Right now more than 1,000 people are employed in the various businesses and works that go on at Avalon Airport, but it really can expand much more beyond that. Avalon represents the best prospect that our region has of significant job growth over the coming years. For Avalon to go international would be a real catalyst, a breakthrough, if you like. The future is very exciting for Avalon. The possibility of it one day becoming an international airport is something that all public policymakers in this country need to keep at the forefront.

This bill makes amendments to allow, as I said, for the accession of this country to the Montreal convention. It affects the three acts which I have previously referred to. The new Montreal convention is a holistic approach to passenger requirements. It includes a complete framework for liability for air carriers in relation to loss or damage to cargo and baggage, in relation to damage caused by a delay in the scheduled arrival of a passenger, baggage or freight, and in relation to injury or death of passengers. It also allows for cases in relation to damage to be heard in Australia rather than having to prosecute or pursue those cases in foreign courts. Significantly, it also updates the records management—and this is particularly important for freight management—by allowing the use of electronic records and, in that way, overcoming the cumbersome paper-based waybill system which is currently in use.

The bill goes a long way towards modernising language within our own laws in relation to the definition of ‘family member’ to include stepsiblings and foster children, for example. It updates the currency which was in the Warsaw convention, which, as I stated earlier, is no longer in use anywhere else, and defines a currency in terms of the special drawing rights, which represents a basket of modern currencies. It puts in place a two-tier system of liability whereby applicants can claim up to 100,000 special drawing rights, which is roughly the equivalent of A\$170,000, on a no-fault basis. Where there are damages which exceed that amount, they can be pursued unless the air carrier ‘proves that the damage was not caused by the negligence or wrongful act or omission of the carrier, its servants or agents’. The bill does not affect any domestic carriage arrangements. They remain governed by the Civil Aviation (Carriers’ Liability) Act, which I described earlier.

This bill is long overdue in being put in place in this country. The assent by Australia to the Montreal convention is long overdue. In a way, it is a very simple piece of legislation and it is a very simple thing to do. It is an obvious piece of unfinished business and an obvious thing for a government to do to connect this country to the modern aviation system. The fact that it stood on our books for eight years while the Howard government did absolutely nothing stands as a legacy of the extent to which the Howard government was asleep at the wheel and the extent to which the National Party in particular, and former Nationals leaders and former ministers for transport who were Nationals leaders, were completely distracted by electoral politics, by the Regional Partnerships program and by a range of other matters. They did not do the simplest thing around to connect this country to a modern aviation system. It stands as a condemnation of all of them for what they have done over the last eight years.

The Rudd government is a very different government. It is getting on with the unfinished business that is in place after 11 long years of the Howard government. It is going to fix up the problems—simple problems, in a sense—which have been in place over that period. It is a demonstration that we are going through all the statutes at the moment and working out where the Howard government did absolutely nothing, leaving holes all over the place as they were asleep at the wheel. We will fix up those problems and make a commitment to governing this country not for the next three years of an electoral cycle but for the long-term future.

Mr GRAY (Brand—Parliamentary Secretary for Regional Development and Northern Australia) (10.22 am)—by leave—I thank members for their contribution to the debate on this bill. It is long overdue and will bring Australia's arrangements for air carrier liability into the 21st century by ratifying the Montreal convention. I acknowledge and appreciate that there is bipartisan support for this legislation.

The Civil Aviation Legislation Amendment (1999 Montreal Convention and Other Measures) Bill 2008 will modernise Australia's arrangements for air carrier liability. The convention will increase the compensation available to passengers who are injured on international flights. The liability arrangements applying to baggage or cargo that is lost, damaged or delayed will also be updated. The bill will expand the list of family members who are able to enforce liability in the event of a passenger's death. The Montreal convention will help business by creating efficiencies in the paperwork associated with the transportation of passengers and cargo. The bill is also the result of bipartisan support and of many years of hard work by those members opposite, especially former Minister Truss and former Deputy Prime Minister Mark Vaile. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Ordered that this bill be reported to the House without amendment.

SYDNEY AIRPORT DEMAND MANAGEMENT AMENDMENT BILL 2008

Second Reading

Debate resumed from 20 March, on motion by **Mr Albanese**:

That this bill be now read a second time.

Mr TRUSS (Wide Bay—Leader of the Nationals) (10.24 am)—The Sydney Airport Demand Management Amendment Bill 2008 makes some technical changes, including changes to the Sydney Airport Demand Management Act 1997, to ensure the slot management regime at Sydney airport is robust. The framework that has successfully managed aircraft demand at Australia's busiest airport is provided by the Sydney Airport Demand Management Act 1997. This legislation, as members in this place are no doubt well aware, was implemented by the previous coalition government early in its first term, arising from its 1996 election promise that aircraft movements at Sydney airport should be capped at 80 per hour. It is worth noting that in the long years of the previous Labor government no such effort had been made to manage aircraft demand at Sydney airport. It took a coalition government to do it.

On this point, I note with some amusement that the Minister for Infrastructure, Transport, Regional Development and Local Government in his second reading speech made the somewhat bizarre claim that the management scheme operating at Sydney airport is a result of the

private member's bill that he introduced in 1996. We are used to some people on the opposite side attempting to rewrite history and claim the coalition's initiatives as their own. We have seen this, for example, in the minister's trumpeting of a media release on 31 March in regard to the so-called open skies agreement with the United States. The opposition certainly acknowledges the benefits of an agreement that permits Australian and US owned airlines to fly freely between the two countries. We particularly welcome the initiative, flowing from that agreement, from the Virgin Blue group to launch daily direct Los Angeles to Sydney flights. It is the first step in opening up a key air route to greater competition. That agreement flowed out of the considerable effort put in by the previous government to liberalise our air services agreement with the United States, and I welcome the fact that the incoming government continued that work and then brought it to fruition.

The minister has been a constant critic of the activities of Sydney airport. I appreciate that his electorate surrounds Sydney airport so he has a right to have an interest in what is essentially a very domestic issue for him. Because he has been such a critic of operations I was naturally a little suspicious when one of the very first pieces of legislation that the government brought into the House was in relation to managing aircraft movements at Sydney airport. So I have looked at the legislation inside out and upside down to see whether this was some kind of a trick to reduce aircraft movements into Sydney or to extend the curfew periods in a way that might advantage the minister's electorate but disadvantage all other Australians. I have discussed it also with Sydney airport and the airlines, and I guess I am satisfied that this is just a simple piece of legislation correcting an error in definitions and that the impact on airline movements, the airlines, the airport and the people who live near Sydney airport is essentially unchanged. For that reason the opposition will essentially be supporting the legislation.

It is also important to note that this particular legislation arises from the Australian National Audit Office report entitled *The implementation of the Sydney Airport Demand Management Act 1997*. As I said earlier, the act is the framework that regulates the scheduling of aircraft movements at Sydney airport and it has been in operation since the very first years of the previous coalition government. It is fair to say that the arrangements have worked quite well, but a technical deficiency has been identified between the definition used in the slot management system and the one used in the legislation. After 10 years the Auditor-General has uncovered an error, and that certainly needs to be corrected.

There are a number of key issues surrounding Sydney airport, and I am sure they will be the subject of quite a deal of the debate on this legislation. Sydney airport is Australia's most important international gateway. It has the lion's share of our international air traffic. It is a popular choice for new airlines coming into Australia and indeed Qantas and other Australian airlines that undertake services to other parts of the world. People from other states are often critical that airlines are choosing to operate in and out of Sydney rather than Melbourne, Brisbane, Adelaide or Perth. I have some sympathy with that criticism. I think that some of the airlines have become Sydney-centric. It is important that they look carefully at the economics of operating services out of other cities, like Melbourne and Brisbane, where there is less congestion and less pressure on the airport and where the opportunities are quite substantial.

Labor have been ducking the hard decisions about Sydney airport. I can hardly believe the number of inquiries and reviews that the government are undertaking. Plainly they cannot

make any of the hard decisions. It is quite staggering that, after 11 years in opposition, all the government can do after gaining office is commission a whole stack of reviews. It is a symptom of a government that is devoid of ideas: when in doubt, call a review; when wanting to delay a difficult decision, call a review.

That is why I was not surprised to note the announcement of the minister on 10 April this year of his intention to develop a national aviation policy statement. This will lead to a national aviation policy green paper, to be released at a nebulous date later this year. I note with interest the minister has released an issues paper as a guide to industry in the development of this statement. This issues paper includes, in the second chapter entitled 'Airport planning and development', a section called 'Future airport needs'. In that section is a sentence that refers to the need for 'additional airport capacity for Sydney in the future'. That is of course code for a second airport for Sydney. They have had 11 years in opposition to think about this difficult policy decision but, once again, faced with a hard decision Labor go for review.

Of course, the contortions of Labor over the need for a second airport in Sydney are well known. In 2004, the member for Batman, in a burst of honesty, admitted that the debate about an additional airport in Sydney had torn the Labor Party apart for decades. I also recall this was the time that Labor proposed that a second airport should be built at Wilton or somewhere south of the Nepean River, an extraordinary proposal that would have resulted in the world's furthest airport from a CBD—further even than Tokyo's Narita airport, which is 64 kilometres out of the city. Neither the infrastructure requirements of such a location nor in fact that the site is a major water catchment for the Sydney region was discussed.

It seems that Labor is almost dismissing building an airport at Badgerys Creek and I have to say that I have been disappointed at the way in which the New South Wales state government has not respected the fact that this area has been set aside, essentially, for a second airport for Sydney. It has allowed infrastructure and housing and other developments to be built in a way that seriously compromises the use of this site for its intended purposes in the future. I think that Sydney does need to have effective planning for the additional airport capacity that it will need in the future. I accept that it will not be required for quite some time—probably a couple of decades—but it is almost inevitable that there will be demands for additional airport capacity in Sydney beyond what can be accommodated on the current Kingsford Smith airport site. So I think it is essential that the people of Sydney have confidence about where the airport is going to be built and that then the state and local authorities protect that site and ensure that it can eventually be used as is intended.

I note also that the issues paper observes that the 2009 review of the Sydney airport master plan provides an opportunity to consider current and further capacity issues. So, even after the review leading to a national aviation green paper, Labor is giving itself an option for another review to further consider the second airport. As I said before, I would have thought that after 11 years in opposition Labor would have made up its mind as to what it intended to do on such an essential issue, for Sydney and for Western Sydney, as where Sydney's second airport should be, and the people of Australia certainly are awaiting with interest this decision.

Another quite extraordinary issue in relation to Sydney airport was revealed in the federal budget earlier this month. The government has decided to provide \$14.5 million to a Sydney school to insulate it against aircraft noise arising from Sydney airport. Honourable members will all be aware that there has been an extensive program around Sydney airport and also

Adelaide Airport to mitigate noise levels for houses affected by aircraft movements. It has been an expensive program. It has been going on for many years. It has provided insulation for hundreds and hundreds of houses and public buildings. It has been paid for by aircraft users. Every passenger arriving at or departing from Sydney airport, for example, has been meeting a share of that cost. The program was completed last year. The levy had raised sufficient funds to address the needs of all of the buildings which fell within the noise contours identified for insulation. Every one of those houses and public buildings had been insulated, and the full cost had been met.

The Fort Street High School had been running a campaign for a long time for it to be included in the insulation program, but it did not fall within the agreed noise contours. There was no argument, either from the current government or the previous government, that the noise contours chosen were appropriate. They were the international standard. They were the sorts of noise levels above which health authorities and others considered it necessary to have some kind of protection. Buildings that fell below those noise levels were excluded from the program. There was broad bipartisan agreement that that was the appropriate way to go. Similar noise levels were chosen for the program of noise mitigation around the Adelaide Airport. However, the government has decided that it is going to insulate only one building that falls outside that noise criteria.

When the current minister was in his previous role in opposition, he approached me about this issue. As the minister I looked very closely at whether it was possible to find a legitimate way in which the funding could be provided for schools and other public buildings that were outside the noise contour. However, if we were to treat everybody fairly, we would have had to have extended the noise contour to a much lower level. That would have captured thousands of additional houses and public buildings—so much so that the cost of the noise abatement program would have blown out and the levy would have to have been kept in place until 2050 to meet the costs. You could simply not justify, under any kind of international standard or on the grounds that we should have a special arrangement at Sydney that was not going to apply at Adelaide Airport or other airports around the world, extending the program to cover buildings with the noise levels of the Fort Street High School. Yet the Labor government, in its very first budget, has decided that this school is to receive \$14.5 million for noise abatement work.

Guess where this school is located: in the electorate of the honourable Minister for Infrastructure, Transport, Regional Development and Local Government. His own electorate is going to receive a \$14.5 million grant to insulate a school. What about the other schools in Sydney and other places that have similar noise levels? What about buildings in Adelaide that have similar noise levels? Are they going to get funding? This looks a lot like a slush fund to me. This looks a lot like a rort to me. This is the minister that spent six months constantly complaining about grants to small country communities. He talked about regional rorts, he accused hundreds of local community organisations and volunteers of being rorters and yet, with his first test, he provides \$14.5 million to have noise mitigation activities undertaken at a school in his own electorate. Who is the rorter? Who is the one that is not prepared to have the same standards applied to his electorate as are applied to other electorates around the country? This is quite an extraordinary development. On the very morning in which the minister has backed down on his refusal to fund 86 of the 116 Regional Partnerships projects that had pre-

viously been approved by the coalition government, we have the news that he is rorting a scheme so that he can fund the insulation of a school in his own electorate.

This will be great for Fort Street High School. I know that they have been campaigning on this issue for a long time. But what about all the other schools on noisy roads or near airports around Australia that will not be funded? What about the other public buildings—the churches, the aged-people's homes and other such buildings—which would fall within the same noise contour as Fort Street High School? And what about the hundreds, probably thousands, of homes—in which people need to work, sleep and live—that also meet this criteria that will not get the benefit of the insulation program? Only one project has been chosen: Fort Street High School—and it is in the minister's own electorate. He has a lot of explaining to do as to why he has countenanced and indeed championed this rorting of the insulation program to benefit a school in his own electorate.

The minister's inconsistency in the way he has addressed the Regional Partnerships issue and the way he has treated a school in his own electorate exposes him to justifiable criticism as to incompetence and double standards. I hope he will provide to the parliament a satisfactory explanation for his behaviour very soon.

There are a range of other significant issues around planning for Sydney airport. As I mentioned earlier, it is an exceptionally important piece of national infrastructure. We certainly need to know that it will be managed effectively and that the owners will be able to pursue investments and construction, particularly of necessary infrastructure, in Sydney with confidence and assurance that it will operate within reasonable parameters.

The opposition supports the amendments that we are dealing with under the Sydney Airport Demand Management Amendment Bill 2008. The definition of 'aircraft movement' in the Sydney Airport Demand Management Act 1997 and the definition used by the operational elements created by this scheme—the Slot Management Scheme—and the compliance scheme are different. The former defines aircraft movement as 'a landing and take-off of an aircraft on a runway'; the latter uses the airline industry standard definition, which considers an aircraft movement to be the time an aircraft moves to and from a gate. This means that a key component of the demand management regime at Sydney airport—the definition of an aircraft movement—is not in harmony under the two schemes. The contradiction and legal uncertainty this creates has been noted as an issue of potential concern by the Audit Office in its March 2007 report.

The Sydney Airport Demand Management Amendment Bill 2008 seeks to rectify this anomaly by changing the definition used in the Sydney Airport Demand Management Act to that used by the airline industry—that is, that an aircraft movement be considered to be the time an aircraft moves to and from a gate. This is a routine and technical amendment in a piece of legislation developed to respond to an Auditor-General's report. The bill and the Slot Management Scheme were put in place by the previous coalition government. The bill has worked well and we need to ensure that it is legally secure. The opposition supports the bill.

Mr CLARE (Blaxland) (10.43 am)—I rise to support the Sydney Airport Demand Management Amendment Bill 2008. Airports are a key part of our economic infrastructure. They provide jobs, they move freight and they underpin our economic growth but they also have an impact on the communities which live around them. They create extra traffic and extra noise, which is why this bill and the act that it amends are so important. This bill comes out of a re-

view by the Audit Office. The report found that elements of the Sydney Airport Demand Management Act are unclear and do not operate efficiently or in the way they were intended to operate.

The legislation currently before the House reflects the government's commitment to addressing the findings of the Audit Office report. It makes a number of changes to the Sydney Airport Demand Management Act to address technical issues identified by the Audit Office review. The bill does not change the 80 aircraft movements per hour cap or the curfew regime. These are the cornerstone principles of the act. It removes technical inconsistencies in key terminology, to improve the administration of the cap and the Slot Management Scheme. The bill will strengthen the enforcement of the existing cap and curfew provisions and will empower Airservices Australia to better monitor these provisions. The primary mechanism for achieving these ends is a change in the definition of aircraft movement. Currently, the act defines 'aircraft movement' as 'the movement of an aircraft on and off runways'. However, the Slot Management Scheme and the compliance scheme define 'aircraft movement' as 'the movement of an aircraft from or towards a gate'.

This bill reconciles these competing definitions by replacing the term 'aircraft movements' with the more precise phrase 'gate movement'. The bill also empowers the slot manager to allocate arrival and departure slots consistent with the movement cap. The amendments also make the definition of a slot consistent with the worldwide application of a slot as the scheduled arrival or departure time. In effect, the amendments will subject more movements to the compliance regime than are currently being captured by the act.

This bill highlights the complexities of developing and operating infrastructure facilities like airports in large and congested metropolises. We need to invest in infrastructure, in projects, that meet the needs of today and tomorrow, but we also have to balance this against the needs of those who live near big infrastructure projects. The quality of life of residents who live beside major airports, freight lines, intermodal terminals and other infrastructure cannot be ignored. Sometimes it means curfews; other times it means noise amelioration. It might mean that some projects do not proceed or that they proceed somewhere else.

My electorate is a good example. Blaxland plays an important role in making Sydney work. The northern border is the water pipeline that delivers Sydney's water from Prospect Reservoir to Potts Hill. The eastern border is the Enfield goods yard, which is currently being developed as an intermodal terminal capable of handling up to 300,000 TEUs a year, and the southern border is Bankstown Airport, the busiest airport in the Southern Hemisphere, with more than 350,000 movements a year, more than 1,000 movements a day—and I will have a little more to say about Bankstown Airport in a moment.

Running right through the middle of the electorate is the proposed southern Sydney freight line, an important project that will increase the amount of freight that is moved in Sydney by rail but one that comes at a price: it will have a big effect on the quality of life of residents in my electorate who live along the line and it will also divide the town of Cabramatta. Our responsibility is to minimise the impact that this project will have on the local community. This means noise walls for residents where none are currently proposed, it means trees in front of noise walls so that they do not become graffiti targets—because you cannot graffiti trees—and it means a compensation fund for the town of Cabramatta.

Cabramatta is a resilient little town. It has been through a lot. We have an obligation to minimise the impact that this freight line will have on the town. That is why I have asked the government to provide funds for additional car parking. Cabramatta desperately needs more parking and has done for years, and this is something positive that this infrastructure project can bring to Cabramatta. That is why, a couple of weeks ago, I led a delegation to the Minister for the Environment, Heritage and the Arts on behalf of Fairfield City Council and the Cabramatta Chamber of Commerce to discuss these issues.

The clash between the needs of the economy and local residents is one of the important issues canvassed in the issues paper that was released by the Minister for Infrastructure, Transport, Regional Development and Local Government last month entitled 'Towards a national aviation policy statement'. It is the first step in developing the first ever aviation white paper. As the issues paper points out:

A key challenge at major airports is to integrate planning for the development of the airport site with consideration of the impacts outside the airport.

This is what we have not done well, at least not in Sydney. One of the great infrastructure challenges in Sydney is managing the growth of the airport and Port Botany. They are together a very important economic precinct. Together they contribute billions of dollars to our economy.

In the next decade, both will expand dramatically. The airport alone contributes around \$13.6 billion in economic activity each year. That is about two per cent of the entire Australian economy. Passenger movements are expected to increase from 32 million today to 68 million in 2023. The port handles \$50 billion worth of trade every year and employs 17,000 people. In the next 10 years, it is expected to double the number of containers it moves, from currently 1.8 million to more than three million TEUs, bringing with it an estimated \$16 billion in additional revenue. Making Sydney work means making this important precinct work. It is our economic gateway to the world. So it is critical that surrounding and connecting infrastructure can support this growth.

The southern Sydney freight line that I mentioned a moment ago, supported by a constellation of intermodal terminals, is part of this solution. We also need to increase the capacity of the surrounding road network. In my second speech in this place, I spoke about the need to duplicate the M5 East tunnel, a tunnel that connects the airport, Port Botany and Western Sydney. It is very congested. A lot of people in Sydney—a lot of people from my electorate—sit in traffic on the M5 motorway and in the M5 East tunnel every day commuting to and from work. So I am very glad to see that the duplication of the M5 East tunnel is one of the top priority infrastructure projects that have been fast-tracked by the budget. It is an example of the difference that a federal Labor government makes. Duplicating the M5 East will make the port and the airport work more efficiently. It is also good news for my community. It will make Bankstown a more attractive place to live and to invest in. It is the sort of project that the Howard government should have delivered or helped deliver using the \$6 billion that they received when they sold Sydney airport, but they did not.

Another example in my electorate is Bankstown Airport, sold in 2003. Together with Camden and Hoxton Park airports, the government raked in \$211 million. Again, nothing was re-invested in the local community. In both cases, the federal government approved master plans for the development and expansion of these important precincts but nothing was spent on the

infrastructure needed to support the development of these important precincts. The government were happy to take the money and approve the development plans but they did not spend a cent to make them work. I think that is, by any measure, irresponsible.

Bankstown Airport is the main general aviation airport for the Sydney region. As I mentioned earlier, it is one of the busiest airports in the world. The threat of more movements and in particular large passenger aircraft is one that is not welcomed by my local community. But the master plan, approved by the former government, allows it to occur. All it requires is the lengthening and the strengthening of the runway. But, because this work would cost more than \$20 million, under the master plan it constitutes a major development and therefore requires federal government approval. So my local community was pretty relieved and extremely grateful when the minister for infrastructure ruled out any expansion of the airport only a few weeks ago. He recognised that Bankstown Airport is not a suitable site for expansion, located as it is in a densely populated suburb. It is another good example of the difference a Labor government makes.

Bankstown Airport is a great place to create local jobs, but it is a bad place for large passenger aircraft. The airport has a lot of potential as a major employment zone. More than 6,000 people already work there every day. Non-aviation development will see that rise to 20,000 jobs by 2031—and we need the jobs. According to the census, Blaxland already has the second highest unemployment in Australia. The New South Wales government's metropolitan plan predicts an extra 43,000 new people will set up home in Bankstown in the next 15 years. Over the same period, the number of local jobs is expected to grow by just 14,000.

I think the airport is a great opportunity to create lots of high-skilled, well-paid jobs close to home. But with this, like any development, comes the need for supporting infrastructure. Last week Bankstown Airport and Bankstown City Council signed a memorandum of understanding committing both parties to working together on future developments. It is a great initiative and I congratulate both the council and the airport on it. It is one of the ways that we can improve cooperation between the airports and different levels of government on considered land use planning.

The Labor Party has a proud history of nation building. It has a history of building better cities under Keating and Hawke and of sewerage major cities under Whitlam. Consider the contrast. When the last government vacated the field, federal involvement in infrastructure ended at the city edges. They were happy to sell the airports but relied on the states to fund the infrastructure needed. It just does not make sense when you think about how important our cities are to our economic prosperity.

Australia is one of the most urbanised countries in the world. Four out of five Australians live in one of our major cities. They are the engine rooms of our economy. Capital cities contribute about 78 per cent of the nation's economic growth. They would produce even more if our road and rail networks were more efficient. Traffic congestion already costs us \$63 million a day. That is \$16 billion a year. That is the equivalent of Australia's total iron ore export. That is \$16 billion wasted because we have not invested enough in our roads, our freight lines, our airports, ports and logistics. The Business Council of Australia has predicted that this figure will rise to \$30 billion by 2020.

Traffic congestion also has a human cost. One in 10 working parents spends longer commuting than with their children. We need good infrastructure to ease congestion in our cities,

and that means a federal government prepared to get their hands dirty and help out. That is why I am particularly glad to see the creation of a major cities unit within the Department of Infrastructure, Transport, Regional Development and Local Government, backed up by the \$20 billion Building Australia Fund, with the first funds to go to projects like the duplication of the M5 East tunnel in Sydney, something that will make the airport work better and make Sydney work better. This bill and the coming aviation white paper are an important part of this—a chance to build sustainable cities and a chance to make a positive difference to the lives of the Australians that live in them. I commend the bill to the House.

Mr MORRISON (Cook) (10.56 am)—I rise to support the Sydney Airport Demand Management Amendment Bill 2008, as has already been indicated by an earlier speaker. The purpose of this bill is to make administrative changes to the Sydney Airport Demand Management Act, which was introduced in the first term of the former coalition government to fulfil an election commitment of the Howard government made prior to the 1996 election. If we cast our minds back to that time we note that, while there were many issues upon which the Howard government was elected in 1996, this was certainly one that was very salient in Sydney at that time. The whole point of the former Prime Minister's pledge was that there would be genuine noise sharing in Sydney, which was not possible previously with the two runway operations ripping up and down the north-south axis, flying directly over my electorate of Cook.

In essence, this bill will make technical amendments to the Sydney Airport Demand Management Act such as to clarify definitions and ensure consistency between the Slot Management Scheme, the statutory compliance scheme and the act itself. The act is an important regulatory instrument, as it gives legal standing to the long-held policy whereby the number of aircraft movements at Sydney airport is limited to a maximum of 80 per hour. Adherence to this limit is achieved through the implementation of a slot management system. Both the slot management system and the statutory compliance regime were developed and approved by the former government and operate to achieve the objectives behind the demand management act.

The background to this current bill before the House is a report undertaken by the Australian National Audit Office into the implementation of the Sydney Airport Demand Management Act. The Audit Office report found that there were several inconsistencies in the interpretation of definitions in the act and the subordinate instruments. This bill seeks to rectify any inconsistencies with the legislation.

Other changes proposed by the bill include a new section that gives the minister additional powers to make variations and amendments to the compliance scheme where exceptional circumstances warrant such action to be taken. The explanatory memorandum provided with the bill gives examples of these exceptional circumstances where the powers could be used, and they include events such as major changes to the operations of an airline that are beyond the airline's control and that impact upon the airline's on-time performance for a period of time.

The last significant variation to the compliance scheme was the period following September 2001 and the collapse of Ansett Australia. These events had a major impact on the Australian aviation industry and warranted the variations granted. Instances where the minister issues a determination to vary the compliance scheme in effect become legislative instruments without disallowance provisions and must be tabled in the Australian parliament.

The amendments that are concerned within this bill currently before the House will be supported by the opposition. We recognise that the changes will bring about improvements to the operation of the Sydney Airport Demand Management Act and are proposed to address concerns that were raised by the Australian National Audit Office in its recent review of the legislation.

My electorate of Cook has a strong connection with Sydney's Sydney (Kingsford Smith) Airport, KSA. Aircraft fly directly over the Sutherland shire, in particular over the village of Kurnell, the birthplace of modern Australia, as well as over Bundeena in the Royal National Park, the oldest national park in Australia, and over the beachside suburbs around North Cronulla and Wanda. A very large number of people who work at the airport live in the Sutherland shire in my electorate of Cook, and the single largest number of Qantas employees live in Cook than in any other electorate in the country—and I take this opportunity to place on record my strong support for that airline and the work it does throughout Australia. In my time as Managing Director of Tourism Australia, we could always rely on Qantas for promotions overseas. When there were disasters in other places and Australians were in trouble, Qantas was always there to help out.

Since being elected as the member for Cook in November last year, I have spent considerable time in Kurnell, and more recently in Bundeena, listening to residents' concerns. As I stated earlier, Kurnell was the landing place for Lieutenant James Cook during his exploration of the east coast of Australia in 1770—recently, on 29 April, we once again commemorated and celebrated that landing. A large proportion of the Kurnell Peninsula has been set aside as a national park. It is an absolutely magic spot with recreational open space, providing the opportunity for residents not only of the Sutherland shire but of Sydney to come and visit that most significant of landmarks in this country, the landing site of Cook. I am sad to say, though, that these beautiful areas within the national park are in stark contrast to other areas of Kurnell that have been neglected and degraded by noxious industry and extractive sand-mining. This poor track record continues with the New South Wales government's decision to construct a desalination plant and a pipeline across Botany Bay.

The residents of Kurnell have been forced to live with the burden of aircraft noise day and night, from 6 am to 11 pm and beyond the curfew. That is right: after 11 pm mail and freight planes—one recently went down off the national park, and the mail floated up on the beaches early that morning—fly over residents in the Sutherland shire, particularly over Kurnell and Bundeena. These planes all arrive and depart over Botany Bay. While the departures can skirt around the Kurnell village by tracking out through the Heads over the sandhills, arrivals must fly over the village of Kurnell. We have just heard how Bankstown is being shut down. I am concerned that future growth in Sydney airport will be accommodated through more out-of-curfew operations. In 2007, there were 2,995 take-offs from and 3,328 landings into Sydney airport between 11 pm and 6 am—that is, more than 6,000 movements that residents in these areas were forced to deal with in what should be a silent period. The technological developments in the aerospace sector have seen rapid development with new low-noise jet aircraft. I oppose any increase in airport operations that would occur within the curfew period.

The coalition parties have had a strong track record as far as the Sydney airport curfew is concerned. The Howard government delivered increased fines for breaches of the Sydney airport curfew. In March 2000, the then Minister for Transport and Regional Services, John

Anderson, announced that the maximum penalties for breaches of the curfew would increase from \$110,000 to \$550,000. At the same time, the penalty for individuals who breached the curfew also increased to \$110,000. The decision to increase the penalties for breaches of the curfew was made to ensure that residents living close to the airport have peace and quiet, particularly at night. While introducing the legislation, the former minister said:

The Sydney Airport Curfew Act is fundamental to the management of the airport's noise. Sydney is Australia's busiest jet airport, and the surrounding suburbs are overflowed by large numbers of aircraft during the day. However, the night-time is the most sensitive time for noise and the government is committed to ensuring that the community is protected as far as possible from disturbance during this period.

Until the penalties were increased, airlines calculated whether it was worth paying the penalties as opposed to the costs of having the aircraft sit overnight and providing accommodation for the passengers in Sydney hotels. The result was that some airlines made the decision that it was worth taking off without the necessary clearances being given. With the increased penalties for contravention of the curfew, the residents of suburbs surrounding the airport have one less thing to worry about.

The residents of Kurnell, however, are concerned about the number of planes that overfly their suburb. Kurnell takes more than its fair share of aircraft movements and noise. It is a fact that 55 per cent of all aircraft movements from the airport happen to be over Kurnell. In Kurnell there are about 700 households affected by aircraft noise.

The amount of aircraft noise that affects a suburb is determined by the Sydney Airport Long Term Operating Plan. This document enshrines the principle of noise sharing, whereby flight paths are rotated to provide relief and respite for residents living in the most affected suburbs. A basic principle of the Long Term Operating Plan for Sydney Airport involves maximum use of flight paths over water and non-residential areas. But let us be clear about this: flights over water mean flights over Kurnell. When we are talking about trying to keep flights away from other parts of Sydney, we are intentionally causing flights to go over 700 homes in Kurnell, as well as the suburbs of Wanda, North Cronulla and Bundeena.

The Sydney Airport Long Term Operating Plan provides the densely populated residential areas to the north-west and the east of the airport with periods of respite. Within the plan, there are 10 modes available to be utilised by the air controllers. The mode that is in use at any point in time depends upon factors such as time of day and the prevailing environmental conditions. Each of the 10 modes consists of different combinations of runway operations that result in a shared noise burden between the suburbs surrounding the airport.

When modes 4, 5, 10 and 14A are in operation, departing aircraft movements are sent out over Botany Bay. Some go around Kurnell and others take short cuts and fly over the village. When modes 7, 8 and 9 are in operation, arriving aircraft fly directly over the village before landing over Botany Bay. The difference between an aircraft that is taking off and an aircraft that is landing is that landing aircraft do so at a much lower altitude than one that is taking off. This exacerbates the noise disturbance to residents in their homes trying to watch TV, read or have a conversation over the back fence with their neighbour.

The residents of Kurnell and Bundeena tell me that the aircraft taking off do not always follow the designated flight paths and continue to fly over the suburb rather than tracking out over water. I note that the Minister for Infrastructure, Transport, Regional Development and

Local Government is here. I commend the minister for establishing the Sydney Airport Community Forum.

Mr Albanese—And expanding its membership, too!

Mr MORRISON—And expanding its membership to include a proper representation of the shire. Maybe one day our state member will be included, but we are very pleased to have the Sutherland Shire Council represented and very pleased that the minister responded to our advocacy on that position. Nevertheless, we are concerned that these planes are not sticking to their flight path. Research is being undertaken—and this is an issue we need to raise—to make sure that planes coming in and over Bundeena are following the proper flight path. The Sydney Airport Community Forum should be a very good outlet to ensure that the minister, the department, the airport and the airlines—everyone involved in this forum—can understand that they need to stick to the rules. I am sure I would have the full support of the minister for transport in ensuring that the airlines and the airport stick to the rules, so that all of our residents, including those in the electorate of the minister for transport, will have protection when these rules are followed.

There was no aircraft noise insulation available to the residents of Kurnell. They were told they did not qualify because the noise was just not loud enough. Several years ago there was a levy collected from all airline passengers and the funds raised were allocated to the aircraft noise insulation project. This very worthwhile project only applied to areas where the noise was 30 ANEF and above. All of the affected residents at Kurnell, about 700 families in total, are just outside the 30-ANEF contour but fall within the 25- and 30-ANEF contours. Insulation was provided to the Kurnell Public School, which sits under that flight path, because it did fit within the lower standard for noise, the 25-ANEF contour. I would like to express my concern for the residents of Kurnell. I fear that additional growth at Sydney airport will bring more aircraft noise.

The government's budget contains a \$9 increase in the passenger movement charge, which used to be called the departure tax. This decision is expected to recover an additional \$459 million for the government, and much of this increase will be put towards recovering the cost of additional aviation security measures. However, I believe that some of this extra revenue could be allocated to providing noise insulation to the worst affected areas, Kurnell included. In this year's budget, \$14½ million worth of funding has been allocated, we note, for aircraft noise insulation at Fort Street High School. The Minister for Infrastructure, Transport, Regional Development and Local Government would know about that and would support that initiative. He would also know that, despite the fact of this school not falling within the 25-ANEF contour, the school is still going to get the funding.

The current rule says you have to be between 25 and 30 in order to attract that funding. Kurnell Public School fell within that framework and it got the funding for that noise insulation. The argument being put forward by the residents of Kurnell is that if it is good enough for the parents and kids of Fort Street High School to have their school covered—because it is recognised that there is significant noise falling on Fort Street High School's students—then why isn't it good enough for the residents of Kurnell, whose homes sit in a noise contour which is worse than that of Fort Street High School, to also receive that same insulation for their homes? At the very least, why isn't it possible for us to sit down and consider other ways by which we might be able to provide some sort of support to ensure that this insulation can

go into these homes? I know these are issues that the minister would be aware of and that we would like to pursue through the process of the Sydney Airport Community Forum—and we look forward to that conversation.

In March 2004 the former coalition government approved a new master plan for Sydney airport. The approval was contingent upon Sydney airport giving the then minister for transport an assurance that curfews would not change. The minister said at that time:

Of critical importance in my approval was the fact that—

Sydney airport—

strongly committed to its obligations to the Government's ongoing noise amelioration measures. These include the curfew, movement cap and noise sharing under the Long Term Operating Plan and all of them are here to stay.

The issues that I have raised today in relation to Kurnell are many. I also raise those issues in relation to other parts of my electorate, in particular the significant complaints that I am receiving from Bundeena, which is in a royal national park. They go to the matter of the need to look at the whole issue of noise insulation and how the airport is impacting on the surrounding suburbs due to the changing commercial conditions that are impacting upon that airport and the push for greater business. We have talked about the significant flights increase and the large number of freight flights that are now flying within the period from 11 pm to 6 am. We are looking to see that is recognised and to make sure that the increase in those flights does not provide any burden on the residents who are living under those flight paths.

There is much material here to provide for a very positive discussion with the government. There is much material here for which I think there is a great deal of sympathy, particularly from those members on the other side who have electorates which sit under these flight paths. Having dealt with the politics of noise in previous times, I do sense that there may well be a new sense of cooperation in dealing with these issues.

In concluding I make a particular plea for the recognition of Kurnell in this sense. Kurnell is the modern birthplace of our nation. Frankly, this is a site which has not received the recognition from either side of politics that it deserves. The behaviour of the state government towards Kurnell with repeated industrial activity—most significantly and most recently represented by the desalination plant and the digging of a 45-metre-wide trench across Botany Bay, to lay the desalination pipeline—only adds insult to injury.

As to what we are concerned about and want to see, I would ask the minister to ensure, as there may be some further discussion of future airports for Sydney, that the idea of a second airport at Kurnell is never discussed and that the option is forever ruled out. I place on record my personal objection to it, just as the former member for Cook did. The former member for Cook was very successful in ensuring that it did not take place. He argued the case within his government to ensure that it did not happen. But I am asking the minister for transport and infrastructure to say today that it will never be an agenda item for his government, that there will never be consideration of a second airport at Kurnell. It is a simple matter to rule it out. Enough destruction has been done to Kurnell. Enough lack of recognition and respect has been paid to Cook's landing site at Kurnell, and it is time to make sure that this is matter is never on the agenda again.

Mr ALBANESE (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (11.15 am)—in reply—I thank members for their contribution to the debate on the Sydney Airport Demand Management Amendment Bill 2008. This bill is practical and will help the management of Sydney airport, which is a critical piece of Australia's economic infrastructure. I acknowledge and appreciate there is bipartisan support for this legislation.

The Sydney Airport Demand Management Amendment Bill 2008 will introduce a differentiation into the act between aircraft movements on the runway and aircraft movements at the gate. The differentiation is significant because the slot management scheme is based on gate movements and the movement limit applies to runway movements. Operators allocated slots for movements that result in an aircraft operating in the curfew period will now be subject to the compliance provisions of the Sydney Airport Demand Management Act 1997. The bill will formalise a requirement for the slot manager to have regard to the likely aircraft movement times on the runway when allocating slots and to ensure the allocation of the slots is consistent with the movement cap. The bill will also allow the minister to vary the operation of the compliance scheme during exceptional circumstances. The collapse of Ansett and the September 11 attacks are examples of exceptional circumstances.

The exercise of the power to modify the operation of the scheme will be subject to the registration, tabling and sunset requirements of the Legislative Instruments Act 2003. The objectives of the act remain the same—that is, to minimise the impact of aircraft noise on the community by enforcing a limit of 80 aircraft movements per hour and providing for the orderly and efficient operation of flights into and out of Sydney airport through a slot management regime that keeps Sydney in step with international scheduling practice. The act will continue to guarantee access to new entrant airlines and operators of New South Wales regional slots through the protected regional and Ansett slots. These protections will remain in place and are not affected by the provisions of the bill.

During the debate there were a number of issues raised which do require addressing. The member for Cook congratulated the government on establishing the Sydney Airport Community Forum, of which he has been appointed as a member. I thank him for that. It is important that airports operate in harmony, to the extent that it is possible, with their local communities, and it is important that the community have direct input into the impact of aircraft noise and other issues associated with the operations of airports. The Sydney Airport Community Forum allows just that. I have also agreed to the request from Sutherland Shire Council to expand the membership of that forum by one to include the Mayor of Sutherland Shire.

In terms of the operations of that forum, I think that Vic Smith, as the chair, has shown due diligence, and I understand there will be another meeting of the forum in the next week. They will have an important consultation role, particularly with regard to the RESA works which will be taking place at the airport. I do note that, under the previous government, the forum was completely politically biased; there was no representation from anyone to the immediate north of the airport, the area most adversely affected by aircraft noise—no local government representatives, no community representatives, no state government representatives and no federal government representatives either. In fact, you had to cross the Parramatta River to the north side of Sydney before you found substantial representation from the communities. As minister, I have chosen not to do that but to make sure it is a real forum that represents all af-

affected people around the airport. I thank the member for Cook for his participation in that forum, and I hope people will participate in a constructive fashion.

The member for Cook raised the issue of the noise amelioration program that took place through the acquisition and insulation of homes in Sydenham in my electorate. He called for an expansion of that program and spoke of the aircraft noise levy. Of course, the previous government stopped collecting the aircraft noise levy for insulation. That was an act of the Howard government done on the quiet without any fanfare or media release. They just stopped that and gave up on assisting residents and communities around the airport.

I understand that the Leader of the National Party raised the issue of the installation of Fort Street High School. This was a commitment made by the Labor Party and the then shadow minister for transport, Lindsay Tanner, at the 1998 election. It was a commitment made by the Labor Party and the then shadow transport minister, Martin Ferguson, at the 2001 election. It was a commitment made by the Labor Party at the 2004 election and, immediately prior to the 2007 election, Martin Ferguson again visited Fort Street High School to give a commitment to insulate that school against aircraft noise. I note that Newington College, at Stanmore, was insulated a decade ago at a cost to the government of some \$15.5 million. The school has heritage buildings, which are particularly costly to insulate. But the government makes no apology for ensuring that not just this commitment but every one of our election commitments are met.

The Leader of the Opposition, the member for Bradfield, when he was chair of the Sydney Airport Community Forum, and the member for North Sydney, when he was chair of the Sydney Airport Community Forum prior to the member for Bradfield, both supported the insulation of Fort Street High School. But that was a position that the then government refused to implement. As member for Grayndler, I invited the member for Wide Bay to come to my electorate to see firsthand the circumstances of those students, but he refused to do so. I give credit to the member for Lyne, the member for North Sydney and the member for Bradfield, who were each prepared to come to the inner west of Sydney to see the impact of aircraft noise. I am surprised by the negative statements made by the member for Wide Bay, and once again we have an unclear statement from the member for Cook on whether the opposition supports this or opposes it. Similarly, it is not clear where the opposition stands on a whole range of measures that were included in the budget—the fuel tax, means testing, the luxury car tax, the Medicare levy and alcopops. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

**HEALTH INSURANCE AMENDMENT (90 DAY PAY DOCTOR CHEQUE SCHEME)
BILL 2008**

Second Reading

Debate resumed from 19 March, on motion by **Ms Roxon**:

That this bill be now read a second time.

Mr PERRETT (Moreton) (11.26 am)—I am pleased to speak in support of the Health Insurance Amendment (90 Day Pay Doctor Cheque Scheme) Bill 2008, especially in front of

you, Mr Deputy Speaker Bevis. I know that you have a longstanding connection to the health industry, as does the member opposite, the member for Bowman. Both of you are committed to good health services. One of the first things that occurred for me as a new member was to appear on the front page of the TUH journal with you.

This bill amends the Health Insurance Act 1973 to allow medical specialists and consultant physicians access to the 90 Day Pay Doctor Cheque Scheme. GPs have had access to this scheme since 2001, so I am sure the member for Bowman will be surprised that this is one of the first times that the medical hierarchy has been reversed. This bill brings justice and equity for our poor, neglected medical specialists and consultant physicians.

One way in which patients can pay their doctor is via a claimant cheque. Medicare Australia sends the cheque made out to the doctor to the patient, who then forwards the cheque, along with any outstanding payment, to the medical practitioner. Only around five per cent of Medicare services, or 13 million claims, are paid in this manner. Of these, the overwhelming majority of patients forward the cheque and payment to the doctor within 90 days. However, in some circumstances, for whatever reason, patients fail to forward the cheque within 90 days. The 90 Day Pay Doctor Cheque Scheme allows for the cheque to be cancelled and then Medicare pays the GP directly.

However, the problem is not limited only to GPs. Other medical practitioners also experience non-payment of patient accounts, and that is why this bill extends the scheme to cover specialists and consultant physicians where the original Medicare claim is submitted electronically. This bill effectively closes a loophole whereby some specialists and consultants would not get paid for medical services that they had provided. Obviously, we have more than enough medical workforce shortages in Australia at the moment. A long history of that issue can be traced back to health ministers in the previous government. But this proposal from the Rudd government will go some small way towards alleviating one concern of practitioners.

The benefits of this bill are far reaching. Firstly, it will help to ensure that specialists and consultants receive some payment for the services that they have delivered to patients. It will also help patients meet the costs of health care by ensuring that they can use the Medicare rebate up-front towards payment of their bill. This will help take pressure off families and seniors if they are not required to pay their medical bills up-front. It will also encourage more specialists and physicians to use electronic claiming of Medicare benefits, therefore creating administrative savings and time savings for these health professionals. As I said, the specialists and consultants can only access the 90 Day Pay Doctor Scheme if their original claim is submitted electronically. This is a smart way to encourage more doctors to use electronic claiming, which is obviously a far more efficient process. The Rudd government is always looking for smarter ways to do things which produce savings for the broader community. Online claiming allows patients to lodge claims immediately after the consultation, without attending a Medicare office or submitting a claim via email.

I have a three-year-old son, so I have probably gone to the doctor more times in the last three years than I have in the last 40 years. Because I have gone to the doctor lots of times, I have had the joy of lining up in a lot of Medicare offices. Anyone who has spent any part of their life lined up in Medicare offices knows that not only will that time be a part of their life they will never get back but anything that can be done to alleviate that time would be a good thing. I note in passing that there are no Medicare offices in Moreton, even though it is an

inner seat of Brisbane. It is shameful. It is over 100 square kilometres in size but there are no Medicare offices at all. That is another area of neglect that the former member failed to address.

The online lodging of claims is also of particular benefit to rural and remote patients, as they will not be required to travel long distances in order to present to a Medicare office to receive their rebate or pay with a pay doctor cheque. Having come from the bush, it is a bit strange for me to be complaining on behalf of the people of Moreton about the problems they have lining up when I think of what the experience would be like in places like St George, where I come from and where the closest Medicare office is about 380 kilometres away. Whilst it might be tough in Moreton without any Medicare offices, it is even tougher in the bush.

This is a great initiative that will benefit people all over rural Australia. It is good to see that the Rudd Labor government is looking after the people in the bush, because the National Party have obviously deserted the field in so many ways. I notice that in Queensland they are joining up with the Liberal Party just to confirm that desertion. New South Wales will have the joy as well! As a further incentive, a support package currently only available to GPs—as I said, this program has been utilised by GPs for six or seven years—will be extended to specialists and consultants. The package will help these doctors take up the new system, which requires additional software and EFTPOS facilities.

In a previous life I had the joy of being a policy adviser to the Queensland health minister. That year of my life was quite an interesting experience. The health system in Queensland is not quite the health system in New South Wales but it has certainly had some challenges over the last few years. What amazed me time and time again while travelling all around Queensland, which is the most decentralised state, was the failure of software to support the delivery of health services basically because GPs, doctors and state health systems did not talk to each other. All these people had developed software packages and programs over the years but they did not know how to talk to each other. This initiative from the Rudd government goes some way to addressing one of those concerns. As I said, there is a package to help doctors take up this new system.

The change to the 90 Day Pay Doctor Cheque Scheme is expected to cost \$4.5 million over four years. However, I understand that most of these costs are associated with helping medical practitioners take up electronic claiming. There are probably some professional development opportunities there for consultants and physicians. This will obviously deliver savings for all of Australia in the long run. For now, other health practitioners like allied health professionals—and it is good to see one of those in the room here: the member for Kingston, who is beside me—and dentists will continue to be excluded from the scheme. But this is an important first step in the right direction. Not only does this scheme help mums, dads and seniors pay their doctors' bills but it ensures that our doctors will not be left out of pocket.

We all know that there are many pressures on mums, dads and seniors at the moment. We see it every day. We hear about fuel prices, the rising cost of medicine and the problems tracking down health professionals and getting in to see doctors and GPs, but the bill before the House goes some way towards addressing some of those pressures. Prior to me making this speech, my office and I had many meetings with the Brisbane Southside Central Division of General Practice, which is the grouping of GPs on the south side of my electorate. They were

very supportive of this initiative. Obviously, as GPs, they have been using it for a while. They saw the benefits. I commend the bill to the House.

Ms NEAL (Robertson) (11.34 am)—I rise to speak on the Health Insurance Amendment (90 Day Pay Doctor Cheque Scheme) Bill 2008, a simply titled bill that just rolls off the tongue! It contains amendments to the Health Insurance Act 1973 which are designed to expand access to the 90 Day Pay Doctor Cheque Scheme. As has already been stated, the scheme was formerly only available to general practitioners, but the amendments before the House today will make the scheme available to all specialists and consultant physicians in cases where the original claim for the Medicare benefit was submitted electronically to Medicare Australia.

The 90 Day Pay Doctor Cheque Scheme was introduced in 2001 to guarantee GPs the payment of the Medicare schedule fee, more commonly known as the Medicare rebate. The original intent of the scheme was to rectify problems that arose when a patient submitted an unpaid claim to Medicare. In these cases, Medicare issued a pay doctor cheque to the account of the GP for the amount of the Medicare rebate. The cheque was given to the patient to forward to the GP who provided the original service along with any copayment required to satisfy the full amount of the account. In effect, this arrangement allowed the patient to use the Medicare rebate towards the payment of their medical bill rather than paying the medical bill in full at the time they were claiming the service.

So, in its original formulation, the 90 Day Pay Doctor Cheque Scheme carried advantage for both parties: it allowed the patient a more flexible payment option and provided a payment mechanism to the doctor of the Medicare schedule fee. But in cases where this cheque was not returned to or presented to the doctor or where there were lengthy delays in its presentation, the doctor sometimes incurred an unmet debt for services that had been provided in good faith. To overcome this problem, the 90 Day Pay Doctor Cheque Scheme provided that, if the doctor had not received and banked the cheque within 90 days of it being issued to the patient, Medicare Australia could cancel the cheque and forward the applicable Medicare rebate direct to the doctor via electronic funds transfer.

Under the legislation as it stands now, this scheme is only available to general practitioners, as I have said and as has been previously stated in the debate. It was noted at the time that the scheme was first proposed in 2001 that such instances of nonpayment of patient accounts were not limited to GPs but were experienced by other medical practitioners as well. However, proposals to make this scheme more widely available to practitioners other than GPs were not taken up by the previous government. The amendments before members today extend this scheme to a wide range of medical practitioners, specifically to specialist and consultant physicians, including pathologists, but only where the original Medicare claim for the service provided was submitted electronically. Other practitioners such as dentists and allied health providers will not be included in the amended scheme and the current arrangements for GPs will remain the same. It will provide an incentive for more practitioners to take up the use of electronic claiming of Medicare benefits.

The bill will also provide benefits to the patients and the families using the amended scheme. This is especially true in rural and remote areas and in regional areas such as my own. When a claim is submitted to Medicare electronically, the patient is not required to visit a Medicare office in person to receive their rebate or pay doctor cheque. This will have great

advantage for those in rural and regional areas, where getting to a Medicare office sometimes requires travelling long distances or where public transport systems offer limited access to facilities operating in other towns. So I welcome any measure that eases the burden of people being forced to travel to access such facilities.

In addition, the elderly, the frail and many people with a disability will be able to have their claims automatically generated and lodged immediately after their consultation. They will not have to travel to a Medicare office to receive their rebate or a pay doctor cheque. An increased uptake of electronic lodgement mechanisms for Medicare claims makes for a more streamlined, efficient and flexible system. It brings advantages to patients and medical practitioners, but there will be a beneficial impact on the families.

I have mentioned that the scheme has the potential to reduce the number of families that are required to pay their medical bills up-front at the time of the service. Paying medical bills up-front, often with little warning in an emergency and little time to plan for the event, can have an adverse consequence on a family's cash flow—in other words, they often cannot afford it. Being able to use their Medicare rebate towards the payment of such bills will materially assist many families right across Australia.

My own electorate of Robertson, centred on Gosford on the Central Coast of New South Wales, is far from being the most remote or rural of regions but it has many areas where access to medical facilities and Medicare offices is still difficult. People living in areas such as Mangrove Mountain and in rural areas further west towards Spencer and Wisemans Ferry, in the lower Hawkesbury Valley, are relatively isolated from Medicare offices. There is a medical clinic in Mangrove Mountain but without regular public transport for many people in the area connections to the Medicare office at Erina Fair and in Gosford are difficult when trying to claim medical expenses. They in particular will take great comfort from a more accessible method to claim Medicare benefits. Even some of the residents of Kariong, a relatively new and affluent suburb adjacent to the F3 freeway, have been vocal in their demands for better access to medical facilities.

The Central Coast is a region in which 19 per cent of the population is aged over 65 years—a proportion that is well above the national average of approximately 13 per cent. Just like the rest of Australia, the ageing of the nation's population is a challenge that must be met. The amendments to the 90 Day Pay Doctor Cheque Scheme contained in this bill before members is part of the Rudd Labor government's efforts to meet this challenge.

These amendments will be especially important for the nearly one in five Central Coast residents who are seniors. They are more reliant than the rest of the population on public transport and they face greater obstacles when travelling to complete what is at present a trying and sometimes time-consuming task. This is a task that will be made much easier by the passage of this bill. The Rudd Labor government is investing in many other ways to build a stronger public health system but I will leave the discussion of those to a later time.

Ms RISHWORTH (Kingston) (11.42 am)—I rise to support the Health Insurance Amendment (90 Day Pay Doctor Cheque Scheme) Bill 2008. This bill provides for specialist and consultant physicians to make use of the 90 Day Pay Doctor Cheque Scheme. This ensures that medical specialists who have not received the patient's Medicare cheque can make an electronic lodgement and be paid directly by Medicare. This measure is designed to encourage access to specialist or physician services without up-front payment.

Every person has intrinsic dignity even if, for one reason or another, they are not blessed with either the ability or resources to earn a high income. Our healthcare system should be built around our recognition of this and the recognition of that dignity. Our duty is to create and pursue this end. As I note for my first contribution in this chamber, I am deeply committed to preventive health programs as evidence shows clearly that they are pivotal to achieving good long-term health outcomes. This initiative is one of many new Rudd health reforms.

The Rudd government's approach to health is in stark contrast to that of the previous government. Over its term in office the Howard government shirked its duty to build an Australian public health system that respected patients' intrinsic dignity. The Howard government did little to tackle the challenge of the growing GP shortage which has left parts of my electorate with only one doctor for more than 5,000 people. Almost every time I have a street corner meeting or go doorknocking, I meet another person who knows that there is something wrong with them medically but cannot find a doctor with whom to make an appointment. Instead of having their often medically simple problem treated quickly, they live lives in quiet pain and suffering.

While millions of dollars could always be found for advertising the previous government, the Commonwealth's share of public hospital funding fell to just 41 per cent of total expenditure. Figures from the Australian Institute of Health and Welfare say that the states invested an extra \$3.1 billion in public hospitals, whereas the Commonwealth invested just \$1.4 billion more, even while the Australian population was ageing. According to the previous government, even while they refused to invest in more public health, growing elective surgery waiting lists were the states' fault and the states' problem. Outdated equipment and dilapidated hospital facilities were not the result of a falling Commonwealth share of public hospital funding. It was always someone else's fault. It is no wonder that many Australian families felt the need to invest in private health insurance, particularly given that individuals on just \$50,000 per annum were slugged with a Medicare levy surcharge, even if they did not want or could not afford to take out private health insurance.

I am pleased that in the Rudd government's first budget we are adjusting the threshold for the Medicare surcharge to apply to those who actually can afford to take out private health insurance. I am proud to be part of a government that is committed to building a healthcare system for all Australians, not just for the wealthy. This government is tackling the elective surgery waiting lists as an immediate priority and has invested \$150 million in an elective surgery blitz to slash the number of people waiting longer than clinically recommended for elective surgery. Nationally, 25,000 people are going to benefit from this initiative, which directly combats an era of the Howard government's lethargy and neglect. In the Rudd government's first budget, we have made health a priority. We have begun establishing 31 GP super-clinics to support health professionals in communities where they are needed most. I am pleased that one of these clinics is going to be in my electorate of Kingston.

In this budget we have also committed to funding 50,000 additional health vocational training places, the implementation of a \$249 million National Cancer Plan to improve diagnosis and treatment of cancer, a plan to improve child and maternal health services for Indigenous communities and reinvestment into the Commonwealth dental care scheme. These are just a few of the many health initiatives of this new government.

The bill before us today ends the distinction between specialists and GPs for the purposes of the 90 Day Pay Doctor Cheque Scheme. I know from my experience as a practising psychologist that modern health care is delivered not just by the family GP but by a team of medical professionals working together, particularly in the case of chronic illness. Increasing the number of health professionals who have access to the 90-day cheque scheme will cut down on bad debts and help keep practices afloat, particularly for specialists in the areas where many patients come from low socioeconomic backgrounds. This bill will encourage specialists and consultant physicians to allow patients to be treated without up-front payment by guaranteeing that wayward Medicare cheques will be cancelled and medical professionals will be paid electronically. This makes it easier to offer a deferred payment.

We all know the convenience of seeking a non-bulk-billing doctor and not having to pay up-front, rather than forwarding the Medicare cheque, when it arrives, along with the gap payment. Unfortunately, it is sometimes easy to forget to get around to posting the cheque, since treatment has already been delivered. There is also the problem of mailboxes being pilfered and some people stealing any business letters they think could be of value, even though a Medicare cheque is not transferable. This bill will make it more likely for specialists and consultant physicians to provide services to patients without up-front payment. This is a positive measure that helps working families get the health care that they need. I commend the bill to the House.

Mrs D'ATH (Petrie) (11.49 am)—I rise to speak in support of the Health Insurance Amendment (90 Day Pay Doctor Cheque Scheme) Bill 2008. I do so not as a person with experience as a health professional but as a mother, a parent and a person who understands the cost-of-living pressures facing many families in my electorate of Petrie. I understand that parents find it difficult at times to find the money for themselves or their children to see a general practitioner—and finding the money to see a specialist or a consultant physician is sometimes even more difficult. The government understands that working families need access to high-quality health care and is investing in a strong health system for the future. That means investing in the public health system, after 11 long years of neglect by the Howard government, whilst continuing to support a strong private system. This bill is an important part of that commitment.

The effect of this bill is to extend to specialists and consultant physicians the 90 Day Pay Doctor Cheque Scheme, which already applies to general practitioners. A 'pay doctor via claimant cheque', also known as a 'pay doctor cheque', is a cheque for the amount of the Medicare rebate that is made out to a medical practitioner who provides a service. It is used in situations where the patient is not bulk-billed and either cannot or need not pay the account in full at the time of the health service. This has significant benefit in areas of low-income households, including those of pensioners, increasing the choice that people can make in accessing the health care they need. In some cases people will be able to get access to private specialists or consultant physicians within a much shorter period than they may otherwise have through the public health system.

This bill not only benefits families and older Australians but also protects specialists and consultant physicians when there is a lengthy delay in a patient presenting a cheque to the practitioner or when a cheque is not presented to the practitioner at all, resulting in a bad debt for a medical service provided in good faith. The 90 Day Pay Doctor Cheque Scheme ensures

that, if the doctor has not received and banked the cheque within 90 days of it being issued to the patient, Medicare Australia will cancel the cheque and forward the applicable Medicare rebate directly to the doctor via electronic funds transfer. Allowing specialists and consultant physicians access to this scheme will provide these practitioners with an assurance that they will receive some payment for services provided in good faith. By extending access to this scheme we are supporting improved up-front affordability for health services for Australian families.

My electorate has paid significantly for the Howard government's neglect in the area of health. Our bulk-billing rates, which were six per cent above the national average in 1996, declined by 21 per cent over just 10 years to 65 per cent, or 11.6 per cent below the national average, by 2007. Health is an issue that people across my electorate are concerned about—from young adults to older Australians. Making access to specialists and consultant physicians more affordable through the 90 Day Pay Doctor Cheque Scheme is welcomed by my community.

This amendment is part of an incentives package to support the use of electronic Medicare claiming and is designed to encourage electronic claiming in support of the government's move towards more claiming via electronic means. This will benefit patients, as they will not be required to visit a Medicare office to claim their rebate. Of course, it will be of particular benefit to rural and regional Australians. This amendment is part of the Rudd Labor government's commitment in the budget to improving hospitals and health services.

I can tell the House that the people in my electorate support the injection of funds into the public hospital system and allied health. In particular, the people of Redcliffe Peninsula are supportive of the Rudd Labor government's commitment to a GP superclinic. This clinic will complement the additional investment from the Queensland government into our local hospital through the new emergency department at Redcliffe Hospital. Labor's \$220 billion investment in GP superclinics will provide greater convenience for Australians by co-locating teams of health professionals, GPs and allied health services such as physiotherapists, psychologists and dietitians together under one roof. Labor's GP superclinics will be an investment in taking pressure off public hospitals, providing infrastructure to attract doctors to areas that need them most—like Redcliffe, in the electorate of Petrie.

Mr Laming interjecting—

Mrs D'ATH—As the member for Bowman would appreciate, it will also assist the neighbouring suburb of Strathpine, which sits in the electorate of Dickson. You would hope and expect that the member for Dickson would support such an initiative for his electorate, but unfortunately he opposes this initiative and the commitment to bringing improved health services to the people in his community. I applaud the efforts of Fiona McNamara, who was the federal Labor candidate for Dickson in the 2007 election, and Bonny Barry, the state member for Aspley, for their lobbying for a GP superclinic for Strathpine. The good news for the people of Dickson is that the Labor government is committed to delivering a GP superclinic for Strathpine.

The government's investment in GP superclinics will also help improve healthcare outcomes by better prevention and management of chronic disease and will improve affordability. Health professionals working in GP superclinics will be encouraged to bulk-bill. At the end of 2005, the Petrie electorate had only 94 general practitioners. These GPs are not neces-

sarily situated evenly across the electorate, with some areas experiencing a larger shortage of GPs than others.

The GP superclinics can include specialists and consultant physicians, along with GPs. We need to do more to train and attract GPs, specialists and consultant physicians to my local area. The health sector is seeking governments at all levels to work to improve the health services of Australia. The government's commitment and my commitment are to delivering improved public health and allied services. A GP superclinic at Redcliffe is an important part of that commitment. This government, through the budget, has shown that it is not just about policy; it is about substance. It is about delivering what is promised. It is about looking after those most in need in our society. This bill is another important part of this government's commitment to enhanced investment in health services. I commend this bill.

Ms HALL (Shortland) (11.56 am)—I start my contribution by acknowledging the interjection made by the member for Bowman during the previous speech when he indicated that the Regional Partnerships program was flawed. That is something that we on this side of the parliament are very aware of. I also note at the commencement of my contribution to this debate that there have been no speakers from the opposition side on this legislation. When they were in government they had total disrespect for people in the area of health. They did not have a clue when it came to health and they let the bulk-billing rate decline to an extent that was unforgivable. None of them have any idea or any commitment and none of them are prepared to stand up for people in their electorates on a piece of legislation such as this. The Health Insurance Amendment (90 Day Pay Doctor Cheque Scheme) Bill 2008 is good news for everyone in their electorates because it allows medical specialists and consultant physicians access to the 90 Day Pay Doctor Cheque Scheme, provided the original claim for the Medicare benefit is submitted electronically to Medicare Australia.

The 90 Day Pay Doctor Cheque Scheme has worked very well for GPs. If a patient does not submit the cheque within a 90-day period then that cheque is cancelled and the doctor is paid electronically. This legislation will encourage more specialists to use the 90 Day Pay Doctor Cheque Scheme. It will encourage more specialists and physicians to use electronic processing of payments for their patients, and I think this is very important.

The Shortland electorate has a very elderly population—in fact, it is the tenth 'oldest' electorate in Australia. We do have a doctor shortage. We do have GPs that tend not to bulk-bill. The people of the Shortland electorate will benefit from a GP superclinic, to be built in the northern part of the Wyong shire, as they will be able to access doctors, and hopefully those doctors will bulk-bill. The people of the Shortland electorate will be able to access a Medicare office at Belmont when it becomes operational. This will enable more people to have their consultation fees processed electronically, which will put less of a financial burden on them—a financial burden that escalated when the previous government was in power.

I will use the remaining time available to me to go through some of the so-called achievements of the Howard government when it came to health. We had a Prime Minister that was totally opposed to Medicare, and I think that he used every opportunity to undermine Medicare. He went to the electorate and said there was a rolled gold commitment to ensure that Medicare and bulk-billing continued, yet we saw an incredible decline in bulk-billing and we saw a government that tended to invest in private health rather than invest in Medicare, the universal healthcare system that all Australians can access.

I did mention that we in the Shortland electorate have been left with rather a problem as a result of the Howard government. We have had a massive decline in the number of GPs working in the electorate. There is a concentration at one end of the electorate that actually makes the figures coming in look not too bad: there is about one GP to about 1,700 or 1,800 residents, which could be a lot worse. I see the member for Parkes sitting opposite. I know that in his electorate there would be a shortage of GPs, and his electorate's patient-to-doctor ratio may be even worse than that which exists within Shortland. I think that it is very important that the Committee remember how those members on the other side sat on their hands and allowed the previous government to totally undermine our health system. What that did was put people at real risk.

One area of my electorate actually lost a GP. It is an area with a lot of very elderly people in it, and they were without a doctor—totally without a doctor. But I know that the current health minister, the Minister for Health and Ageing, has put her mind to resolving the issues to do with the shortage of GPs. Extending the pay doctor scheme to specialists and physicians will greatly benefit those elderly people that live within the electorate of Shortland. I praise the initiative that the minister and the Rudd government have shown in extending this scheme, along with the initiative of the GP superclinics and all the other wonderful health initiatives that have been introduced even as early into the term as we are at the moment—so I congratulate the minister and the government. I think this gives financial security to both physicians and specialists and I say that extending the 90 Day Pay Doctor Cheque Scheme to the specialists and physicians is an outstanding initiative, one that should be endorsed.

Ms ROXON (Gellibrand—Minister for Health and Ageing) (12.04 pm)—in reply—In summing up the debate on the Health Insurance Amendment (90 Day Pay Doctor Cheque Scheme) Bill 2008, I would like to thank the members of the government who have seen fit to speak on this important bill: the member for Moreton, the member for Robertson, the member for Kingston, the member for Petrie and, of course, the member for Shortland. I am surprised, frankly, that nobody from the opposition has spoken on this bill at all. It is a measure that will provide important relief to a large number of people, particularly elderly people. We know that pensioners in particular rely on these sorts of measures. So it is somewhat surprising that the opposition members have not taken the opportunity to support it. I presume and hope that they will be voting for the bill, but perhaps in future we will see more engagement from the opposition on what is a measure that I would expect all people in this Committee to be able to support.

We know, as speakers have already mentioned and as I mentioned in the introductory speech, that the 90 Day Pay Doctor Cheque Scheme is currently available only to general practitioners. When a patient submits an unpaid claim to Medicare Australia, the patient is presented with a pay-doctor cheque. This cheque is for the amount of the Medicare rebate and is made out to the medical practitioner who provided the service. The patient is then responsible for forwarding the cheque on to the medical practitioner, along with any required copayment, enabling patients to use their Medicare rebate towards the payment of their medical bill. While the majority of patients do present the cheques to their doctor, some cheques are presented very late or not at all, leading to lengthy delays or some bad debts. This bill allows Medicare Australia to cancel a cheque that is not banked within 90 days and to make electronic payment to the specialist or consultant physician. So, whilst providing important relief

and choice to patients who might not be able to find the money to pay all of this up-front, there is still a mechanism in place to ensure that specialists and physicians are protected from any bad debts.

We do know that many people across Australia face out-of-pocket costs when they visit private specialists, and we hope that extending access to the scheme will encourage more specialists and consultant physicians to use the pay-doctor cheque scheme, as it provides assurance that they will receive some payment for the services that they have provided. As I have said, this will provide much needed relief to many patients by enabling them to avoid having to pay the full up-front costs of a medical bill when they visit a private specialist or consultant physician. Access to the scheme will be dependent on the original claim being submitted electronically to Medicare Australia. This will also provide a direct benefit to patients, who will not be required to visit a Medicare office to claim their rebate—a particular benefit for those who through illness, disability or distance do not have easy access to a Medicare office.

I commend this bill to the House. I thank the members of the government who have spoken on this bill, particularly in respect of many elderly patients in their electorates whom they are seeking to represent. I hope that the bill will be supported by the opposition.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

APPROPRIATION BILL (No. 1) 2008-2009

Cognate bills:

APPROPRIATION BILL (No. 2) 2008-2009

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 1) 2008-2009

APPROPRIATION BILL (No. 5) 2007-2008

APPROPRIATION BILL (No. 6) 2007-2008

Second Reading

Debate resumed from 27 May, on motion by **Mr Swan**:

That this bill be now read a second time.

Mr COULTON (Parkes) (12.08 pm)—I welcome the opportunity to speak on Appropriation Bill (No. 1) 2008-2009, along with related appropriation bills for the 2008-09 budget. As a new member of parliament, this is the first budget I have had the opportunity to respond to and I am delighted to do so. However, I must say that overall I found this budget to be terribly disappointing. There is very little in this budget to provide a better future for regional Australia, particularly for my electorate of Parkes, and I find that incredibly frustrating.

Firstly, I would like to put on record my extreme disappointment over the lack of funding in this budget for regional development, particularly the decision to axe the hugely beneficial Regional Partnerships program. I know that this House has seen and heard many a debate over the Regional Partnerships program, and the accusations of pork-barrelling and flawed administration in relation to this program predate my time in this House. While the current government, particularly the Minister for Infrastructure, Transport, Regional Development and Local Government, is keen to try to discredit this program, I can inform the House that

many communities in my electorate have benefited beyond measure from Regional Partnerships.

Just last week I was able to see the benefits of Regional Partnerships firsthand. Last week I had the opportunity to be at the opening of the doctor's residence in Baradine. Baradine is a small town in my electorate that has been through some very tough times of late, yet its community spirit cannot be extinguished. I do not think there is a more resilient and hardworking community in my electorate. Baradine has always had a difficult time keeping a permanent doctor in the town, so the community got together, raised some funds, received some local council support and finally put in an application under the Regional Partnerships program, an application which was successful. The community now owns a doctor's residence, which has helped them attract a permanent doctor, who will start at the end of next month. In the past, Baradine has also received funding under the Regional Partnerships program for the rural transaction centre, which provides many essential services to a community that would otherwise go without.

Baradine is only one example of a town that has seen the significant benefits of Regional Partnerships. Other worthwhile recipients that have received funding under this program in my electorate include the Moree Plains Gallery Art Precinct development, which received \$269,500 for new workshops and upgrades. I must say that the art displayed in this gallery is largely Indigenous art and the display has been a huge boost to the Indigenous community in the Moree area.

The CWA in Gunnedah has received \$48,253 for an extension to its building. The Mungindi Progress Association received \$14,850 towards a community bus. The Coonamble Shire Council received \$27,500 to assist with the Quambone Community Shed. And in my home town of Warialda the local medical centre received \$200,000 to develop a much needed walk-in, walk-out primary health care centre.

I know that the Minister for Infrastructure, Transport, Regional Development and Local Government, along with some of his colleagues, has been working hard to discredit this program. I know that there have been accusations that this program was not administered adequately and that there was not enough regulation or paperwork for the program. But I would invite the minister to come and visit some of the groups in my electorate who worked hard to put in an application, only to be told that the program is no longer operating, and so they have to simply miss out.

I might make the point in this place that the member opposite me, who represents the city of Ipswich, commented in his budget reply speech on the largesse that flowed through to his electorate. He mentioned \$10 million to fix up the main street in Ipswich, and while I do not wish the residents of that wonderful city any ill I am wondering what paperwork and what processes were gone through for that project. I would like to see the application. As I have been sitting in this House, I have heard speaker after speaker from marginal Labor seats being very much appreciative of the great gifts that have come their way, and I am wondering what paperwork and processes were done before this funding came through.

I would encourage the minister to speak to some of the constituents who did comply with the guidelines and filled in pages and pages of paperwork. I suggest he speak to Tony Cole and the crew at the Coonabarabran Volunteer Rescue Association, who work tirelessly to help others during natural disasters and after accidents. These volunteers are hardworking local

gentlemen—plumbers, builders and abattoir workers. They look after the carnage on the Newell Highway and at all times of day and night they are saving lives and, at worst, sometimes retrieving bodies from the accidents that we have in that area. They desperately need a new shed for their vehicle and equipment, as their current premises are far from adequate—premises, I hasten to add, that they actually constructed themselves. The local community has contributed money towards the project, and so has the New South Wales state government. The Volunteer Rescue Association were hoping the remainder of the money that they need to complete the project might be available through Regional Partnerships, but now that hope has been diminished. It will be a tough slog for these guys to try and find the money in their local community to help their service, which really is essential for the community. The Coonabarabran Volunteer Rescue Association should not be left in the lurch.

And there are other groups in my electorate who were hoping for funding through Regional Partnerships. They include the Dubbo Royal Flying Doctor Service base, whose facilities are in desperate need of expansion and upgrade. This iconic Australian service will now have to fight a little bit harder to ensure its survival due to the axing of Regional Partnerships. I might add that the local community in Dubbo have raised half a million dollars as their contribution to this base.

As I have said, while I wish the good citizens of Ipswich no harm, I hope while they are taking refuge under the pot plants in their new main street they think of the people in western New South Wales who are suffering from an inadequate service from the flying doctor base due to the axing of that program—a program in which, I might add, their application was submitted to the area consultative committee; people had been working on that for many months with community fundraising activities.

In addition to Regional Partnerships, this budget also took the razor to many other essential rural programs, including Growing Regions and agricultural training, and scrapped the OPEL contract, which was to provide fast broadband to all Australians, particularly those in rural areas such as my electorate of Parkes. In these three key areas—regional development, communications and agriculture—Labor has stripped more than \$1 billion from rural and regional Australia. This budget fails to deliver any practical initiatives that will help to empower and grow our regional communities.

I am very disappointed that much of the funding allocated in this budget appears to have been diverted to honour election promises made by the Labor government during last year's election campaign. If there are accusations of pork-barrelling being made over Regional Partnerships, then surely the funding of these election promises should be tarred with the same brush. From what I can gather, many of these election promises have been signed off with next to no administration or paperwork, and they have certainly not been subject to an intense level of scrutiny. I have also been made aware that much of the money that would appear to have been allocated in the budget for certain programs has already been spent to cover Labor's election promises, which means there is not much left in the pot for the rest of us. From my perspective, that is perhaps the most distressing aspect of this year's budget.

As I said in my maiden speech, I believe the greatest tool of empowerment and builder of confidence is education. I do not believe that this budget delivers on Labor's election promise of an education revolution, particularly for school-age children. I am very disappointed by the discontinuation of the \$1.2 billion Investing in Our Schools Program. Investing in Our

Schools has gone a long way towards fixing some of the critical infrastructure and faculty shortfalls in many schools across my electorate of Parkes. Since becoming the federal member of parliament, I have had the pleasure of visiting many schools across my electorate that have benefited from this funding. These schools include Ilford Public School, Fairfax Public School, the GS Kidd Memorial School—which, I might add, is a school for children with disabilities—Coonabarabran High School and Moree Public School, to name but a few. These school communities have made a conscious decision to apply for funding to fix the problems that they see as the most significant in their schools. After all, no-one knows more about what is needed for these schools than the parents and teachers. Some of these schools are one- and two-teacher schools in very isolated areas. I see that the Investing in Our Schools Program has come to an end and I think that is a real shame. It is also a shame that there are no new initiatives for primary schools, with funding directed to programs specifically for secondary schools, and that the \$700 literacy and numeracy tuition vouchers for struggling kids have also been scrapped.

As I said earlier, overall I found this budget to be terribly disappointing. However, there are some things in this budget that are welcome, and I am hopeful that some of the programs announced may be of benefit to my constituents in the Parkes electorate. According to the Treasurer, the decision to invest \$20 billion in the new Building Australia Fund could well have some positive implications in my electorate. According to the Treasurer, this fund will be used to finance roads, rail, ports and broadband across the nation. While I have some very real concerns about the administration of this fund, particularly the fact that it appears as though it will be going through the states and that the money set aside for the next 12 months appears to be only for planning, I am still trying to see the glass half full and hope that some of the worthwhile projects in my electorate may be funded under this scheme.

I am hopeful that the inland rail line project may be financed through the Building Australia Fund. The proposed rail line would bisect the Parkes electorate and would place it at the crossroads of transport in regional Australia. It would be particularly beneficial for some of the major towns in my electorate, including Dubbo, Gilgandra, Coonamble, Walgett and Moree. I would also like to see the construction of an expressway over the Blue Mountains as one of the projects delivered by the Building Australia Fund. This road would bring with it enormous tourism and business development opportunities for my electorate, particularly for the southern towns, including Mudgee and Wellington. I am also hopeful that some of the smaller projects, such as the upgrade of the Castlereagh River bridge at Ulamambri, will be considered.

I also believe that the productivity of an area should be considered when allocating road funding. Many areas in my electorate have black soil roads that may not have a high enough level of passenger usage to be considered for funding under the existing road funding guidelines but are frequently used to haul large quantities of grain and agricultural produce. I will be pushing for productivity to be a factor to be taken into account when roads are considered for funding under the Building Australia Fund, whenever that may be.

I am pleased the Labor government decided to continue with the Roads to Recovery program. Roads to Recovery has been a real boon to regional roads in Australia, particularly in my electorate, and I know that many of my local councils will be pleased that they are still able to access it.

The announcement that the government will invest \$10 billion in the new Health and Hospitals Fund to finance improvements to hospitals and the healthcare system could also be a plus for my constituents. While I have some serious doubts over the administration of this money, I will be pushing for some major health infrastructure projects in my electorate to be funded. I am particularly keen to see the Gunnedah medical centre up and running. There are many people who have been working tirelessly on this initiative, and I have recently met with some of the instigators, including Dr Grahame Deane, Kate Perrett, Fiona Strang and Penny Crawford. The Gunnedah medical centre concept is a superclinic that is ready to go. Not only will it provide essential health services for the residents of Gunnedah and the surrounding areas but it will also provide training facilities for medical students. This project should be funded through the Health and Hospitals Fund, and I will be working hard to ensure that it is not overlooked.

I welcome the announcement of the \$11 billion Education Investment Fund, again with some apprehension over the administration. This money is supposed to be used to finance skills—TAFE colleges and universities across Australia. Through this fund, I would like to see the implementation of a thorough, community based learning program, similar to the Gwydir Learning Region that operates in my electorate. My involvement with the Gwydir Learning Region opened my eyes to how a community changes when it values education. The provision of educational opportunities that are relevant for individual communities must be a priority for the Education Investment Fund.

I would like to mention a few other budget announcements that are relevant to my electorate of Parkes. The Labor government's announcement that it will provide all four-year-olds with access to early childhood education for 15 hours a week, 40 weeks a year, by 2013 sounds like a good idea in theory, but I have some concerns as to how it may be implemented when there are areas in my electorate that do not have an existing preschool or childcare facility. I believe the key to delivering this promise in rural areas is increasing the funding given to the many mobile preschools, including the Tharawanga and Gwydir mobile schools, which operate in my electorate. I have already raised this issue with the relevant minister and I am hopeful that, when it comes to early childhood education, the needs of kids in rural and remote areas will be considered.

The decision to continue to provide some funding for volunteers may also have positive implications in my electorate. I know that many volunteer groups in Parkes—whether they be the PRAMS groups in Gunnedah, working to improve the paediatric and maternity services at the local hospital, or the Walgett District Historical Society, working on a celebration of 100 years of rail to Walgett, to be held later this year—will be interested in the Volunteer Grants program announced in the budget. I will be doing all I can to ensure that as many local volunteer groups as possible from my electorate get a slice of this funding.

Another big issue in my electorate is the provision of supported accommodation for disabled people to allow them to age in place. The budget did outline some measures that are meant to increase the availability of these services, and I will be pushing the case of a few extremely worthwhile disability housing projects in my electorate, especially the supported accommodation earmarked for Narrabri and the Westhaven Association's project in Dubbo.

Overall, I would say that this budget does not provide for regional communities and that we have been severely short-changed. However, in the interests of remaining positive, I can

say that I will be fighting tooth and nail to ensure that every project in my electorate receives every possible dollar of funding that we can access. Despite not having much to draw from, I will not see the good people of the Parkes electorate go without.

In conclusion, I would also like to place on the record my support for the budget reply speech delivered by the Leader of the Opposition, Brendan Nelson. Dr Nelson's speech gave the people of Australia an opportunity to see what the coalition stands for and how we will achieve our goals. It was a real indication of the high standard of the coalition as an alternative government, and I hope his words are firmly engraved in the minds of Australian voters.

Mr NEUMANN (Blair) (12.24 pm)—The people of my electorate, much to their dismay, learnt long and hard about coalition neglect in the 11½ years the coalition were in government. Plenty of promises were made in the last few weeks of the federal election campaign by the incumbent Liberal member, but regrettably in 11½ long years residents saw almost no money going into the development of Ipswich and its surrounding rural areas. It is interesting to note that the biggest swings to the Labor Party in the federal electorate of Blair at the last election were in the rural areas—and the member for Parkes should consider that. It was the neglect of the coalition government, of which the National Party was a member, which saw rural areas swing so heavily to Labor. In some of the rural areas we got a primary swing of 20 per cent; in some of the areas it was 15 per cent. There are areas in the federal electorate of Blair that have not seen a National Party representative at any level for over 20 years. This is because people believed the Labor Party and the current Prime Minister and they disbelieved the promises which were coming fast and furious in the last few weeks of the campaign from the coalition when opinion polls were obviously not going well for them.

I rise to speak on the Appropriation Bill (No. 1) 2008-2009 and its associated bills. I agree with the Treasurer, who announced in his budget speech that this is a budget that strengthens Australia's economic foundations and delivers for working families under pressure. I am pleased to speak today on this bill because the budget handed down by the Treasurer is manifestly a responsible budget for our times and heralds a new era of responsible economic management. This budget marks the end of the reckless short-term spending initiatives driven by the electoral cycle that so characterised the previous coalition government. It marks the start of responsible economic management and investment to prepare our economy to meet our future economic challenges, placing downward pressure on inflation and beginning our long-overdue investment in our nation's future.

I am sure in years to come that the various funds established under this budget—these future funds, which have been hailed—will be heralded as great nation-building initiatives. Contrary to the protestations we have heard from the other side, this budget demonstrates that the Labor Party is unquestionably the party of responsible economic management and that only the Rudd Labor government is serious about responsible fiscal management. It is clear that now the people of this country can trust only Labor to manage the national purse strings.

Look at the opposition's proposals, which include raiding \$22 billion from the surplus in some Latin American style profligacy of the 1960s and 1970s. Witness their irresponsibility in threatening to block important budget measures. This budget cuts out waste and pares back the excesses of the regional rorts of the previous coalition government—no more wastage on Work Choices and other coalition propaganda dressed up as government information, no more regional rorts without any regard to the infrastructure needs of our country. Every single dol-

lar of new spending is offset by savings. We have delivered on our commitment to a budget surplus of at least 1.5 per cent of GDP; in fact, we have gone further, with a budget surplus of 1.8 per cent. That is higher by 0.6 per cent than the coalition government's forecast for the surplus in 2008-09.

This budget clearly demonstrates that the Labor Party is the true party of economic management, the real party of economic reform and the only party unapologetically committed to nation building. It has framed this budget in difficult economic circumstances, against serious challenges, in tighter credit markets, with turbulent global economic problems and slowing world economic growth. Upon taking office, this government inherited the highest level of domestic inflation in 16 years.

During the campaign I ran mobile offices all over the electorate. I have continued to do that since the election. I visited the Riverlink Shopping Centre, the Brassall Shopping Centre and many other places. I have continued to attend the country shows, which were so enjoyable during the campaign. I took great delight in welcoming the German Consulate General to Marburg, a place just outside of Ipswich whose three representatives at the state, local and federal levels have German surnames. I visited the Ipswich Show for three days and the Boonah Show. I look forward to being at the Ipswich home show and the Rosewood, Kalbar, Gatton and Laidley shows.

Constituents told me during the campaign that inflation did not start on 25 November—it had been brewing for a long time. This budget honours our commitment to support working Australians and working families under financial pressure. They have not been forgotten with the \$55 billion Working Families Support Package handed down in this budget. We have fulfilled our commitment to reduce personal income tax by \$47 billion over four years. These taxes are geared to helping middle- and low-income families. The whole package is targeted towards tax, child care, education, housing and other needs in our community.

The Rudd Labor government understand that families are under financial strain. That is why we are tackling inflation in this budget. The Rudd Labor government has a plan to tackle inflation. It is not a fairytale, in our view. It is not something that happened on 25 November last year. We have delivered a responsible and disciplined budget, which builds on our five-point plan.

There are major investments in skills and education with trade-training centres in schools. I welcomed the initiative in my constituency at St Edmund's Boys College, which along with the grammar schools has established the Ipswich trade training centre. I urge the other schools in my electorate to do so as well, combining the Lockyer Valley and the Boonah shire. Our commitment to 630,000 extra training places over five years will help tackle the skills crisis which has so added to inflationary pressures.

National leadership in the area of infrastructure will ease bottlenecks which have been pushing up the costs of doing business in this country. I on behalf of my electorate welcome Infrastructure Australia. I look forward to seeing the priorities handed down.

The first home saver account initiatives are welcomed by my constituents, who have told me that they think they are a great idea. We are in one of the fastest growing areas of south-east Queensland—Ipswich and the rural areas—and the cost of housing is increasing all the time.

I welcome also the measures designed specifically to boost workforce participation through the tax and childcare changes. In the medium term the budget will encourage increased workforce participation. This is indeed backed up by the Treasury modelling, which predicts that the tax cuts alone will encourage 65,000 people to re-enter the workforce. This additional supply of labour will be much welcomed. It will mean 2.5 million additional hours of work in the economy each week. This is great news in terms of the acute skills shortages and labour shortages that we have, particularly in the federal electorate of Blair.

The Rudd Labor government will help families ease the burden of childcare costs by increasing the childcare tax rebate from 30 to 50 per cent. It will establish 260 childcare centres in priority areas. This will alleviate the frustration that families have on numerous occasions told me that they experience with having multiple drop-offs and alleviate the additional costs and time when this happens. Co-location is a great thing for childcare facilities and schools. The changes will ensure that half of families' out-of-pocket expenses for childcare costs will be met every year. Unlike the former coalition government, which delayed payment to families, the government will pay the 50 per cent childcare tax rebate quarterly to ensure support is available when needed.

For the benefit of the member for Parkes, who earlier mentioned the commitments to Ipswich that we have made in the budget, I will run through those so that both he and my constituents are aware of what we did in the budget. We did make a \$10 million commitment to the revitalisation of the Ipswich CBD. The Ipswich CBD is not just one street; it is a whole lot of streets. Ipswich—and I see the member for Herbert is in the chamber—is a city the size of Townsville. It is a big, wonderful regional area. And Ipswich CBD needs revitalisation. The state government, Ipswich City Council and the new Rudd Labor government are working hard to do that. In 11½ years, the coalition put nothing into the Ipswich CBD, and the people of my constituency have mentioned that on numerous occasions.

Further, we have made some significant commitments to health in our area. We have made a commitment of \$300,000 in recurrent funding over three years—\$100,000 per year—for the after-hours clinic run by the Division of General Practice in Ipswich. I welcome this money. Children do not get sick only at 2 pm; they can also get sick at 10 pm. This funding will help enormously. We have also made a commitment of \$1.5 million to Cabanda Aged Care in Rosewood. I am pleased that the Minister for Ageing came to Ipswich last week to make that funding announcement.

I was recently at the Cabanda aged-care facility at Rosewood and I would like to congratulate Annie Reilly, who turned 99. I was there for her birthday. Annie's passions are basketball, tennis and Cabanda. I was pleased to inform those present that the Rudd Labor government has committed in excess of \$1.1 million to Ipswich basketball for the refurbishment of their facilities and to Ipswich Tennis Centre for the creation of a wonderful facility which will see international matches played there. So Annie was a very happy woman on that day, but I had to tell her that she was sharing the joy with many others.

I think perhaps the greatest area of redress for the people of Blair has been the Labor government's commitment to the upgrade of the Ipswich Motorway. We have allocated \$5 million to planning and surveying costs, and in February next year we will see the start of construction on the Dinmore to Goodna section. This was the biggest local issue in my electorate in the last election campaign. We campaigned extensively on this for a long time. My predeces-

sor opposed the upgrade of the Ipswich Motorway. I cannot understand why and I asked him that personally on numerous occasions.

Just before the election, the coalition came up with an idea that would cost two to three times the cost of the upgrade of the Ipswich Motorway from Dinmore to Goodna. Crossing the Brisbane River four times in creating bridges as big as the Victoria Bridge and the Captain Cook Bridge in the middle of Brisbane was a terrible waste of money. It did not achieve what it needed to. The Mayor of Ipswich, Paul Pisasale, said to me, 'Shayne, I cannot understand why we are not upgrading the entrance to the city.' I am pleased to say that there is a commitment by the government to do that. The Minister for Infrastructure, Transport, Regional Development and Local Government assures me that it will be done. It will be done on time and with funding from the Rudd Labor government. Work is already underway on the Wacol to Darra section. That will be done in three years. And I am pleased to say that the Goodna to Wacol section will be complete by February 2009.

This is an important issue. It is not just about economic development in my constituency; it is about the health and safety of people who travel a road that has between 80,000 and 100,000 vehicles per day on it. It is the main linkage for fruit growers and vegetable farmers in the rural areas of my constituency. It links Toowoomba and Ipswich to Brisbane. It is a big challenge. And it is the best evidence of the Howard government's neglect of the people of Blair. I am pleased to say that the Rudd Labor government is committed to the project.

We have also seen an expansion of the RAAF base at Amberley. I am pleased to say that this expansion started under the Howard government. I acknowledge that the Howard government were committed to the expansion of the RAAF base at Amberley and I pay my respects and thank them for their commitment. We will continue that expansion. One hundred and thirty million dollars will be invested in the RAAF base, effectively creating a superbase. The Super Hornets will be located there—and I was pleased that the Parliamentary Secretary to the Minister for Defence, Dr Kelly, made a speech in the parliament this morning confirming that that is where they will be located. Certainly it is an issue that has been raised with me in my constituency on numerous occasions.

I am pleased to see that the Amberley state primary school has been allocated \$26.83 million for its relocation. I will work with the state members in the area and the state Labor government in Queensland to find a suitable site so that the parents and children in the Amberley community and on the south side of Ipswich can be assured that their children's education is valued and that there is some certainty around this issue, which has been going on for a long time. I am pleased that we have delivered on the commitment which I made to the local action group in March 2007 specifically at the request of the then opposition leader, now the Prime Minister, after a visit to Ipswich. I am also pleased that we have allocated \$1 million for the relocation of the Amberley creche and kindergarten, which will be co-located with the new school on a site on the south side of Ipswich.

Mr Lindsay—Can I give you some advice?

Mr NEUMANN—No, I am going to continue. There is a further funding commitment by the Rudd Labor government to small business in the Ipswich and West Moreton area. We have allocated \$300,000 per annum for the funding of the Ipswich Business Enterprise Centre to assist business in that area. We have seen that electricians and plumbers, people who want to establish small businesses in my constituency, do not know how to go about it. Some people

have said to me, 'How do I get finance?' 'What's a balance sheet?' 'What's a profit and loss statement?' or 'I'm not quite sure how to set up a business and how to get mentoring advice.' I am pleased to say that the commitment that was made by the now minister for that area during the campaign will be fulfilled, and this will help the local business community in my area. I know that the Chamber of Commerce and Industry and the people of Ipswich welcome this. It is an issue upon which I campaigned very hard. I said during my campaign that I was the only major party candidate with business experience and that I understood the needs of Ipswich business and the local community because I had lived there all my life. This money is much welcomed. It will assist in the growth of the economy and in helping working families in my constituency.

This is a good budget for Blair. It is a building budget for Blair. It is a budget that looks after the families of Blair. It is a budget that is exemplified by the words and the deeds of the Treasurer. Since the election, ministers have visited the federal electorate of Blair, and we have seen the money rolling in. I am pleased that they have come and I welcome them—the more the merrier. I congratulate the Treasurer for what he has done. It is a nation-building budget, a responsible budget and a Labor budget. I commend the bills.

Mr LINDSAY (Herbert) (12.44 pm)—Member for Blair, now I can give you some advice! It is positive and helpful advice, and I do not mind if you interject and we have a discussion. In relation to the Amberley school removal: well done on getting that money. I think the only remaining issue that you have is: where does it go? If Education Queensland move it too far—and that is what I think they want to do—the Amberley families will be unhappy with that. So, as the local member, I guess my advice to you is for you to try to get the school relocated to somewhere close to where it currently is.

I have a further piece of advice on this issue: what to do with the old school? Perhaps you and I can work on this in relation to my shadow parliamentary responsibilities for defence. The cadets at RAAF Base Amberley have absolutely terrible accommodation conditions. It has been put to me that the old school building could be turned into the cadet centre, because it is going to come inside the base when the school itself moves out. So it could be reused, recycled, to become a perfect centre for the cadets—and you know how much admired the cadets in the system today are. There is more than one cadet wing or squadron there, and I think that if we both talk to the defence minister about that we might get an outcome for our young men and women of Australia that is also a very good outcome for Amberley. Here endeth the advice.

Mr Neumann—Now the lecture starts!

Mr LINDSAY—Yes, and perhaps I should now give you some advice which you will not like. On my website I have a survey running at the moment on this: do you think you are better off under the Wayne Swan budget? Some 56 per cent do not think they are better off, and I think that has been reflected pretty universally across the country. You have to think about why that would be the case. When the budget was brought down on budget night, the government side thought it was a pretty good budget but the people did not think it was a good budget. Sometimes life is not fair when you are trying to do good things for the country and the community does not accept that you are trying to do some good things.

Of course, people are waking up to the fact that there are some things in the budget that are not good. Even the Labor Party has woken up to that, and I am pleased to see there has been a

reversal in relation to the Regional Partnerships program whereby the government will now fund a number of the projects that were just wiped in the budget. There has been some movement on the luxury car tax. I think Bruce Scott, the member for Maranoa, made a very good point that the four-wheel-drives in his towns are in fact considered to be not luxuries but tools of trade. Bruce is right when he makes that comment. We have very great concern over a budget that unashamedly says to all Australians, 'We're going to put 134,000 of you out of work.' That is not a popular measure. It is interesting that a party that purports to represent the workers can say to working families, 'Sorry, but as a matter of government policy we're going to take your job away.' That is pretty tough for everyday Australians. I think the electorate has come to realise that.

The Rudd Labor government's first budget really has not lifted much of a finger to help ordinary Australians battling with the rising costs of living as to petrol, groceries, private health insurance and home loan interest rates. That is going to be felt right across Australia, including in my electorate of Herbert, which is centred on Australia's largest tropical city, Townsville. Last year during the election, the Labor Party in North Queensland campaigned furiously and the electorate heard what they said. They said, 'We promise to relieve the increasing costs of petrol and groceries.' Well, this budget has broken that promise.

With regard to the latest attempt to have a national Fuelwatch scheme produce lower prices at the bowser, there was a survey today in the *Herald Sun* looking at the prices in Western Australia in the last three months. It showed prices for petrol in Western Australia are higher than in the eastern states, where there is no Fuelwatch scheme. It is a real danger for Australia to introduce a Fuelwatch scheme that is likely to increase petrol prices. I think that is not easing pressures on hard-working Australians.

The Labor government, which now accepts responsibility for the economy and inflation, will find that this budget has delivered policies that drive up inflation and unemployment. That is quite sad for Australia. In my electorate, which has the largest Army base in the country, Lavarack Barracks, and a fairly substantial contingent of RAAFies as well, this budget proved that the Labor party was prepared to do and say anything to win the election. As Peter Garrett in an unguarded moment let slip, the Rudd government's devious plan all along was to change it all when they got in. Well, they did. I am going to tell you what they did to my electorate.

On 12 November last year the Prime Minister and the Minister for Defence stood at Lavarack Barracks, in my electorate, and promised 8,000 defence families in Townsville and Darwin that they would be the first to have a defence family healthcare clinic. They promised 12 of these around Australia. They promised \$33 million for 12 family healthcare clinics at defence bases and they promised that Townsville and Darwin would get the first two. Did anyone read the budget? I did. Do you know what they did? They announced only five clinics, not 12. They announced only \$12 million, not \$33 million. Darwin and Townsville were left off the list.

The Prime Minister told the people of North Queensland and our defence people that they would get the first family healthcare clinic in the Defence Force. What did they get? Nothing. That is a broken promise, and I think it dishonours the defence families in Townsville. Clearly, Labor had no intention of delivering. When they did not win the seat of Herbert, they transferred the money to, would you believe, the seat of Gippsland—once again, a seat they

want to win. Labor is not going to win Gippsland because, only six months into the term of the new government, Australians are now waking up to what the new government stands for.

Let me talk to you about the Medicare surcharge folly. I know my Labor colleagues will be very uncomfortable about this because they are waking up to the implications of what is being done. In an attempt to say to Australians, 'Hey, we're giving you money back,' they are going to increase the surcharge threshold to \$100,000. But do you know what that is going to do? All the fit and healthy people are going to drop out of private health insurance. You might say that that is okay because they do not need private health insurance. But do you know what that is going to do? It will increase premiums for all the people who do need private health insurance. Their premiums are going to go up because hundreds of thousands of people who do not have a big call on private insurance will drop out. The old and the sick, who do need the system, are going to find that their premiums go up.

How many members of parliament are constantly told by pensioners that they scrimp and save to pay their private health insurance? They do—and they are not going to be able to afford it anymore. Do you know what that does? It sends a whole new cohort of hundreds of thousands of people from the private system back into the public system. The public system now cannot cope. I invite Labor members to come and have a look at accident and emergency at the Townsville Hospital. Go into the corridors there and look at all the people on trolleys who cannot even get in the door to be seen in the first place. And you are going to put hundreds of thousands more people into the system!

In private health insurance, people of course pay a component of the health care. But now that component will not be paid. The public purse will have to pay the lot. It is a bad deal for everybody. I just cannot understand why the Rudd government would have adopted this budgetary position when the outcome for Australia is a negative outcome. It is a cruel blow, particularly for older Australians. I would have thought that Labor members would feel very uncomfortable about that. Normally, Labor members would be worried about the pensioners but this shows complete disregard for the pensioners of our country.

With respect to the alcopops tax in the budget, I would just like to read you a letter from the publican at the Sovereign Hotel in Townsville. He is a sensible fellow whose name is Steve Jebb. This is what he has to say:

Now we have had a couple of weeks since the price increase of R2Ds (alcopops), all I have to say is 'thanks so much Mr Rudd'.

You should know what you are doing for binge drinking. A nice big, fat tax grab for you and a real increase in overheads for us.

Most of our customers who drink R2TDs are now drinking manually mixed drinks which has forced us to hire extra staff to mix them, extra glassies to pick up the glasses and problems with patrons who can now down the drinks much faster, not to mention the drink spiking thing that is much easier to do with open glasses sitting on the bar.

Mr Rudd, in case you have forgotten, small business people these days are no different to the ordinary working punters, who I thought the Labor Party was created to stand up for.

Here is a hotelier who is saying to Mr Rudd, 'Here is another unintended consequence of your grab for cash.' We have seen so much extra evidence now indicating that upping the tax on alcopops has done nothing to reduce so-called binge drinking. This is another bad outcome from the budget. The statistics speak for themselves. It is a very unfortunate outcome.

The Australian technical college in Townsville is the best technical college in the country. There are 310 students at the college and it has been an outstanding success. It is industry driven and it is providing for the specific skills shortages in North Queensland. Do you know what the budget does? It completely defunds the college. As of next year there will be no money. We have heard the member for Blair and various other members talk about the need for skills training. What does the Labor Party do in this budget? It takes the money away. It is a terrible outcome. It is very sad for our community. It is very sad for the good people and industries who have shown the leadership to develop the best Australian technical college in the country. It is very sad for the current and future students who may not be able to use that facility. I appeal to the minister to rethink that decision. The ATC has to continue. I am hopeful that, as other decisions of the budget have been reversed, we will see this decision reversed as well. I believe my time has expired. I appreciate the attention of the chamber.

Sitting suspended from 1.00 pm to 4.00 pm

Mr HAYES (Werriwa) (4.01 pm)—During the debate thus far, members opposite have, quite frankly, taken a reasonably easy path, particularly when you hear their response to the budget. It shows that members opposite, unfortunately, have an indifference to spending, an indifference to high inflation and certainly an indifference to how they allocate their welfare. The former Howard government directly targeted welfare at middle-income areas.

On the other hand, the Rudd Labor government in this budget have delivered an unprecedented level of support for working families. But, even more importantly, the government have set a new benchmark when it comes to delivering upon promises that were made prior to the election. That is very important for all of us as members of parliament when we go around our electorates, when we make commitments, in the lead-up to an election. Our commitments have been fully honoured. That certainly distinguishes our government from previous governments, as we saw them take office.

Like my colleagues who spoke before me in this debate on the Appropriation Bill (No. 1) 2008-2009 and related bills, I would also like to place on record my thanks to the Treasurer, the Prime Minister and their team in delivering this budget. This budget is designed to build a strong economy—one that delivers for working families and one that responsibly invests in our future. Local working families in major cities and in all our suburbs, such as mine in Western Sydney, are very much at the front and centre of this budget. The government is committed to easing the financial burdens placed on these working families. The government is providing relief for local families in respect of child care, education costs and other costs of living.

Over the 3½ years that I have had the honour of representing the people of Werriwa—and I have regular contact with all those people, whether it be at 6.30 in the morning at railway stations or in shopping centres on the weekends or at street meetings et cetera—one thing that has been constantly raised with me is the rising costs faced by families, such as shopping costs et cetera. This government has been listening and, as a consequence, it will not fail the people. This government has set out to develop a budget which delivers, first and foremost, to working families of this country—unlike the former government, which, in their last budget, delivered a \$40 billion spend, with no savings, with no regard to the inflationary impact, leaving an inflationary legacy that we are now dealing with but summarising it all as ‘Working families have never been better off’. This government stands in stark contrast to the former

government, which had one silver bullet for the economic reform of this country. That silver bullet, according to the Howard government, was Work Choices. Not only did it not do what they thought it was going to do; it held people's job security to ransom and put undue financial stresses and strains on working families throughout my electorate, as attested by the 2½ thousand people who signed petitions in relation to that. But Work Choices is not the subject of this discussion, so I will get back to the appropriations bills.

I would like to highlight some of the more significant aspects of the budget as it affects the people of Werriwa. The \$55 billion Working Families Support Package is certainly nothing to be sneezed at. It really delivers for the people in my electorate. It will help people meet the increasing costs of living by providing tax cuts and will help people with childcare fees and with their education costs. Families are a huge proportion of my electorate, so these benefits target the general demographic of the people of south-west Sydney.

The government's plan is to address cost-of-living pressures by easing the strain on family budgets. This includes a disciplined approach to budget management, taking the pressure off inflation by paying for new spending promises from savings. Every dollar of new spending is offset by savings, which has produced a surplus of 1.8 per cent of GDP, or \$21.7 billion. The government is tackling skills shortages and the roads and port bottlenecks that are pushing up the cost of doing business by investing in skills education, including 450,000 new training places over four years and a \$20 billion Building Australia Fund to provide the economic infrastructure for the future. Further, it plans to boost household budgets through measures including a \$46 billion tax cut over the next four years.

All Australian taxpayers will share in the tax cuts delivered by this government from 1 July this year, at a cost of \$46.7 billion over the next four years. These are very significant tax cuts but, more importantly, they are directed at low- and middle-income earners. By and large, people in my electorate will benefit from a little over \$1,000 per year as a consequence of these direct income tax cuts. People on incomes of \$40,000 will get a \$20.19 weekly increase as a consequence. People on incomes of \$80,000 will get an increase of \$21.15. These are significant and, as I said, they are directed to the demographic of the working families who make up outer metropolitan areas of Sydney such as Werriwa.

Importantly, the education tax refund will help parents invest in their kids' education. The government will provide eligible parents with a 50 per cent refund on out-of-pocket education expenses from 1 July this year. There are more than 38,000 families in my electorate. This equates to about 56 per cent of my constituents who will be direct beneficiaries of this particular initiative. Under this initiative, families will be able to recover up to \$375 per child, per year for a primary school child and \$750 per child, per year for a secondary school child. That will make a significant difference to working families seeking to relieve cost pressures as they strive for a proper education for their kids.

This government knows that access to affordable, high-quality child care plays an ever-increasing role not only in a child's education but in helping parents make the decision to return to the workforce. Unlike the previous government, which had a very laissez faire attitude to child care and thought that there was certainly no problem with affordable child care, this government has actually worked to support mums and dads not only with the development of their kids' early education but also with some tangible assistance to return to work. To help parents with their childcare costs, the childcare tax rebate will move from 30 per cent to 50

per cent of out-of-pocket costs and will increase the cap from \$4,354 to \$7,500 per child for approved care. In addition to that, it will be paid every three months instead of once a year, providing the support to working families when they need it most.

There are a couple of things that I would like to quickly run through that were of significance to the people of south-west Sydney in the Werriwa electorate emanating out of this budget. For instance, there was a grant of \$100,000 to the Liverpool Migrant Resource Centre. This will go towards important projects helping with the assimilation and participation of refugees into mainstream Australian life. It will complement the current range of successful services and programs offered by the Liverpool Migrant Resource Centre.

The Macarthur Business Enterprise Centre received a recurrent grant of \$350,000 per year. This will benefit existing and developing businesses in my area. The fund will assist the Macarthur Business Enterprise Centre to provide a range of one-stop shop advisory services to some 4,488 businesses between Liverpool and Campbelltown.

The Campbelltown Stadium was very fortunately the beneficiary of an \$8 million grant to upgrade its sports-playing facilities. It is home to a number of sports, including rugby league, rugby union and soccer. It is now capable of being developed into one of the principal sporting precincts in the south-west of Sydney. Our kids will not only have the ability to go and watch their teams play at a premier sporting facility; they will be able to play at the same facility themselves because this facility will be available both to schools and for weekend junior sports.

In addition to that—as I am sure you are aware, Madam Deputy Speaker Bird—there is a grant of \$350,000 for an investigation into the Maldon-Dumbarton rail link. That is a very important study to be undertaken in the south-west of Sydney. It would see the opening up of the south-west of Sydney as important employment lands as a consequence of the possibility of a rail link between Port Kembla and the south-west of Sydney and its immediate surrounds. That will provide an opportunity for significant growth and employment, and it will also give some significant support to the state government's three-port policy. I see that as an absolute plus for my electorate in being able to develop new areas, new industries and employment opportunities. That is a particular study that I—together with you, Madam Deputy Speaker—will have a very keen interest in.

A particular project under the AusLink 2 program is the widening of the F5 Freeway, which has very strong social and economic grounds justifying it. I went out of my way to challenge the then minister of the former government to widen that freeway. It is not simply about mums and dads spending time away from families on a congested freeway to and from work; there are serious economic reasons why we see this as a major priority in opening up areas of industry. In addition to that, it is the main interconnecting road infrastructure between Sydney and Melbourne. That being the case, this has a very significant economic aspect to it which will generate jobs as a consequence and which will actually help to free up the bottlenecks that are currently acting as an impediment to our economy.

In addition to that, the University of Western Sydney was given a \$15.9 million grant. The Campbelltown campus of that university is doing a wonderful job, particularly with the development of its new medical school. I could continue talking for a significant period about what this budget has achieved for my electorate in Werriwa and for working men and women

around the country, but time is against me on this occasion. I commend this legislation to the House.

Mrs MAY (McPherson) (4.15 pm)—As well as being the member for McPherson, I am also privileged to be the shadow minister for ageing. It is in both of these roles that I shall speak on Appropriation Bill (No. 1) 2008-2009 and cognate bills. When I listened to speakers from the other side—from the new Rudd government—particularly in this budget debate, I wondered if we were actually talking about the same Australia, as their take on the Howard government's legacy is so far removed from reality. The Howard government has, and did have, a proven track record in delivering security, opportunity and prosperity for all Australians. On this side of the House, we are very proud of our record. We are exceedingly proud of our legacy, but the Rudd government has a new mandate: one of insecurity and lost opportunities.

The Minister for the Environment, Heritage and the Arts, Peter Garrett, was right when he said that once Labor won office it would change everything. He was not wrong. Already the Rudd government has demonstrated it is not fit to govern. The stability of the past nearly 12 years has been replaced by a sense of instability, insecurity and isolation, particularly if you are not a working family. The growing sense of unease about the Rudd government's performance is warranted because it is doing a thorough job of wrecking the economy and isolating Australians. Forget about social inclusion: we are now seeing the social exclusion of many sections of Australia's communities.

The electorate of McPherson has a large population of older Australians. Healthy ageing has always been one of my priorities. The Australia of yesterday always had seniors at the forefront of policy. The Australia of today, under a Rudd government, completely ignores and discounts them. This is of tremendous concern, as seniors need to feel valued and important as part of ageing with dignity and maintaining their health and wellbeing. They need to be included as productive members of all our local communities right throughout Australia.

My mother is in her eighties, so I can see firsthand how policies introduced by this government affect her. The government's neglect of seniors irritates her and takes away her peace of mind, as it does that of many seniors who live in my electorate. Older Australians are feeling disenfranchised and ignored by the government. The government could not have put it any more bluntly that seniors do not matter. The first sign that something was amiss with the Rudd government's priorities was when it would not commit to the pensioners and carers bonus just a few weeks ago. This caused a great deal of anxiety in the community. This sense of insecurity was compounded when aged care was not an agenda item at the 2020 Summit and only one per cent of delegates to that summit were aged 75-plus. This rejection of older Australians is glaring. They are a significant group of people who make up over 13 per cent of the Australian population and, over the next 40 years, that is projected to rise to 25 per cent. During this time, growth in the labour market will remain stagnant. With increasing life expectancies, we will have the potential to slow economic growth and to reduce all Australians' standard of living.

Two days before the budget was handed down, the government backflipped on a cut to aged-care funding because of prolonged pressure brought by aged-care associations, providers, families and me. To consider a cut to aged-care funding is nothing short of lunacy as the aged-care industry is under extreme financial pressure, with no guarantee of increases in CAP

funding beyond 2008-09. Forty per cent of providers are operating at a loss. Places are under-subscribed in Western Australia and Tasmania, and beds are closing down.

In the news this week we have seen the collapse of two aged-care facilities. Bridgewater aged-care service, which has 107 residents, was put into administration owing thousands of dollars in entitlements to its staff. In addition, 33 residents at Alton Court have to find new homes as the Wesley Mission aged-care facility has been forced to close its doors. I ask members to put themselves in the shoes of these elderly residents. The forced move will be upsetting for many who have been forced from what has been their home for many years. Unless urgent structural reform is undertaken in the sector, more and more aged-care facilities will fail. How does the Rudd government deal with this train wreck about to happen in the industry? It does it with a backflip to a cut to aged-care funding two days before the budget.

Just on the off-chance that seniors, singles and carers have not got the message, budget night confirmed the status quo: if you are not a working family, you just do not count. In fact, you do not even warrant more than a passing mention under this new government. There is no doubt that Mr Rudd has failed to grasp the issues. His inability to make decisions is doing a great deal of damage to seniors in this country. The Rudd government's budget has squibbed on its inflation rhetoric. Decisions that the government is taking are having an inflationary effect on the economy and jeopardising our future prosperity and wellbeing.

Food prices are soaring and the world is in great danger of running out of food, more so than at any other point in history, with the situation set to worsen. The World Bank has estimated that food prices have risen by 83 per cent in three years. This is placing basic food staples out of the reach of more and more Australian people, particularly our elderly. So what is the Rudd government's policy response to the food challenges Australia is facing? Wait for it: in the budget it cut funding of \$63.4 million to Australia's national science agency and one of the largest and most diverse research agencies in the world, the CSIRO. The CSIRO's JM Rendel laboratory at Rockhampton is closing because of the funding cut. This is a facility that provides vital research for Queensland's \$3 billion beef industry through its work in genetics, nutrition and the interaction of livestock with the environment. At a time when the world is running out of food, the Rudd government has decided to cut funding to the very organisation whose science helps to secure Australia's food future.

Petrol prices, as we have heard all week, are also having a huge impact on senior Australians. Rather than implementing policy that does not add to petrol prices, the Rudd government has done exactly the opposite. I wonder how many people in this place have heard from pensioners in their own electorates about the pensioner who can only budget \$5 or \$10 a week for the fuel pump.

I must say it was a breath of fresh air to have one of the Rudd government's ministers making some intelligent comments about fuel prices and Fuelwatch. The Minister for Resources and Energy, Martin Ferguson, correctly said that Fuelwatch would seriously damage the government's economic and regulatory reform credentials and would put upward pressure on fuel prices, as the Western Australian experience has found it to be anticompetitive.

The Rudd government has said that Fuelwatch would put motorists back in charge of their fuel costs. I call on the Rudd government to stop playing the Australian public for fools because it will not be long before they see through all the empty promises and cheap talk. My pensioners and your pensioners would also be feeling the pinch on the petrol prices. The only

winners with Fuelwatch will be the big multinationals, Coles and Woolworths. The 4c a litre that people save on petrol prices by shopping at Coles and Woolworths are paid back through higher grocery prices.

Another very important issue is health. The Rudd government has admitted that lifting the Medicare levy surcharge threshold will cause hundreds of thousands of taxpayers to drop out of the private system. My question is: whatever possesses a government to introduce a policy that will put pressure on the public health system, see private health insurance premiums skyrocket and price older Australians out of the market? If that is not irresponsible and inept, I ask what is. With an ageing society, where the demand for services and technologically advanced treatments mean more and more strain will be placed on the health budget, the Rudd government proposes policies that will jeopardise the entire health system.

Another example of poor policy through this budget is the Commonwealth seniors health card. The Commonwealth seniors health card provided a range of benefits to people who did not qualify for the age pension but had an adjusted taxable income of less than \$50,000 per year for singles or \$80,000 per year for couples. The Rudd government's income test will now include income from superannuation, income streams from a taxed source and income that is salary sacrificed to superannuation in the income assessment. The main purpose of the Commonwealth seniors health card is to assist self-funded retirees with certain living costs by providing access to Pharmaceutical Benefits Scheme prescription items, certain Medicare services at a cheaper rate and concessional travel on Great Southern Railway services. Mr Rudd said he would keep the cost of living down, but this change will hit hard for the many self-funded retirees in my electorate. The Rudd government, in my view, is alienating self-funded retirees by limiting their access to this practical, cost-saving program.

We have also heard a lot about the Regional Partnerships program, a highly successful program under the coalition. We have seen Minister Albanese today backflip on withdrawing funding for many projects in the Regional Partnerships program. I am delighted that he has. I am hopeful that a couple of those Regional Partnerships projects in my own electorate will now be funded. One of them was a program for the Currumbin Wildlife Sanctuary, a sanctuary that is held under the National Trust of Queensland and where we had plans to build an animal welfare hospital. We had applied for a \$100,000 grant, and I am hopeful, from what Minister Albanese has said today, that we will see funding for that sanctuary animal hospital.

I also hope that we will see the funding for the skateboard park in Tweed Heads. I have spoken briefly to Minister Elliot today and I am buoyed by her comments. It is a very important community project that will assist the youth of that area.

We have heard a lot about an education revolution. The so-called education revolution is about a computer for senior high school students, with nothing in the budget for junior high school or, indeed, primary school students. Much has been said of the Rudd government's education revolution, but schools on the southern Gold Coast, in my electorate, will be worse off under Labor's decision to scrap the successful Investing in Our Schools Program. Labor has abolished the \$1.2 billion program to pay for its election promises to put computers and trades centres into secondary schools.

In McPherson, the Investing in Our Schools Program saw around \$1.6 million provided to approximately 30 schools for projects they decided were a priority. Up to \$150,000 was available to each school to fund everything from repairs of run-down toilets and classrooms to up-

grades of playgrounds and IT equipment. The program was a huge success in my electorate and, with school children, P&Cs and the local community enthusiastically getting behind the projects, tangible results have been achieved that advance the education and wellbeing of all young students on the southern Gold Coast. School communities in my electorate have relied on this funding to make up for state government shortfalls.

Australian taxpayers deserve to know why the Rudd government has halted the tender process for an Australian technical college on the Gold Coast when the land has already been purchased for \$3.6 million and a contract signed between the department and the ATC to commence building. Three hundred students are already enrolled in training and approximately half of those students have secured apprenticeships which will take them straight into the workforce and help alleviate the skills shortage. The department has assured the Robina ATC that the funding agreement does stand. If that is the case, why won't they allow the ATC to get on with the business of skilling Australia and allow them to tender for that very important building?

The Rudd government have announced they will make an early start on their election commitments by providing \$22.5 million for the upgrade of the Nerang South Interchange on the Pacific Motorway. This is part of the \$455 million funding that Mark Vaile announced when he visited the Gold Coast on 31 August last year and that the Labor Party copied with a me-too announcement on the same day.

The Minister for Infrastructure, Transport, Regional Development and Local Government has stated that the government will continue to implement its land transport infrastructure election commitments from 2009-10 to 2013-14, with the timing and specific funding arrangements to be negotiated with the states and territories. How can local residents be satisfied that the Rudd government will come through with the rest of the \$465 million worth of crucial funding if it is not listed in the budget papers or forward estimates?

On 13 November 2007, Martin Ferguson said the Rudd Labor government would deliver a \$210 million six-pack of Pacific Motorway interchange upgrades as part of its plan to battle worsening congestion on the Gold Coast. This election promise pledged \$27.5 million for the Nerang South Interchange. Interestingly, the 'Budget 2008-09' media statement announces only \$22.5 million for the Nerang South Interchange, with no mention of the rest of the \$450 million election commitment.

The Small Business Field Officer Program is another highly successful program that has been scrapped by the new Rudd government. McPherson has six active chambers of commerce and more than 14½ thousand small businesses, and there are more than 51,000 small businesses throughout the Gold Coast. To cut this funding is certainly short-sighted. It is vital funding for small business. I say to the Rudd government: go back and have a look at what you have done in cutting that funding to small business.

Solar power is another area whose funding really leaves people breathless, with the government taking away funding for solar hot water system rebates. The Prime Minister has said in the past that we need to boost renewable energies in general. Solar energy is the most greenhouse-friendly energy available on the planet and therefore we need to take some practical steps to make it possible for as many families as possible to invest in it. But imposing a means test on people who want to access funding for solar panels is another very short-sighted measure in this year's budget.

I would like to put on record some comments about this budget and how it has really affected all Australians. We have heard of and know about so many of the successful programs that each and every one of us, when we were in government, delivered to communities and to the people of Australia. More and more, we are seeing that these programs have been cut, and this is affecting Australians on a day-to-day basis. I had a family contact me today about the means testing of the baby bonus. They plan to have a child, which is due in late January next year. They will now miss out on the baby bonus because of the implementation of the means test from 1 January next year. People need to plan their lives but their plans are being shattered and their dreams taken away from them because of decisions made by this government.

In many ways this new government is marginalising people in communities throughout Australia. I have a particular interest in the elderly both through my shadow ministry portfolio and because of the demographics of my electorate, which has more than 25,000 seniors aged over 65. These people are doing it tough. They received very little attention in the budget papers. Their pensions are not keeping up with the cost-of-living pressures that they are feeling. The price of petrol is having an extreme impact on them, and grocery prices continue to rise. We heard before the last federal election that if elected this government would do something about putting downward pressure on grocery prices and petrol prices. These are two things that are severely affecting older Australians, particularly in my community.

I think it really is time that we stopped to think about how we can help these senior people, who have given so much to their country. These people have built this country and they have been the backbone of this country. They have worked hard and, in many cases, they have saved for their retirement. But many of them need a lot more help than they are getting, and they certainly need some recognition from the government about how tough they are doing it out there in voter land. In six short months the government have lost contact with what is going on. They are out of touch with Australia in general, they are out of touch with families in Australia and certainly a lot of the policies they have introduced through this budget are having an extreme effect on the living conditions of all Australians.

Mr COMBET (Charlton—Parliamentary Secretary for Defence Procurement) (4.35 pm)—I rise to speak in this debate on the appropriations bills about some of the initiatives that were contained within the recent budget and how they will impact upon the residents of my electorate of Charlton in New South Wales. Residents in Charlton have, like families around the country, been feeling the pressures of the rising costs of living. Groceries, rent and petrol have all increased by more than 10 per cent over the last two years, and that has included increases of 14 per cent in the price of fruit and vegetables, 18 per cent in the price of bread and 16 per cent in the price of milk. With a median housing loan repayment of around \$1,315 a month, families in Charlton have also felt sharply the pressure of rising inflation and interest rates in recent years. It is very important for them that the government does its part to help relieve these financial pressures.

That is why it is so crucial that in the recent budget the government announced the \$55 billion Working Families Support Package to help support those who are finding it hard to make ends meet. By any measure, this announcement by the Treasurer in the budget is a hugely significant initiative. It is a substantial package including a number of components that will help residents of my electorate with some of the cost pressures they are now facing. As a whole, these components will benefit residents in my electorate to a very significant degree. I would

like to explain briefly some of the components that will assist, but when you look at the combined measures in the budget at an aggregate level and analyse them against the nature of earnings in my electorate you will see just how significant they may be.

Within Charlton, the median family income is around \$1,100 per week, or around \$58,000 per year. I will outline what, on aggregate, many of the measures in the \$55 billion Working Families Support Package in the budget mean to them. For example, it is estimated that a couple in my electorate earning a median income and with two children aged two and four both in long day care will be nearly \$3,000 a year, or \$57 a week, better off under this package. For a couple with two children—one aged four and in long day care and the other aged six and in after-school care—it could mean an increase of \$2,760 a year, or around \$54 a week. A couple with two children aged 10 and 13 and, obviously, not in child care could benefit from the budget measures in the order of \$53 a week, or \$2,775 a year. For a couple with two teenage children, also obviously not in child care, it could mean an increase of \$3,300 a year, or \$63 a week. For a couple with three children—for example, aged nine, 13 and 14—it could mean an increase in their annual income of \$3,600, or \$70 a week. That is why it is absolutely absurd and hypocritical to hear from the other side that the \$55 billion Working Families Support Package contained in this budget is in some way harmful to working families. These are significant measures that will benefit many, many families throughout the country and in particular in my electorate.

I now turn to some of the individual components of the measures within the budget. The tax cuts contained in the budget total around \$46.7 billion. The tax cuts are designed to help alleviate the pressures that people are now facing, while also providing incentives for increased participation in the workforce. The government's tax cuts incorporate an increase in the low-income tax offset from \$750 to \$1,200, which will allow Australians to earn up to \$14,000—effectively an increase of \$3,000 in the threshold—in 2008-09 without having to pay any tax at all. That is a significant benefit for low-income earners and people in part-time work. About 30 per cent of my electorate currently work part time and they will welcome these changes. With a median individual income in my electorate of around \$400 a week—only \$21,000 a year—the low-income tax offsets will be an enormous contribution to helping family budgets.

The education tax refund is a crucial component of the package. The budget contained funding for the refund to the value of \$4.4 billion in total over the forward estimates. Under this arrangement, parents entitled to family tax benefit A or whose children receive the youth allowance or a similar payment will be able to claim a 50 per cent tax refund of up to \$750 in educational expenses for each child in primary school—that is a refund of \$375—or a 50 per cent tax refund of up to \$1,500 in expenses for each student in secondary school, a rebate of \$750 per child per year. These are significant amounts of money for people who have children in school, and that is why the education tax refund initiative will be very welcomed by people. In fact, the majority of families in my electorate have two children, and the next highest group or family structure are families with three children. The education tax refund will directly benefit them. For families with two school-age children this new arrangement could mean a maximum family benefit of \$14,200 over their full school life, and for families with three kids it could mean up to \$21,000 benefit for those families over the full school period. No-one can

argue that that is not a significant benefit for many working families, particularly those who are doing it tough in the current environment.

The childcare tax rebate is an extremely important initiative as well, costed at around \$1.6 billion for an increase in the rebate from 30 to 50 per cent, and the annual cap in the amount paid increases too in the budget from \$4,354 to \$7,500 per child. The rebate will be paid quarterly, which will of course assist with cash flow management. But, for an average family in Charlton where one parent is considering returning to work, the increase in the threshold on some estimates could deliver a benefit of \$2,000 more than has existed in the past.

Housing affordability measures are also extremely important in the context of my electorate, where about 21 per cent of households are currently renting—and of course many of those would be renting while they are saving to try and put a deposit together to buy a home. For them, the first home saver account to help young people save for their first home is extremely important.

The budget provided \$491 million for the Teen Dental Plan. This again will be very important for people. Eligible families will be able to claim up to \$150 per year for a preventative dental check for each of their teenage children, making it far more affordable for families to access dental services. The residents of my electorate will appreciate the high costs associated with a visit to the dentist—we all know that. The teen dental health plan can assist in family budgeting when there are teenagers, in their developmental years. Dental costs can be extremely high. As nearly 40 per cent of the families in my electorate have children under the age of 15—that is a significant number—this is a welcome initiative, and people have indicated that to me, for very obvious reasons.

The Medicare levy surcharge is also a measure which can provide significant relief for many people. Under the budget, from 1 July this year singles with incomes of up to \$100,000 and families with incomes of up to \$150,000 will no longer be subject to the Medicare levy surcharge if they do not take out private health insurance. This simply restores the thresholds effectively to the position that they were in when the levy and the surcharge were initially introduced in 1997. This will mean that singles without private health insurance can save up to \$1,000 a year should they choose not to take out private health insurance, and families will save up to \$1,500 a year potentially from these changes. That is significant relief for people.

The budget also provides a range of support measures for seniors and carers, and there are also a range of previous measures that have already been implemented. My electorate has a higher than average proportion of retirees and seniors. Many people retire to the electorate and the shores of Lake Macquarie, particularly from the Sydney region. To assist older Australians with the rising costs of living, the government has provided in the budget for an increase in a number of things that came into effect from late March: an increase in the utilities allowance from \$107 to \$500 per year, an increase in the seniors concession allowance from \$218 to \$500 per year, an increase in the telephone allowance from \$88 to \$132 per year and, of course, the \$500 seniors bonus. No-one on that side of parliament can honestly look you in the eye and say that that is not significant assistance for seniors and carers in this country. It will result in a substantial rise in the income received by many of the people who are most deserving in our community. With 15 per cent of my electorate over the age of 65, I am very happy to see an increase in the support provided to that group.

These are simply some of the reasons why the budget is extremely important for working people. In aggregate, the budget of course tackles the inflation issue and it provides for the future with the establishment of a number of funds, particularly aimed at infrastructure, education and health. But, most importantly, the budget is designed to assist working families who are in need. The \$55 billion Working Families Support Package will help people across the Australian community, in particular in my electorate, and I welcome it.

Mrs MIRABELLA (Indi) (4.46 pm)—I have had greater pleasure in rising in this place to speak on previous appropriation bills and I can understand why the previous speaker, the member for Charlton, lacked any enthusiasm for Appropriation Bill (No. 1) 2008-2009 and related bills. The new government's first budget has given us all a very grim reminder of what life will be like under a federal Labor government. And it is a classic Labor government. It has increased taxes, it has increased spending and it has done absolutely nothing to ease the pressure on the one issue that it has identified as being a critical issue in the Australian economy—that is, it has not done anything to ease the pressure on inflation or to support families in their ongoing struggle with grocery and petrol prices. At a time when there are billions of dollars as part of the surplus, it has cut funding to some of the most vulnerable groups and programs in the Australian community.

It has actually budgeted—wait for this—for 134,000 people to be unemployed. I thought being responsible and being in government necessarily involved creating an economic environment where people have the best chance of an independent life—and that would be through having a job—and where those who could not have a job would be supported through relevant programs. But, no, what we have is a Labor Party that wants to consign people to welfare dependence through being unemployed. That is a disgrace and that is absolutely irresponsible, and this nation will take some time to recover from some of the disastrous policies that will be put in place over the next couple of years.

The Treasurer's high-taxing, high-spending budget is a demonstration of what Labor has lacked since time immemorial: economic credibility—and it still lacks it. Those concerns that people had about Labor's economic credibility are still there, because we have seen this budget fail. In spite of the wealth and the take that the Australian government has received in taxes, it has failed to deliver a safe and secure environment within which families can continue to go about their daily lives, an environment within which people can have some certainty about jobs and job prospects. Imagine if it had inherited an economy with a much lower budget surplus forecast, an economy that was actually in greater danger, an economy that had not withstood the economic problems of our region over the last decade. Imagine how much worse this Labor budget would be.

For the Prime Minister and the Treasurer this was their first test—a test to see whether they had the necessary leadership and discipline to manage Australia's \$1.1 trillion economy. It is very clear from the budget delivery that Labor's rigid political ideology has come before good economic policy. It might hide it and mask it in all sorts of language, but it is not what Labor says that matters on the ground; it is what it actually does. Mr Swan has been talking up an inflationary crisis in Australia to hide the fact that the government planned weeks ago to cut expenditure in the budget to fund its election promises, but it is actually increasing spending by \$18 billion over five years—so work that one out! He wants to ease inflationary pressures

and says that all these government programs need to be cut, but he is actually increasing government spending by \$18 billion over five years.

The Treasurer is cutting funding to some of the most vulnerable and needy groups in the Australian community. He is cutting funding to rural and regional programs. He is cutting funding to those isolated communities that have benefited from having a growing economy and being a wealthy nation, where we have had—and we have understood—a responsibility to maintain vital services and infrastructure. He has cut funding to those sorts of programs, but somehow the Labor Party still find money to pay for a butler for the Prime Minister and still pay some income to the family nanny. How out of touch is that for a Labor government, the so-called friend of the worker? They cut funding to vulnerable low-income communities but make sure that the PM has a butler. It does not take too long for some of these hypocrites to put their snouts in the trough. The government had an opportunity to lock in our nation's future and to continue the work of the previous government in delivering for all Australians—not just for their mates, not just for the groups that they think vote for them but for all Australians—but they failed miserably.

I want to concentrate my comments on a few of the important areas that arise from this budget and that impact on my electorate. The all-important policy areas of agriculture, water and regional development have been damaged and hit hard by Labor. Despite promising to govern for all Australians, Labor has highlighted that this style of government does not extend to rural and regional Australians. In the three key areas—regional development, communications and agriculture—Labor has stripped more than \$1 billion from rural and regional Australia. Current Howard government programs that are in place in agriculture—worth \$334 million—have been culled, with new initiatives worth only \$220 million, nearly all of them relating to climate change. There are no plans to extend exceptional circumstances relief beyond the current expiry date of September 2008, and this is of very little comfort for the 1,452 farmers in north and north-east Victoria currently receiving exceptional circumstances assistance.

We have to ask the questions: do we want Australia to have an endogenous capacity to produce certain agricultural products; do we want Australia to continue to maintain an agricultural industry? If the answer is yes, then we need to continue to provide that helping hand through very difficult climatic conditions and through very difficult economic times for certain produce. But obviously the Rudd Labor government do not believe that we need an endogenous capacity to maintain some sort of agricultural production, which is quite evident from their blatant refusal to even contemplate an extension of the exceptional circumstances relief. I am also concerned at the non-existent plans to sustain endogenous capacity in greater efficiency of on-farm irrigation. We have seen the budget slash funding that was previously announced by the former government to support on-farm irrigation efficiency measures.

The first Labor budget in 13 years attempts to demolish much of the hard work of the last 12 coalition budgets, particularly the measures aimed at those living in rural and regional Australia. We all know it is far more difficult and takes much longer to create something than to destroy it. We have seen the culling of community water grants, which has affected many sporting facilities and many schools. We have seen the culling of the Regional Partnerships program and also the culling of the Investing in Our Schools Program, which provided funds for both government and non-government schools. We have seen looming a cut to funding for

the Catchment Management Authority programs. All of these are a trail of wreckage that leads to the door of the Rudd Labor government. All of these will result in worse management of our natural resources, our scarce water resources and our environment and are a slap in the face to all of those individuals, both paid and from volunteer organisations, who have put in so much time to put something back into their community for it to have a sustainable future.

The Investing in Our Schools Program delivers immense benefits right across Australia, and I can speak from personal experience about its impact on my electorate of Indi, where 311 individual school improvement projects were funded to the tune of over \$14 million—and this funding is separate to the significant capital grants that were given to government and non-government schools in my electorate by the previous Liberal government. The Investing in Our Schools Program achieved so much. It gave power to school communities to fix the problems that incompetent, negligent state governments had refused funding to fix. Let us remember that primary and secondary education is primarily under the jurisdiction of the states. They have the power to set the agenda and they administer the schools, yet schools in my electorate had toilet facilities that did not satisfy occupational health and safety standards. Teachers could not use them, but the students were supposed to use them.

The Investing in Our Schools Program filled the gap at a wealthy time in our nation's history, when there was a budget surplus, where we could say, 'Let's look after the future generation; let's actually create a learning environment that is safe, that is conducive to their education.' But that program has been slashed by the Labor government. I find it extraordinary that this Labor government has decided to scrap a policy that assisted so many poor schools. Based on the Treasurer's speech, there was no glimmer of hope for my local schools that there would be some viable policy to replace the Investing in Our Schools Program. Disappointingly, Labor has also culled important coalition programs such as the Green Vouchers for Schools Program and the national literacy and numeracy vouchers program.

Community water grants in my part of the world have been very important. Indi received \$6.1 million in funding from the Community Water Grants program, benefiting over 160 local organisations throughout north-east Victoria. I was very pleased, because north-east Victoria provides over 38 per cent of the water that goes into the Murray-Darling system. It assisted many volunteer organisations, as well as the local Catchment Management Authority. The previous coalition government's water program has helped over 8,000 communities right across Australia save the equivalent of 40,000 Olympic-size swimming pools of water each year. But, again, that program has been scrapped.

An area that is a huge cost to all Australians, particularly to those who have to travel further—and that usually involves those in rural and regional Australia—is petrol prices. The opposition leader delivered so eloquently what the Treasurer could not bring himself to promise and that was a cut in the fuel excise. The coalition's plan for fuel excise relief will give struggling motorists the type of real relief that the Prime Minister, despite all his 'working families' rhetoric, cannot bring himself to deliver. Since the Rudd government was elected, petrol has become 15c per litre more expensive than it previously was. On 29 May 2007, when unleaded petrol was \$1.29 a litre, Mr Rudd said:

Why won't the Prime Minister finally stand up for working families on petrol prices?

All the empty rhetoric and spin worthy of a brief from Sir Humphrey. A year later, when petrol is \$1.46 in Wangaratta and \$1.49 in Wodonga, the current Prime Minister, after having

been elected, after leading the Australian people to believe he would do something about petrol prices—he would say anything to get elected, he would do anything to be elected—said:

We have done as much as we physically can to provide additional help to the family budget.

Well, you failed again. After only six months, the Prime Minister has failed to deliver on a very basic promise. The Australian people believed him and thought that, under a Rudd Labor government, petrol prices would be lower. They were hopelessly misled and now not just working families but all Australians are getting restless. The only solution he has come up with is to institute Fuelwatch across the nation. We have seen an independent survey by MotorMouth analyse petrol prices over three months, telling us that petrol in the only state which has had a Fuelwatch program, WA, is more expensive than petrol in Melbourne and Sydney. We even had the resources minister warn cabinet that some families would lose out under a Fuelwatch program, but he was ignored. He was overridden because the spin by the Prime Minister is more important than the reality of the problems on the ground.

In the past there have been times when petrol prices have gone up but it has only been the coalition that has provided relief when petrol prices have risen sharply. As a result of the 6.7c per litre cut in excise in 2000, a further 1.5c per litre cut in 2001 and the abolition of indexation, which was introduced under the former Labor government, petrol is currently 17.7c per litre less than it would otherwise have been—because the coalition stands for lower taxes and delivered lower taxes over the last 12 years. The coalition provided income tax relief in 2000, 2003, 2004, 2005, 2006 and 2007. In addition, the income tax cuts in this year's Labor budget were largely the coalition's tax proposals. All Labor could do, so that they would not scare people off, was pretend they are a paler imitation of the coalition and said, 'Me too. We'll copy most of that tax policy.'

Labor has abandoned so many groups of Australians, not just rural and regional Australians but also senior Australians. If you do not fall within that glib description of 'working families' you do not seem to matter to the current Labor government. What about all those Australians who used to belong to the working families category but now are too old to work but expect to live at a reasonable level in a wealthy nation such as ours? They have been ignored by the Labor government and we have seen their protests right around the country.

We have seen Labor's budget announcement which includes the imposition of an income test which will now include income from superannuation income streams from a taxed source, and income that is salary sacrificed to superannuation in an income assessment for the Commonwealth seniors health card. I do not support these changes to the seniors health card, nor does the coalition. This will hit particularly self-funded retirees, those people who have made sacrifices over their lifetime to make sure they could support themselves to a certain degree in retirement—they have been hit again by this government. But then again, they probably fall into the category of 'all those rich people we cannot help'. We have had supposedly rich families hit and now all these self-funded retirees have been hit. Why does the Labor Party not go out and tell self-funded retirees, 'You're too rich! We don't want to help you.' Why do you not have a look at the sacrifices made and the circumstances in which some of these self-funded retirees live. Governments have a responsibility to provide some incentive for those who make decisions to look after themselves, not punish them.

Another sneaky measure in the budget was the disgraceful decision to increase the age of service pension eligibility for veteran service partners from 50 years to 58½ years. I have al-

ready been contacted by a number of constituents who are directly impacted by this extraordinary budget decision. One constituent wrote to me saying:

As a Vietnam veteran who served twenty-one years in the regular Army and been employed continuously for twenty-three years since leaving the Army I feel totally let down by this Government measure. Seven months from retirement my plans have to be now reconsidered because of a cheap, discriminatory measure by the new Federal Government.

Another constituent called my office in a highly distressed state yesterday morning. I strongly believe that as a community we are indebted to veterans who fought and defended our country. We cannot support these measures that have been sneakily slipped into the budget which show total disregard for our veterans. It is okay for the Prime Minister to go and have photos with our men and women in uniform to give him some sort of gravitas and authority, but that is not good enough to support our veterans and their families who have served their nation in the past.

We have changes to the Medicare levy, which is an absolute disgrace. It was Graham Richardson, a former Labor health minister, who said, 'To have a viable Medicare system, you must have at least 40 per cent of people in private health.' What will happen with the changes to the Medicare levy? Because the Labor Party hates anything to do with people helping themselves and hates anything to do with private health, it will mean that folk will drop out, premiums will go up, older people and families will face longer waiting lists at hospitals and our health system will start to crumble and resemble the disgraceful system in the UK. (*Time expired*)

Mr SYMON (Deakin) (5.06 pm)—It gives me great pleasure as the Labor member for Deakin to speak in support of the Appropriation Bill (No. 1) 2008-2009 and related bills and this budget—the first Labor budget since 1995. I welcome this budget because it is a good Labor budget. It is the type of budget that people in my electorate of Deakin, in Melbourne's outer east, elected a Rudd Labor government on 24 November last year to deliver. This is a budget that delivers for working Australians and for the people in my electorate of Deakin. It delivers all that the Rudd government promised at the national level and all that was promised locally in Deakin. I am happy to detail those promises to the House.

Funding announcements made during the election campaign and delivered in this budget in my seat of Deakin include \$200,000 to the Ringwood community centre to upgrade the centre's facilities. This will include improvements to their multipurpose room, toilet facilities and renovations to the hall and kitchen areas. It is a facility that is used by various community groups, including the Italian senior citizens association, playgroups and many others.

There was a pledge in the budget to provide \$150,000 towards boosting the capacity of the facilities at Croydon Little Athletics Centre, which services our local sporting community. The funding will improve the pavilion area, upgrade the change room and toilet facilities and increase disability access. This particular facility is used by over 700 children each week and is in dire need of extra facilities as it has not actually had enough done to it in recent years.

The Nunawading gymnastics club will benefit from \$200,000 of Rudd government funding to upgrade ageing gymnasium facilities at Walker Park in Nunawading, improving both safety and access for our young gymnasts. The Glen Park Community Centre in Bayswater North is to receive a \$500,000 upgrade from the Rudd government for facilities to be used by a range of local community groups. With funding now delivered, the centre has the potential to be-

come a social community hub for the outer eastern suburbs, especially for the East Ringwood junior football club, who now call the oval home. The Rudd Labor government has already committed \$80 million to fix the Springvale Road bottleneck—Victoria's worst level crossing—and it will work cooperatively with the Victorian state government to fix this.

As part of this package, \$2 million of funding is being provided in the 2008-09 budget for further planning works in addition to those already undertaken by Whitehorse council. \$1.018 million has been delivered by the Rudd government to Whitehorse and Maroondah councils to keep our local roads maintained and safe through the federal government's Roads to Recovery program. The Rudd Labor government is going to invest \$600,000 to undertake water-recycling initiatives at Croydon Leisure Centre Pool and undertake upgrades and sanitation works at the nearby Croydon Memorial Pool.

A division having been called in the House of Representatives—

Sitting suspended from 5.09 pm to 5.16 pm

Mr SYMON—At the national and local level, there is no such thing as a non-core promise in this budget or from this Labor government. Unlike the previous Howard Liberal government, we keep our promises. So it is a good Labor budget that achieves a lot of things not just for now but also for Australia's long-term future. This budget will go far towards tackling the many areas of chronic neglect left to us by the previous government.

Mr Hunt—Mr Deputy Speaker, I seek to intervene to ask the member for Deakin a question.

The DEPUTY SPEAKER (Hon. Peter Slipper)—Is the member for Deakin willing to give way?

Mr SYMON—No.

Opposition members interjecting—

The DEPUTY SPEAKER—Order! There is too much conversation across the chamber. I should point out to the honourable member for Deakin that there is a provision in the standing orders giving honourable members the opportunity to ask the honourable member who has the call whether they are prepared to answer a question but, under the standing orders, it is perfectly within the right of the member speaking to accept or decline.

Mr SYMON—The budget puts a long-term vision back into federal government, restores fairness and puts us back on the road of nation building. It recognises that nation building includes what we do in areas like education, health, broadband, innovation and technology as much as what we do in infrastructure such as roads, rail and our nation's ports. The government will invest current and future budget surpluses in three nation-building funds. The Building Australia Fund will fund shortfalls in national transport and broadband infrastructure. The Education Investment Fund will fund capital expenditure in Australia's higher education facilities. The Health and Hospitals Fund will finance the renewal and refurbishment of the nation's hospitals and health facilities and fund major medical research projects. I am confident that the people of Deakin will share in this government's massive nation-building efforts well into the future.

This budget also has a plan to lock in the future of our water supplies, protect the environment and tackle dangerous climate change, which many opposite to this very day still deny

exists. It tilts the odds back in favour of those who are not at the top of the income scale and tackles the real pressures of living that they are feeling more than ever because the previous government fell asleep at the wheel.

This budget meets the Rudd government's commitment to a \$5.9 billion education revolution which will maximise, cultivate and preserve our next generation of thinkers and doers who will drive our economy well into this century. It also begins the Rudd government's plans to restore cooperative federalism in this country, and end the blame game, to fix our hospitals so that we can invest in a health system for the future. It delivers a strong surplus of \$27.1 billion, or 1.8 per cent of GDP, in 2008-09 while finding more than a dollar in savings for every dollar it spends, making it one of the most economically responsible budgets ever landed. In fact, the government has identified savings of \$33 billion over four years, including \$7 billion in 2008-09. While this budget has exercised a level of discipline rarely seen in this country, more vitally still it manages to put the heart and compassion back into the federal government. These are the key things a Rudd Labor government was elected to do, and this budget puts us on the right track to do those very things.

There is much in this budget for the people of Deakin. As the Labor candidate at the 2007 federal election and a lifelong resident of the area, I know full well how the issues that shape us as a country shape and affect my electorate. The people of Deakin are concerned about securing the future for their families, their children, and also for the environment. But they worry about the household budget, the mortgage and the bills and making sure their kids get the best start in life and they also want to make sure they bequeath to them a healthy environment. These are the things Deakin people are concerned about. As we saw at the last election, they worry when their government loses sight of its long-term vision and runs out of ideas to fix the big problems. As we also saw at the last election, they really worry when their government wastes its energy and spends its time putting in place workplace laws that are unfair and extreme—unfair workplace laws which the constituents of Deakin never voted for or, for that matter, even asked for. Cost-of-living pressures, interest rate rises, concerns about the previous government's Work Choices laws, addressing climate change, support for pensioners and carers and ensuring their children have the best start in life—these are heart-and-soul matters for the people of Deakin.

I feel it is extremely important to report the ways in which the people of Deakin will benefit from this budget. In this budget the Rudd Labor government has delivered for Deakin families through its \$55 billion Working Families Support Package. People work hard to build a future for their families but are now finding it harder and harder to balance the family budget. In this budget, the Rudd government delivers for them by providing \$46.7 billion worth of tax relief over the next four years and by introducing a 50 per cent education tax refund to help Deakin mums and dads meet the cost of educating their children, at a cost of around \$4.4 billion. Parents who are entitled to family tax benefit part A or whose children receive youth allowance or a similar payment will also be able to claim educational payments up to \$750 for each child at primary school and up to \$1,500 for each child at secondary school. The budget also increases the childcare tax rebate from 30 per cent to 50 per cent and pays it quarterly to give parents assistance closer to when they incur out-of-pocket expenses, at a total cost of \$1.6 billion. What that means for the average Deakin working family—a mum and a dad with a combined income of \$87,000 and two kids aged four and six—is that

they will receive a tax cut of \$1,050 a year along with education and childcare rebates totalling \$1,630. That Deakin family will be \$2,680 a year better off under this budget. That is money that can be spent elsewhere by that family or saved.

The government has also acted on the housing affordability crisis with a \$2.2 billion package covering first home saver accounts, the National Rental Affordability Scheme and the new Housing Affordability Fund. Melbourne's outer east is a mortgage belt, and decreasing housing affordability has taken its toll on young local families trying to crack into the market out there. I know they welcome the Rudd government's efforts to give them a helping hand.

Another helping hand is the provision of the Teen Dental Plan to help Deakin mums and dads with up to \$150 for the cost of a trip to the dentist for their teenage children, at a total cost of \$491 million. Then there is the A Fairer Medicare levy surcharge threshold for individuals and families, and we are implementing the first ever national Fuelwatch scheme, which is derided by those opposite but happily supported by their state counterparts in New South Wales and Western Australia. I note the opposition's enthusiasm to shoot down an idea that might help Deakin motorists have a better chance to shop around for the cheapest petrol, but they never came up with an alternative plan in nearly 12 years in federal government.

This budget also provides much assistance to seniors, pensioners and carers. My electorate of Deakin has a high percentage of residents over the age of 65, and this budget helps seniors with their cost-of-living expenses by increasing the utilities allowance and seniors concession allowance to \$500 per year, delivering the \$500 senior bonus and increasing the telephone allowance for those with an internet connection. This budget also provides the \$500 utilities allowance to those receiving a disability support pension.

This budget will also provide better access to more affordable health care. There is \$3.2 billion for health and hospital reform, including \$600 million to slash elective surgery waiting lists in public hospitals, \$275 million to establish GP superclinics in local communities and an immediate \$1 billion injection to relieve the pressure on our public hospitals. This budget also provides more help for carers, expanding eligibility for the carer payment child and for the utilities allowance and providing lump sum bonuses of \$1,000 to the recipients of the carer payment and, to recipients of the carer allowance, payments of \$600 for each eligible person in their care.

Another critical element of this budget has been the Rudd government's recognition that Australians are working harder than ever. They are squeezing more into their day, working longer hours and juggling home and work responsibilities. Australians now work the longest full-time hours in the OECD. Twenty-five per cent of parents in full-time employment with children under 15 are working an average of 50 hours or more per week. In conjunction with household work and childcare duties, that is an enormous load. So too has the number of working mums increased dramatically, with more parents combining child care and other duties with employment. The proportion of single parents who are employed has also risen.

Family budgets and family time are under siege, and housing costs are a large part of most families' weekly expenses. Working families buying a first home are facing the highest mortgage repayments on record as a share of income, placing a real strain on family budgets. Rents are also increasing rapidly, up by seven per cent over the past 12 months and 12 per cent over the past two years.

So, through the measures in this budget, the government is determined to ensure that families are not paying more than necessary and it is taking action to fight inflation whilst providing more help to working families, pensioners and those many people who are not at the top of the income scale. Underpinning all of those measures is a tight fiscal discipline, a real sense of compassion and a plan for nation building that positions us well to meet the big challenges of today and the future. I commend the bills to the House.

The DEPUTY SPEAKER (Hon. Peter Slipper)—Before I call the honourable member for Mitchell, I want to draw to honourable members' attention the existence of standing order 62, which says that a member in the chamber must bow to the Speaker on entering or leaving the chamber. Because the Main Committee follows the same standing orders as the main chamber, that rule also applies to honourable members entering or leaving this chamber. There has also been a tradition that, as honourable members cross the chamber and pass in front of the occupant of the chair, similarly there should be, as a mark of respect to the chair—not to the individual but to the institution—a bow to the Deputy Speaker.

Mr HAWKE (Mitchell) (5.28 pm)—The Rudd government campaigned on a fresh approach before the last election. The Treasurer and the Prime Minister offered something called new leadership to Australians and so-called hope for working families across our nation. They spoke about things like petrol prices, grocery prices, interest rates and housing pressures. They campaigned on solving emotive issues that were facing the Australian people. This government, the then opposition, portrayed themselves as the saviour of those facing escalating petrol prices and grocery prices and unaffordable housing. Yet, despite those promises, the Rudd government has failed to deliver. It has provided a visionless budget. It is a budget that has not set an agenda for the future and is simply another case of politics as a substitute for substance.

The main component of this budget is in fact a tax cut package that was directly lifted from Liberal Party policy. This has been correctly identified by Ross Gittins in today's *Sydney Morning Herald*. He has drawn attention to the fact that the claim made by the Treasurer on budget night that this is a Labor budget is absolutely untrue. This is a half-Liberal budget, as Ross Gittins correctly identifies. It is a half-Liberal budget but—like the USSR, who used to steal technology from the USA and then attempt to use it, not understanding what it was or how it worked—the Labor Party has lifted half the Liberal Party policy but forgotten the other half.

Ross Gittins also highlights that the Treasurer has attempted to argue to the Australian people that he is delivering for people on average weekly earnings a tax cut of \$20. Conveniently, the Treasurer has failed to mention that he has cited average earnings of \$48,000—which indeed they are when you include part-time workers and all kinds of employees—but adult full-time employee average earnings are actually \$60,000 in Australia. Those people will only receive a tax cut of \$11.50, not the \$20 cited by the Treasurer. It was a very insightful article in the *Sydney Morning Herald*, I remind members here in the chamber. I encourage people to read it.

The spin of the government continues. It is absolutely incredible. They are trying to convince workers on average incomes that they will be getting bigger tax cuts than they actually will. In my electorate of Mitchell, hardworking families will certainly be worse off from this budget. The budget set aside \$75 million to tackle urban congestion and begin planning for

transport infrastructure in the neediest areas of Australia. There is no place in Western Sydney that is more in need of transport infrastructure than my own electorate of Mitchell, in north-western Sydney. It is one of the fastest growing electorates in the country, but there is no train line and there is no public bus system; there are just 10 years of New South Wales Labor's broken promises to build a heavy rail line in the north-west of Sydney.

While the most recent reannouncement of the north-west rail line—now repackaged as the North West Metro line—was met with severe scepticism throughout Mitchell, in the local media and in the state media, the federal government had an opportunity to do something about it. What did they do? Absolutely nothing. There was not one transport dollar for people in north-western Sydney and not one transport or infrastructure dollar for anyone in the outer suburbs of Sydney.

When I read the budget, my first impression was the opposite. I saw a line item: the Western Metro link. I could not find any reference to the Western Metro link online. I thought they must certainly be referring to the North West Metro link, which was announced by the state government. It is the only area in suburban New South Wales without access to public transport. But I was wrong. This is a new Western Metro line, a metro line that runs alongside the heavy rail line that already exists in the inner city suburbs of Newtown, Lewisham, Ashfield and Burwood. It is a transport alternative for those in the inner west, while the working families in the north-west and south-west of Sydney are left with no means of transport and no real hope that anything will be done about it.

Two days after the announcement in the budget, it was back to what Labor is all about: all spin and no substance. In an attempt to avoid scrutiny on the issue, Morris Iemma and the state Labor government came out after the budget and pronounced that the North West Metro line was likely to be delivered early and that it would be accompanied by the new Western Metro line, which they announced. The announcement of the Western Metro line was met with the headline 'Promised north-west metro could arrive early'. This week, only two weeks later, internal documents leaked to the newspaper show that the metro is more than \$700 million over budget. It will struggle to be built on time. It will not be able to carry the passengers the Labor government has claimed it will.

With no hope or direction in sight for the transport needs of working families in north-west and south-west Sydney, the Rudd government decided to fund a Western Metro line running alongside the heavy rail line in the suburbs I have mentioned. Where are these suburbs? Whose electorate do those suburbs fall into in the inner city where this duplication of already existing public transport is going to occur? I will tell you: this new Western Metro line duplicates public transport in Grayndler, the electorate of the Minister for Infrastructure, Transport, Regional Development and Local Government. This is an example of the Minister for Infrastructure, Transport, Regional Development and Local Government carving up the pork, putting it in a barrel, jumping on it and rolling it down the rail line from Lewisham to the city. Mr Albanese, the member for Grayndler, states:

There is nothing more inefficient than a car on the road with the engine on going nowhere.

It is comments like these that show how out of touch the government is. Seventy per cent of the dwellings in my electorate of Mitchell have two or more cars, the highest number of cars per dwelling in Australia. Why? For the reason I have outlined—there is no access to public transport. Every adult in my electorate has to have a car. The electorate of the minister for

infrastructure and transport has the third lowest number of cars per dwelling in Australia. Seventy per cent of dwellings in my electorate have two or more cars, compared to 26 per cent of dwellings in the minister for infrastructure and transport's electorate. But this budget is outlining a new public transport expansion in the electorate of the minister for infrastructure and transport, duplicating an already existing heavy rail line from Lewisham to the city.

For those not from New South Wales here today, let me just say that it is 20 minutes from the trendy, spivvy inner city suburbs of Petersham and Lewisham to the city, and it is two hours for the working families of my electorate, south-west Sydney, Penrith and Macarthur to travel to work every day, facing tolls, traffic and time away from their family. As I said, this is pork-barrelling in Grayndler and the inner city while the people of north-western Sydney and Western Sydney are crying out for one single dollar of transport funding and infrastructure funding. The member for Grayndler, the minister for infrastructure, decides to put more funding for transport services in his own transport-rich seat.

But the pork-barrelling does not stop there. While north-west Sydney barely received a cent in this budget, the member for Grayndler, the minister for infrastructure, also found \$14.5 million for a local school in his electorate—a local school, I might add, which over the last four years had on one of the busiest roads of Sydney a 'No Howard' banner flying from the school premises. Let me just reiterate that for the benefit of the chamber: they flew a 'No Howard' banner from a public school on the busiest road in Sydney, and then in this budget, when the Labor government is elected, they receive a \$14.5 million grant. Every year the school holds something called a *Tampa* day, where students and teachers wear black armbands in recognition of the *Tampa* being turned around by the previous government.

I want to draw to the attention of this House that public schools are not the political play-things of members in this chamber. They ought not to be politicised. Education is not indoctrination and ought not to be political indoctrination. Education should be impartial and education should be fair, and the funding in this budget—

Government members interjecting—

The DEPUTY SPEAKER (Hon. Peter Slipper)—Order! Would honourable members on my right remain silent.

Mr HAWKE—The funding in this budget for the Fort Street High School and the duplication of the transport line show exactly the priorities of this Labor government—the inner city at the expense of the working families in the suburbs.

Further to the discussion in another place today, the member for Grayndler challenged me to put my position on the record about the Fuelwatch program, and in the context of the appropriation bills I can do that. Yesterday we had the extraordinary spectacle of the members for Lindsay and Blaxland, representing Western Sydney electorates, attempting to defend a fuel system that will make no difference to the price of fuel in Western Sydney. What neither of them addressed was how a family in Penrith or a family in Greenacre would be better off under this government's scheme—a scheme, I might add, which fines operators for lowering their petrol prices. Let me restate that for the House: if you dare to commit the sin of putting your price down, of lowering the prices of your goods or services, you will be guilty of an offence under this Labor government and fined for doing it. How is that going to bring petrol prices down for working families? There is no substance in this measure and it is a measure in

this budget that I am happy to oppose. This will not achieve anything except to increase the already significant machinery of government. As the opposition leader has stated, how does watching petrol prices bring them down? It is a very good question.

Whilst Labor campaigned and talked endlessly on the problem of escalating petrol prices, we have proposed a 5c reduction in the petrol excise, a practical measure which will reduce the price of petrol—no spin, no politics, just action. The former government took the measure of removing the indexation of fuel excise, which has saved motorists—in Western Sydney, in my electorate and all across this nation—17c on the price of fuel compared to what they would have paid if we had not taken that measure. That is an example of a real measure to deliver savings to families, unlike setting up a scheme where they can simply watch the prices and where all operators appear on an average day to have high prices, removing the peaks and troughs which allow people to decide at what price and on what day they prefer to buy petrol.

On the other side of the fence we have the Fuelwatch scheme. It is a scheme which costs over \$20 million, as outlined in this budget. It has been proven not to have reduced prices in Western Australia, where fuel prices are generally higher than elsewhere in the country. The member for O'Connor frequently reminds me—he sits right behind me and my ears get a constant taste of what he is saying—that there is a major refinery in Perth. You might think, 'Well, if the refinery is in the eastern states and you have to take the petrol from the eastern states to Perth, that might be one factor that makes prices generally higher in Perth.' But, no, the member for O'Connor—whom I find to be a very reliable figure in the chamber—tells me there is a major refinery in the city of Perth. Therefore, there is no reason why under the FuelWatch system which has been in operation in Perth fuel prices in Perth should be generally higher than elsewhere in our country. The highest price for fuel is also higher in Perth than in Sydney, Melbourne and Adelaide. By admission of its own minister, FuelWatch seems to be anticompetitive and could force independent service stations out of business. The refusals of the Prime Minister to guarantee that this will have even a 1c impact on the price of fuel seem to tell honourable members that there is no substance to this measure.

The 2006 census showed that my electorate of Mitchell has one of the highest proportions of mortgage owners—and McMansions—and some of the highest housing-loan repayment levels in the country. While I welcome the allocation of \$2 billion to improve housing affordability, the government is not addressing the real reasons for the worsening housing affordability problems in this country. Saver accounts are a worthwhile initiative and something that we should be exploring, but they do not go to the heart of the problem in solving housing affordability. In fact, they seem to tackle the problem at the margins. It seems to be politics as a substitute for substance—that is, looking like you are doing something rather than actually doing something. If the government were serious about housing affordability, they would place pressure on the state governments in the new so-called cooperative federalism, in the new so-called ending of the blame game, and they would speak to their mates in the state Labor Party and say, 'It's time to abolish stamp duties on mortgages and business conveyances.' That would be a practical and real measure to bring down the pressure on housing affordability.

When the GST was introduced in the year 2000 it came with the state government's commitment to abolish stamp duties, a measure that the majority of state governments are yet to implement. Like every Labor government, like this Labor government, they are addicted to

tax. The GST—a growth tax which was designed to provide a direct funding mechanism to the states and a guaranteed increase of funding to the states—came in and they have been addicted to it ever since. Yet their agreement to remove the stamp duties—their agreement to take the stamp duties off as compensation for the increased amounts of revenue they would be receiving from the Commonwealth—was never fulfilled. Today stamp duty, land tax and local government contributions—listen to this, because it is very important—add about 30 per cent to the cost of a new home. That means a third of the cost of a new home comes out in taxes, duties and local government contributions. Many of these taxes are justified on the basis they contribute to local infrastructure, but if you walked down any street in my electorate and said, ‘A third of your housing cost went on infrastructure,’ they would laugh you out of town, and they would be right. It is clear these exorbitant taxes and charges do not go to infrastructure in my electorate of Mitchell.

The Rudd government campaigned on ending the blame game, but it is clear that we now have the federal and state governments covering each other’s backs. They are working together, but they are working together to hoodwink Australians into thinking that things are changing. They are not. Many of the problems of affordable housing in Australia can be directly attributed to government. The lack of land release and the urban consolidation policies pursued by so many socially revisionist state governments have increased the pressure on housing in this country. If the Rudd government do not put pressure on their mates in state governments to cut mortgage stamp duties, they cannot be taken seriously when it comes to having a genuine concern for housing affordability in this country.

I want to turn now to climate change. Prior to the election, Labor ran a fear campaign on climate change—a campaign designed to encourage people in this country to think that they were facing an imminent and urgent crisis of the planet that was going to bring doom and ruin upon them. The Liberals had been asleep at the wheel on climate change, we were told we had to believe. As Peter Garrett said before the election, ‘The government has sat on its hands for 11 years and we are going to do something about it.’ Along comes the first Labor budget, and what is in it for climate change? That was the impending emergency they created prior to the election; what is the emergency following the election? What is the urgent action and what measures have they pursued to do something about climate change?

In fact, if you examine the measures in the budget, as many people have, you will be very disappointed. I am very glad my honourable friend and colleague the member for Flinders is here in the chamber, because the coalition’s \$8,000 rebate for solar panels was designed to drive further demand for solar panels in order to drive greater efficiencies in production, installation and research. Yet, despite all Labor’s pre-election climate change trumpeting, the implementation of Labor’s means test for solar panels has led Phil May, the Co-director of Solartec Renewables, to say, ‘They have totally destroyed the solar industry—absolutely and totally ruined it.’ It is becoming increasingly clear that when it comes to climate change Labor do not believe their own rhetoric about it. Otherwise, they are negligent for not doing anything about the matter.

In conclusion, I want to turn to what I regard as one of the most insidious effects of the Rudd government and its budget and also to the change Labor is trying to effect in Australia.

Honourable members interjecting—

The DEPUTY SPEAKER—Order! Honourable members ought not conduct a conversation across the chamber.

Mr HAWKE—In recent weeks the new Labor government have directed serious energy towards constructing a narrative about their economic policy. They have cast themselves as being on the side of the ‘poor’ versus the ‘rich’. They have self-labelled themselves as Robin Hood taking on the rich in our country. It is an attempt to claim the role of a hero that acts against a perceived injustice. But what the Rudd Labor government fails to recognise is that wealth today in our society and in our modern industrial economy is earned; it is not taken off people as it was in Robin Hood’s day. For Labor to cast themselves as Robin Hood taking from the rich and giving to the poor is an insult to all working families, who would be insulted to be defined as poor.

Last century there were many socialist, communist and left-of-centre governments that acted on the basis of this idea. Each attempt by these socialist, communist and left-of-centre governments resulted in economic misery on an unimaginable scale. Attempts by government to equalise wealth have been shown throughout history to end in disaster. The most recent attempts are close at hand. You only have to take a trip through a former communist or socialist country to witness what happens when a government acts on the principle that it is Robin Hood taking from the rich in a modern industrial economy where wealth is earned through hard work, determination, innovation, risk taking and doing a job. The Rudd-Swan budget, far from being the Robin Hood budget of the new era, is actually espousing policies that will see the return of welfare dependency, long-term unemployment and a deliberate strategy of bringing down anyone who aims to do better for themselves or their family. In particular, it will not create a better Australia by classing everyone over an arbitrary line of \$150,000 as rich and everyone under that level as poor.

The DEPUTY SPEAKER (Hon. Peter Slipper)—I remind all honourable members of standing order 64 in relation to the fact that honourable members ought to refer to other honourable members by the name of their electorate or their position and not by their surname.

Ms RISHWORTH (Kingston) (5.48 pm)—I am very pleased to speak in support of Appropriation Bill (No. 1) 2008-2009 and the related budget bills. Clement Attlee, a Labour Prime Minister of the United Kingdom, once said that a government’s budget was a natural expression of its character. This is particularly the case in times of economic turbulence. While the previous government reaped the rewards of the Keating government’s tough economic reform and unprecedented growth in international financial markets, the Rudd government is not so lucky. With rising inflation and instability in global financial markets, it is important that this government strike the right balance with this budget—and indeed it has. This budget clearly identifies that the priorities of this government are to focus long term on building the infrastructure that Australia needs while delivering real assistance to those doing it tough in our community.

Over the last decade the previous government ignored more than 20 warnings from the Reserve Bank of Australia about the pressure that rising inflation was putting on interest rates. Yet, from his recent comments reported in the media, it seems that the member for Wentworth still is not certain whether inflation is an issue for Australian working families. I have certainly got news for him. Particularly in the outer metropolitan areas like my electorate of Kingston, rising inflation is hurting families through higher interest rates and higher prices at

the supermarket. Lower inflation means lower interest rates and lower costs for families. Unlike the budgets that have been delivered in the House over the last few years, this budget makes the tough decisions that are necessary to cut spending and put downward pressure on inflation.

In addition, this government has not lost sight of investing in the future, establishing three funds with which it will expand productive capacity in our economy: the Health and Hospitals Reform Fund, the Education Investment Fund and the Building Australia Fund. Constituents in my electorate of Kingston have warmly welcomed the \$20 billion Building Australia Fund, which will invest in ongoing improvements to roads, ports, railways and telecommunications infrastructure. The growing suburbs of southern metropolitan Adelaide are looking forward to a decent Commonwealth investment in infrastructure—investment that was not provided by the previous federal government.

Already in this budget, the Rudd government have invested in local infrastructure in the southern area of Adelaide. Firstly, we have begun delivering on our promise of a \$7.5 million upgrade to one of South Australia's worst intersections: the Victor Harbor and Main South Road intersection. This will prevent the multitude of accidents and near misses that occur every year. In addition, there is a \$6.74 million investment in black spot funding for both the Onkaparinga and Marion councils, which will also help to improve the safety of the roads in Kingston.

Aldinga Beach and Port Willunga are two of the fastest growing areas in South Australia, with many new families moving in every month. Unfortunately, while the beaches are beautiful and safe for swimmers, there is currently a dearth of infrastructure for sport and recreation on dry land. At the election, the government committed \$2 million to help the council build a recreation centre in this area, and I am very pleased that this government has delivered on this commitment. In addition, to support the new recreation centre the government has also invested \$100,000 to upgrade the Onkaparinga Rugby Union Football Club.

Investing in our universities is also critical to ensure that we are able to turn the tide on the current skills crisis facing this country. In this budget, an extra \$8 million was provided to the Flinders University of South Australia for capital expenditure. This investment will ensure that the university can continue to be an example of education excellence in the southern Adelaide area. In addition, this budget delivered on our election commitment of a \$10 million upgrade to improve the medical training facilities at the Flinders Medical Centre, Noarlunga Hospital and the repatriation hospital, allowing for greater capacity for the Flinders medical school to train more doctors in the southern suburbs of Adelaide.

The closure of the Mitsubishi plant at Tonsley Park has affected many people in the south. As I told the House in my first speech, the pain of losing one's employment extends not only to the loss of income; for many of these workers at Mitsubishi, much of their identity was woven into the pride they took from being part of a team that worked together to build quality cars. However, now we must look to the future, and this budget delivers a \$35 million innovation and investment package. This will be provided over four years. It will provide intensive assistance to Mitsubishi workers and will create a South Australian innovation and investment fund. This fund will focus on the Adelaide southern suburbs and will be directed at projects that diversify and strengthen the capacity of South Australia's manufacturing and industry sector.

In addition, this budget has delivered \$900,000 to help the Southern Success Business Enterprise Centre expand the array of services it provides to local small business. This extra assistance will be welcomed by the many small businesses in the southern suburbs of Adelaide.

All these investments that I have described are clearly aimed at investing in the long-term future of the southern suburbs of Adelaide. As I go around the electorate of Kingston, families are telling me that they are pleased with our focus of investing in the future but they also need immediate support to ensure that they are able to make ends meet. This budget delivers the \$55 billion Working Families Support Package, targeted to provide some relief for these families. This budget delivers tax relief of over \$20 per week to a taxpayer on average weekly earnings and adjusts the low-income tax offset so that taxpayers earning less than \$14,000 a year pay no tax at all. These tax cuts reward families who are putting in the hard yards to drive Australia's economic prosperity and ensure that there is still incentive in our tax system for wage earners at the higher end.

Another key tax measure in this budget was to remove the Medicare levy surcharge tax slug off the back of middle-income earners. When this measure was introduced by the Howard government on 1 July 1997, the surcharge was imposed on only eight per cent of taxpayers. Without the increase of the threshold in this budget, the Medicare surcharge would have been imposed on 45 per cent of taxpayers. I challenge the opposition to find a single person earning \$50,000 a year who feels they are a high-income earner and should be penalised if they do not take out private health insurance. It appears that it is the policy of those opposite to fight tooth and nail to stop this measure for tax relief for middle-income earners while opposing a small increase in the luxury car tax. This exposes the true loyalties of the coalition, who are not here for working families but for the wealthy elite, who can afford cars that cost more than most people earn in a year.

One of the most substantial pressures on families with school-aged children is expenses relating to education. The government's new education tax refund will provide families receiving family tax benefit A with a 50 per cent refund for many education expenses, up to \$750 per year for each child undertaking primary studies and up to \$1,500 per year for each child undertaking secondary studies. This refund will aid many families in Kingston with the increasing cost of educational materials such as computer equipment and access to the internet. For families with kids at primary and secondary school, having a computer at home is not a luxury; it is a necessity. This measure is important—to make a computer in every home not an unattainable dream but a reality.

Age pensioners have made an immeasurable contribution to our nation. Many worked for four decades or more to support their families. Unfortunately, most age pensioners worked at a time when superannuation schemes for average-income earners were inadequate, if they existed at all. Age pensioners are doing it tough, particularly single pensioners, who are often older women whose husbands have passed away. I have met many pensioners around my electorate who are struggling to afford the basic essentials of life—food, housing, medicine and new clothes. This budget delivers an extra \$392 per year to recipients of the utilities allowance and has also delivered a bonus to seniors of \$500. Together, this means that age pensioners are at least \$892 better off per annum than was projected by the previous government in their forward estimates. The measures to help pensioners are only the first step and the government recognises that there is still more to do to make sure that age pensioners can en-

joy a comfortable retirement. I look forward to the report from the Henry review into Australia's tax and welfare system, which will include recommendations to help improve the living standards of pensioners.

Carers play one of the most important roles in our community. They sacrifice their own personal gain to look after someone they love. The government has recognised their contribution to our community with an extra \$822 million package to make their lives easier. This includes a \$1,000 one-off bonus to recipients of the carers payment and DVA carers service pension and, to recipients of the carers allowance, a \$600 bonus for each eligible care receiver. The budget also includes \$100 million for extra capital funding to increase the supply of supported accommodation for people with a disability whose ageing parents can no longer look after them at home.

In summary, the budget delivers on the government's election commitments. It is a natural expression of this government's character. It has made one matter entirely clear: under the Rudd government, there is no such thing as core and non-core promises. When this government makes a commitment to the Australian people, it means it. The government is proud that this budget reflects not only its sound economic management but its honesty and integrity with the electorate and its compassion to those in need. I commend this legislation to the House.

Mr BRUCE SCOTT (Maranoa) (5.59 pm)—I rise this evening to make my contribution on the budget brought down by the Treasurer, the first budget from the Labor Party in more than 13 years. I have to say that I found it to be just an old-fashioned Labor budget, full of the politics of envy and not governing for all Australians. One of the worst aspects of the budget relates to the Prime Minister, who went to the people of Australia at the end of last year and convinced so many of them that he would do something about grocery prices, petrol prices and housing affordability. It has not taken long—six months—for the Prime Minister to declare that he has done as much as he can. Just last week he said there is nothing more that he can physically do.

Of course, the Treasurer, happy Wayne, says Australians are happy. I have news for the Treasurer, for the Prime Minister and for this Labor government. Let us just have a look at what has happened following this high-taxing, high-spending and, as the budget papers confirm, higher unemployment budget.

Since this government was elected, and notwithstanding the commitments of the Prime Minister as he masqueraded around Australia, what has happened in relation to petrol prices? Petrol prices have risen almost 20 per cent. But it is always someone else's problem. The Prime Minister said, 'Oh, it's something to do with the global oil price,' or, 'It's the subprime market in America.' When we were in government we faced the ramifications of the SARS crisis, the Asian meltdown and 9-11. They rattled around the world and we got on with governing the country and managing the economy. We did not go around looking for scapegoats or blaming other issues concerning the global economy. But we are talking about domestic issues here at home.

What has happened to milk prices since this government was elected? Milk is fundamental to every household budget. The now Prime Minister said he was going to do something about grocery prices. It was a concern for working families. Milk prices are up almost 12 per cent. Cheese is up 15 per cent. That very basic staple, the daily bread, is now up nine per cent.

What is the Prime Minister doing about it? He said he has done everything physically possible.

Honourable members interjecting—

The DEPUTY SPEAKER (Ms AE Burke)—Order! The member for Robertson will allow the member to be heard in silence.

Mr BRUCE SCOTT—I thank Madam Deputy Speaker for her protection. But we also know the very engine of this economy is small business. You look to small business—

Ms Neal—Madam Deputy Speaker, I seek to intervene.

The DEPUTY SPEAKER—Is the member for Maranoa willing to give way?

Mr BRUCE SCOTT—I will take her question.

Ms Neal—Who does the grocery shopping in your household?

Mr BRUCE SCOTT—That is a very frivolous point. I often do the shopping in my household. I also am the one who usually buys the meat and fruit and vegetables, but I do not take anything away from my wife, who is a very, very frugal keeper of the family budget for those household items. But I was talking about the great engine room of this economy—small business. What has happened to the confidence of small businesses for their future since this Labor government was elected? Business confidence is at its lowest level since these statistics have been recorded. But let me move to some of the actual programs that are certain to affect my electorate. Something that will ring in the ears of many voters at the next federal election was that great statement from the now environment minister, Peter Garrett. He said, ‘Oh, don’t worry about what we are saying now; when we get in, we’ll just change everything.’ That is exactly what we are seeing from this government.

Let us have a look at what was committed for road funding in rural Australia. I know that in my state of Queensland, where a great influx of people from the southern states are coming and where there is great hope for the future, the two great drivers of our economy—on the value of exports, by the value of dollars—are the coal industry and the beef industry. What do we see is going to be spent on roads? The coalition was committed to funding the second range crossing between Brisbane and Toowoomba, out to the Darling Downs, which is the gateway that links the port of Brisbane to the Surat coal basin, the largest coal reserve in Australia, which is soon to be opened up. It is bigger than the Hunter Valley. We are seeing the exploration of coal seam methane gas, a clean source for the generation of electricity. In Dalby, a town where I have one of my offices, we now have a mini-city of 1,000 people. They are building a coal seam methane gas fired power station. All the equipment for the development of that new power station is going to come from the port of Brisbane, in the south-east corner of Queensland, across the Great Dividing Range to the Braemar power station. What did we hear from this government in relation to funding for the second range crossing of the Warrego Highway between Brisbane and the Darling Downs? Not one dollar was mentioned.

I am pleased that the government has committed something like \$55 million to the upgrade of the Warrego Highway west of Toowoomba, but our commitment of \$127 million was to be rolled out from 1 July 2008. We looked through the budget papers to see where the money for the Warrego Highway might be—as we always say, the devil is in the detail. But we are still looking for this devil. We are at least comforted by the fact that some \$55 million is to be

rolled out, but it stands in stark contrast to what the coalition was offering, which was some \$127 million for this section of the Warrego Highway.

I will touch on the Regional Partnerships program. We have heard the Minister for Infrastructure, Transport, Regional Development and Local Government brand the Regional Partnerships program a fraud and a rort. I watched the minister on Channel 7 this week, and he might have been to Damascus; he might have seen the light. I say to him: this is a program, run successfully by the coalition government, that delivered to regional communities benefits that were often unable to be funded through their local government area. I know the Labor government is going to rebrand it, call it something else, but I call on the minister to commit to those projects that have been approved by the federal coalition and have been announced. Those communities out there are desperate to know that they will get that funding—albeit they had not signed the contracts.

One of them, in my electorate of Dalby, has been used as an example by the minister in the House. He was saying that it is a rort when it is, in fact, a great community benefit. They spent a great deal of their ratepayers' money in preparing the case for the Commonwealth to sign off on the contract. No community can commit \$1 million or \$2 million to a project, and they cannot go to tender for a project that they have identified, until they know they have the money. When the money is approved through the due process—the area consultative committee, the department and the ministers, under a coalition government—they can then go to the architects and start to spend some of their money. They can go to tender to get quotes for the construction of, in this case, the Dalby indoor-outdoor arena. That takes time. Trying to get builders, as we all know anywhere in Australia, to commit to firm prices is a challenge. Many of my communities have found that not only frustrating but difficult. They have worked through the issues, but, because they were not able to work through those issues before the election was called, the minister has said: 'We are going to can all those projects. We will not fund them; they are a rort.'

Many of these projects are done through hard-working volunteer organisations that have the support and confidence of their local council. Sometimes, charitable organisations are involved. Jupiters Casino in Queensland provides funds to some of these communities every year. Some state governments provide funds for these projects, as the member for Indi knows. It takes time to bring all those funding sources together, but you cannot start that process until you have the support of the Commonwealth to progress that commitment and the funding arrangements before getting the Commonwealth to sign off on those Regional Partnerships projects.

There is one program in western Queensland that I specifically want to mention tonight—the Darling Matilda Way sustainable region. Its committee included Indigenous people, local mayors and people of great integrity and commitment to the outback of western Queensland. They went through the process of looking at projects that would make a real difference to those communities to ensure that they could be sustainable and create jobs. That was against a backdrop of the extreme drought that is making it very hard for many of these communities. They identified two projects for western Queensland. One of them was the Longreach airport upgrade. As we all know, Longreach is the home of the Qantas Founders Museum—an icon in Australia, I would have thought. Under the Sustainable Regions Program the former coalition government committed \$6.6 million to that project.

After due process had been gone through, we also said we would provide \$5.6 million to establish a bilby centre in Charleville. The proponents of the project were the Murweh Shire Council. The bilby is an endangered species—and it is Australia's Easter bunny. Through their great initiative, ideas and enthusiasm the people of the Murweh Shire Council put forward that project in good faith. It was approved by the former coalition government but it now appears that the Rudd government have decided they will not fund it. I call on the minister to look at the Sustainable Regions Program. Following an electoral redistribution the Longreach airport will be funded under the Sustainable Regions Program. Why has the minister approved that? Because it is in the seat of Flynn. But the minister has not approved the bilby centre in Charleville because it is in the seat of Maranoa. That is grossly unfair. To use the minister's own words, it verges on a rort. I call on him to look at the Sustainable Regions Program and the socioeconomic circumstances of the community out there. He will see that this is a project he must support. If he puts the politics aside he will find that the hard work that has gone on over the last three years should be supported by the government. The bilby is an endangered species in this country. If this minister does not think the bilby is worthy of being celebrated and worthy of being a species to have for many years into the future so that we can tell its story to the children and the people who visit western Queensland then he is out of touch with reality and is becoming blatantly political.

I want to touch on the issue of the so-called luxury tax on four-wheel drives. In western Queensland the roads are not like the Hume Highway—they do not have four lanes divided down the middle. They are often a narrow stretch of bitumen but more often they are a gravel road that has been graded—and you might see a grader once every couple of years. On these long, lonely country roads you find tourists and you also find local people visiting their local communities—women taking their children to the school bus or going to town for the local shopping—and they use four-wheel drives not as a luxury but as a necessity.

Certainly there are some four-wheel drives that are made in Australia but, when you put them to the test on some of the outback roads in my electorate, I can assure you that they do not stand up to some of the 'real four-wheel drives', which I know are made overseas. If you go to any mining community you will find that the mining companies and the people who live out there are into real four-wheel drives which are built on a chassis, wide wheel based and quite often diesel powered or petrol powered. They are vehicles that suit the environment. We do need these vehicles and they are not a luxury.

When we were in government we funded some four-wheel drive troop carriers under the Regional Partnerships program for the little kids out at Windorah, Birdsville, Bedourie and Yaraka. They do not have a subsidised urban transport system that is funded by taxpayers. They do not have buses and trains and a half-hourly air service between the major capital cities. They often have to go 300 or 400 kilometres just to interact with other kids or go to a swimming lesson if there happens to be a swimming pool in another community. These troop carriers were funded under the Regional Partnerships program. They did have a little community bus that had been provided by, I think, the Barcoo Shire Council. But I can assure you that, on those 300- or 400-kilometre open dirt roads, those little minibuses just do not see the year out—and the member for Kennedy would know this very well because he shares the sort of electorate that I represent. That was not a rort. That was looking after little children. Those communities often used those buses to take the women of those towns to the larger regional

centres so they could attend a mobile breast cancer screening unit on a yearly basis. Those women would have been denied the opportunity to travel to those regional towns had we as a government not funded those troop carriers through the Regional Partnerships program. They were not a luxury. They were an absolute necessity for the benefit of children, women, families and communities.

I want to touch on one other issue before I conclude, and that is the issue of what was or was not in the budget for our senior citizens and our pensioners. We are a lucky country. We are resource rich. We have a strong economy. Our very birthright makes us some of the luckiest people on this earth. So I find it appalling, when we can put \$40 billion aside into a fund for some time in the future—possibly to be used as a slush fund—that we cannot find one or two billion dollars to increase the basic pension rate of our senior citizens. The government had the opportunity through a Senate inquiry to respond to that. The work had been done and it could have been in this year's budget.

Ms Neal—What did you do?

Mr BRUCE SCOTT—When we were in government we did what you did not do for the 13 years that you were in government, notwithstanding what you said you would do every other year. You said not only that you would index pension increases to the CPI but also that you would increase the pension to 25 per cent of male total average weekly earnings. We were the government that did that, not the Labor government. Now we are seeing the old Labor Party policies coming forward.

There was a report to the Senate, which this Labor government could have responded to, on the needs of that wonderful and very special generation of Australians who built this country. They laid down the foundation stones for the legacy we have all inherited and the way of life we have today, and we owe it to those people to increase the base rate of their pension. It is to the absolute shame of this Treasurer and Prime Minister that they have done absolutely nothing to improve the lot of our senior citizens. The Treasurer said this week that Australians are happy, and the Prime Minister said that there is nothing more that he can physically do. I say there is a lot more that the Prime Minister can physically do. He ought to get out of the Lodge and into the real world. He should forget about tripping around the world on VIP jets and talk to the real people. He will find that he is not the popular boy any more. (*Time expired*)

Ms ANNETTE ELLIS (Canberra) (6.20 pm)—Oh dear! How quickly things change in politics. I have sat here for the last hour or so and listened with great interest to a range of speeches from the opposite side. I have to say that I am just a teeny bit confused—though I am sure that if I settle down and think about it I might work it out—because such differing views have been put forward.

It is my privilege to speak this evening on the Appropriation Bill (No. 1) 2008-2009 and the related bills—in other words, the budget for this year—and I rise to support the appropriation bill and those related bills. This is a historic first budget for the Rudd Labor government. This budget—unlike those of the last 11 years, in my view—is designed to meet the challenges of the future and to strengthen Australia's economic foundations. Broadly speaking, one of the most important elements of this budget is that it has been carefully designed to fight inflation. I am well aware of the hardship that rising costs and interest rates are bringing to all people, in my electorate and around the country.

When the government first came to office in November last year—that is just six months or 21 weeks ago—Australia was facing the highest levels of domestic inflation in over 16 years. That affects everyone. Just to give an indication of that, the price of bread has risen 18 per cent in the past two years alone. I believe that one of the best things that any government can do in these circumstances is to put all the effort they can into fighting that demon called inflation. But, if there is one thing that is going to help the household budgets in my electorate and in other electorates, it is to fight that inflation and ensure that we are doing all in our power to keep that pressure down on inflation and down on interest rates. I know the interest rates that my community and other communities have endured in past times have really put those household budgets under severe pressure. So the best thing for me and one of the most important things for my community is to know that they have a government which is determined to fight that inflation demon and to do what it can to keep control of the economy at that level.

Therefore I am particularly pleased that the first Labor government budget in over 11 years has started a new era of responsible, long-term economic management. The Rudd Labor government has gone beyond its commitment and has delivered a budget surplus of 1.8 per cent of GDP. It is applying an additional two per cent efficiency dividend to most Australian government agencies, producing savings of \$1.8 billion over five years, and every single dollar of new spending is more than offset by savings. This is responsible, and it is something we have not seen at that level for quite a while.

For people living in my electorate of Canberra, there was good news over and above the issue I have just talked about, which I think is the most essential one. Local initiatives in the budget for the ACT and the immediate region have included \$19.6 million for infrastructure investment in roads across the ACT, and that includes the Black Spot Program, which is continuing, and the continuation of \$19 million in federal government funding for the duplication of the Barton Highway. There is also \$500,000 to the ACT government for the renovation of the Albert Hall—something very dear to the Canberra community. It is our town hall; it is a very historic building. In fact, the first ever citizenship ceremony held in Australia was held there in 1929. The Albert Hall is held in great affection in this town. It is part of the national capital and the role we play here as the national capital. So I am very pleased with that initiative. There is also \$8.2 million—an election promise delivered—to upgrade the Kings Highway through to near Bungendore.

The Rudd Labor government has delivered on its promise of tax cuts for low- and middle-income earners, with \$46.7 billion in tax cuts over the next four years. This includes raising the cut-off for the 30 per cent tax rate from \$30,001 to \$34,001. Medicare will become fairer under our government. We are lifting the threshold for the Medicare levy surcharge from \$50,000 to \$100,000 for singles and from \$100,000 to \$150,000 for couples.

I am aware that there is a bit of a debate being urged along by some on the impact this policy may have on the public health system. To those who argue that it will cause a mass exodus from private health insurance and immense pressure on the public hospital system, I say this: those who use the private system and are possibly in this category are more likely to be younger people, who are not high users of the health system in the first place, anyway. People who are high users of the health system and who believe that private health insurance is of value to them will in fact stay in the system. I believe it is only fair to change that threshold to reflect the current economic climate in which we find ourselves.

The Rudd Labor government budget announced many benefits for older Australians. These included the one-off bonus of \$500, the increase in the utility allowance to \$500 and also an increase in the telephone allowance for those with internet connection. While I do not have time to go through all the details, I am pleased to see the Henry inquiry instituted, which will have a proper, serious, long-term look at pension levels and other tax questions that impact on that part of our community.

In regard to education in Canberra, we were very pleased here in the ACT with a \$24 million payment to the Australian National University and more than \$5 billion to the University of Canberra. Nationally, \$533-plus million will be spent over four years to provide universal access to preschool—that is, 15 hours per week, 40 weeks a year, for all four-year-olds by 2013. This is a fantastic policy for early childhood education.

Rudd Labor will also ease the cost burden on families by providing the education tax rebate. This will allow parents to claim back \$350 of school costs per primary school student and \$700 of school costs per secondary school student. This government understands how important it is for families to have access to high-quality child care. From 1 July this year the childcare tax rebate will increase from 30 per cent to 50 per cent of out-of-pocket expenses for approved childcare costs. This will deliver \$1.6 billion back to families over the next four years, with benefits ranging from \$500 to \$2,500 per year for the average family. Furthermore, the government will lift the cap from \$4,254 to \$7,500, indexed, per child per year, for approved child care. From 1 July, payments will be made quarterly instead of annually. These measures, without any doubt, will help parents to get back into the workforce and to undertake training and will definitely ease the burden of cost that they have been enduring in attempting to provide good child care for their children.

A couple of terms ago, I had the privilege of being a shadow minister in the area relating to carers. I am very well aware, from the work I was able to do then and from the work within the community, of the enormous personal sacrifices that carers make through their dedication and hard work and also, of course, of the impact that caring can have on their lives, their families and their lifestyles generally.

Mrs Mirabella—Madam Deputy Speaker, I am not wanting to interrupt the member for Canberra, but I have become increasingly offended and would ask the member for Robertson to withdraw a comment she made earlier, the comment being: ‘Evil thoughts will turn your child into a demon.’ I ask her to withdraw unreservedly.

The DEPUTY SPEAKER (Ms AE Burke)—Member for Indi, I will ask the member concerned. I did not hear the comment at the time and you should have raised the issue at the time. I can understand that you have been thinking about it and, on that basis, I will ask the member for Robertson to withdraw it.

Ms Neal—That statement was not made, so I will not withdraw what the member imagines she heard.

Mrs Mirabella—No, it was recorded in *Hansard*. You made that comment; it was heard by another member as well. You made that comment. I ask you to withdraw.

The DEPUTY SPEAKER—Member for Robertson, could I ask you to rise and just place on the record that that is not what you said, because I do actually need it recorded in *Hansard*.

I did not hear the comment, so I cannot comment on it at the moment. Could I ask the member for Robertson to put on the record that she did not make that comment.

Ms Neal—I did not make the statement that was said to you. You did not hear it correctly.

The DEPUTY SPEAKER—Member for Indi, I am in an untenable situation; I did not hear the comment. I think the Hansard officer present has put it on the record because you asked her to place on the record what you heard. I am not in a position to ask the Hansard officer to tell me what she did or did not hear, but I do recall you asking the Hansard officer to take something down. The only thing I can do at this juncture is seek some advice from the clerks at a later date, and I will come back to it. But, as I did not hear it, I cannot ask the member to withdraw.

Mrs Mirabella—I appreciate the chair is in a difficult position but the member for Robertson, I know, has misled the House on this.

Ms Neal—I could say I would like to have something put on the record that I imagined I had heard. I think it is highly improper, unless it is actually on the record, that it is recorded at all.

The DEPUTY SPEAKER—That is why I have said I will go and check this later, because if it is recorded in the *Hansard* we will have to check it. I will take it up with the Speaker and the Clerk at a later stage on that basis. If it is in the *Hansard* and you are disputing it then we will need to look into the matter.

Ms ANNETTE ELLIS—I was referring to the issue of carers. The Rudd Labor government recognises them and has taken an important first step to meet their needs.

Honourable members interjecting—

The DEPUTY SPEAKER—I ask the two of you to desist.

Ms ANNETTE ELLIS—Among the budget allocations for carers was \$293.6 million for 19,000 carers of children with profound disability, and the extension of the \$500 utility allowance to 130,000 carers for the first time. The 19,000 people I have just referred to are an increase from the 3,000 people who currently qualify for that payment. I am particularly pleased to see that carers of children with profound disability will now have more access to that particular payment when it comes on stream.

Honourable members interjecting—

Ms ANNETTE ELLIS—Madam Deputy Speaker, I do not know whether it is appropriate for the person on their feet to raise a point of order, but my point of order would be that I implore the member opposite to be quiet so I can deliver my speech.

The DEPUTY SPEAKER—The member for Canberra has the call and should be heard in silence, as the other members were.

Ms ANNETTE ELLIS—Help for carers will also be a key plank in the inquiry into Australia's future tax system and the welfare system. Another important action being taken by this government is the 'Better care for our carers' inquiry, which I would like to make mention of during this speech. It is being conducted by the House of Representatives Standing Committee on Family, Community, Housing and Youth—a committee of which I am extremely proud to be the chair. The aim of the inquiry is to determine how better we can understand and meet

the needs of carers who look after those with chronic illness, disability or frailty. I am very pleased that the committee, through the postbudget period, has received that reference.

I am extremely pleased that this budget also addressed an important issue which I believe was ignored by the previous government—that is, dental health care. The government will provide \$290 million over three years to state and territory governments to help fund up to one million additional consultations and treatments for Australians needing dental treatments. A further \$490.7 million will be provided over five years to help more than one million teenagers with dental health care. These are two very good initiatives that we welcome.

I do not have much time left, obviously, so I will be brief about two other important budget initiatives. One is that the baby bonus will be extended to adoptive families with children aged between two and 16 years from 1 January 2009. I have always had a heavy concern about the fact that, prior to this budget, people who adopted children over the age of two years were not eligible for the baby bonus. We have had debates on this matter in which I have participated in the House in the past. I am particularly pleased that this government has been able to introduce this policy, particularly where it is going to impact on the majority of overseas adoptions. The time lag impacting upon the age of the child has sometimes got nothing to do with anything other than the process that they are going through. It is a very welcome initiative.

Another great initiative is annual funding of \$300,000 to Special Olympics Australia, which will give more young people with an intellectual disability the chance to participate in sports. As patron of Special Olympics ACT and having recently seen the Special Olympics national games, held in Canberra just recently, I know that they welcome that payment. It is a very good initiative, particularly for the intellectually disabled community.

Having highlighted some of the many great initiatives in this budget, I have to say—and I am willing to say—that there are sometimes concerns. Budgets do not always give everything to everybody as they would wish. Obviously, as the member for Canberra, I note that many people in my electorate had some concerns prior to the budget coming down as to what may happen in relation to public sector jobs. While I do not want to see anybody lose a job, we have been very up-front and honest with our local community—since last year, in fact, before the election—about what we predicted would happen should we gain government. One of those things was that there would be a change in some areas of the public sector—that there would be government programs of the previous government we would close down.

Mrs Mirabella interjecting—

The DEPUTY SPEAKER (Ms AE Burke)—Member for Indi, unless you are taking a point of order on the member for Canberra's speech, I will wait until the member for Canberra has finished her speech to listen to you.

Mrs Mirabella—Madam Chair, there is no-one sitting—

Ms ANNETTE ELLIS—I am here.

The DEPUTY SPEAKER—She is here. The House is quorate.

Mrs Mirabella—The member for Robertson—

The DEPUTY SPEAKER—The member for Indi will resume her seat. The member for Canberra will be heard in silence.

Ms ANNETTE ELLIS—As I was saying, we were concerned but we were also very honest with our local community that there would be changes within the public sector. I was particularly pleased that our government was able to create the Career Transition and Support Centre through the auspices of the Australian Public Service Commission. The job of that transition and support centre will be to manage and coordinate as centrally as possible opportunities for any excess staff. If there are staff who find that a program they have been working in is no longer operative but for whom there are other opportunities in other parts of the public sector, we can assist them by moving them through that centre.

Another point to keep in mind is that we have an unemployment rate in Canberra of under three per cent—it is the lowest in the country. The ACT Public Service is very, very keen to recruit and is finding it very difficult, in that tight employment market, to do so. So, with no forced redundancies as part of our policy, I am now confident that any impact on the public sector that may be seen as negative will be kept to a minimum, and for those who are affected we will be doing what we can to ensure that they have as secure a future as we can possibly offer.

The last, very quick issue that I want to talk about is the indexation of Commonwealth superannuation pensions. I know this is a very important issue for many people in my electorate, let alone around the country. I understand the disappointment that they may be feeling at the moment with the rate of progress on this important policy issue, but I want to take this opportunity to assure everyone concerned in that sector of my continuing efforts and those of my ACT colleagues to further this matter through government, and we will be doing that. In summary, I think this budget is a step in the right direction for Canberra, and I want to congratulate the Rudd Labor government on the initiatives, the ideas and the long-term vision that they have displayed in producing this budget. I thank members of the House for their courtesy during my speech.

The DEPUTY SPEAKER—I thank the member for Canberra for her participation under difficult circumstances.

Mr KATTER (Kennedy) (6.37 pm)—There has been a lot of noise made about inflation and interest rates. For those who like reading economics books written by Nobel prize winners, you can read Samuelson or Milton Friedman, and they will tell you that if you increase money supply but you do not increase goods and services then you will have inflation. That is what you want to concentrate on, instead of listening to silly Treasury advice about how interest rates are going to save us all from inflation. Our inflationary rates are not much different from those of the United States, and yet their interest rates have been less than half Australia's interest rates. The people I represent have very high debt, so they have to pay very high interest. It is a huge burden upon them. They ask themselves: 'Why am I charged twice as much in interest rates as the people in the United States? Don't they have any threat from inflation in the United States?'

Then, of course, there is the matter of the Australian dollar, which has risen from around 60c to around 90c, which has taken some 30 or 40 per cent off the value of our cattle producers, our sugar producers, our mine workers and everybody else who exports. Those are the people I represent. Australia has the worst current account, probably, of any country on earth but there is no mention of it by any speakers on the budget; we could just keep going on each year rolling up a massive amount of debt and not having to worry about it!

If you think that Treasury are clever people, you do not know much about Australian history. Treasury are the people who brought us the recession that we had to have. They brought us the credit squeeze which almost destroyed the Menzies government in the sixties. They brought us Sir Otto Niemeyer from the Bank of England who created the Great Depression. Treasury brought him out here to advise us on how to run our economy. So Treasury have a very lamentable history in Australia and I see absolutely no reason to believe that they are any wiser today than they have been throughout our past history.

An interest rate double that of the United States and 20 times higher than that of Japan—our two major trading partners over the years—is disgraceful. It is an absolutely disgraceful performance. The previous government must take the criticism for that—they were there for 11½ years. The governments before that—effectively the Keating government; he claimed he was running the country through the Hawke years and I think he probably was—must take the blame for destroying the manufacturing base in Australia.

Let me be very specific. I do not like making assertions without backing them up. In 1985, the year before Mr Keating introduced his enlightened free market policies, 79 per cent of Australian motor vehicles were Australian made. Last year, only 19 per cent of our motor vehicles were Australian made. We do not thank the penguins in Antarctica for that; we thank the successive governments that have ruled Australia for the last 20 years. They have completely destroyed the manufacturing base of this country. Very few people are aware that they have all but destroyed the agricultural base in this country. Their work will finally be completed when they take away half of the irrigation rights from the people on the Murray Darling, reducing Australia's agricultural production to about 30 per cent—depending on what data you want to look at. In any event, our cattle numbers are down 17 per cent and our sheep numbers are down 50 per cent. I will not comment on wheat. Our milk production is down 17 per cent. The final one of the big four is sugar and we are closing three mills every four years. We only have 24 mills left.

What a sorry tale we have to tell. But Treasury tells us that all the indicators are wonderful. The American treasury, in September 1929, told the American government that everything was rosy in the garden. Our Treasury told us that before the infamous credit squeeze, they told us that before the recession we had to have and they are telling us that again now. For those of us who take a keen interest in these things, we place no credibility in what Treasury tell us. We do know what we are paying in interest rates. Any fool can find out that it is twice what the Americans are paying and has been for the last seven or eight years. We can answer that question all right. We can answer the question about balance of payments. This is rather intriguing. Everyone is aware that we are a big mineral-producing nation. I am probably the only person in parliament who has ever been involved in mining in a real sense both as a labourer at Mount Isa Mines and as a producer and mine owner in my own right. I know a little bit about the mining industry. The average price of our coal, base metals, iron ore and gas has gone up 300 per cent how come our balance of payments has not? I will tell you why it has not. It is because the government sat on its hands and allowed our seven major mining companies to be purchased by overseas corporations. So the 300 per cent increase in value, whilst it makes a big difference to our trade deficit, which is now a trade surplus, makes no difference to our current account because when it comes in it has to be sent overseas to our owners, the seven mining companies that are now all foreign owned. Who do we blame for that—the

penguins in Antarctica? No, it is the free trade policies of successive governments over the last 20 years.

I heard myself on the national news commenting about Senator John Button and thought: someone out there loves Senator John, arguably one of the two or three finest ministers since the Second World War. People claimed he was a free marketeer. If you take \$400,000 million of public money and invest it in an industry to render that industry competitive, I would not call you a free marketeer. In fact, I would think that is the absolute height of interventionism. He introduced the round robin arrangements for the car industry, which again is the complete opposite of the successive government policies of non-intervention. Bumping into Senator Button in Melbourne, I said to him, 'You rendered the steel industry internationally competitive, taking us from 80 tonnes per man per year to 720 tonnes per man per year and you rescued the car industry and got sacked for your achievements.' To prove, as Button did by actually doing it, that Mr Keating's policies were deadly wrong was actually a sackable offence, and for doing that he got sacked. He did not say that to me but he roared laughing when I said it to him.

If we continue to apply these policies, the future for our nation is a very sorrowful one indeed. If you are elected by the will of the people to be leaders of your country and you have not got enough gumption to read a couple of books, check up on a few figures and realise the extent of the lies you are being told, you have sorely let down your country, and history will pass enormously harsh judgement on you. It is amazing how history works in the long run. Mr Kerin, whom many of my friends had a very low opinion of, secured a subsidy scheme as an exit package for the milk industry. Again, it was really a cross-subsidy arrangement. I will not go into the details of how or why it emanated. Suffice to say that he got a small subsidy from the consumers of Australia to help the manufacturing sector, which effectively is the export sector. We went from around \$600 million a year in exports—do not quote me on the figures, but you will find they are roughly correct—to about \$2,500 million a year under the Kerin Plan. When the Kerin Plan was abolished and the government deregulated the dairy industry, the Labor state governments participating up to their eyeballs, the export industry collapsed almost completely.

I do not know if people in this place are interested in history, but when former Minister Anthony introduced the wool industry scheme, the price of wool doubled over the next three years. When Mr Keating abolished it, the price halved over the next three years. When Mr Kerin introduced the subsidy arrangement, we put an extra \$2,000 million in export earnings, a 300 per cent to 400 per cent increase for that industry. When it was abolished, the export part of the industry collapsed almost completely.

Changing pace completely, at the summit I drew a map of Australia on the board and I drew a line from Port Hedland across to Gladstone. Some of the great mining magnates of Australia were in that room of 20 people, as also was Minister Albanese and Treasurer Swan. I said, 'Everyone in this room is aware that all of our base metals are above that line, in the top third of Australia.' The honourable member representing the Northern Territory is nodding in agreement. We know the Olympic Dam and Coolgardie are not—there are some exceptions—but it is a fair call to say that all of Australia's base metal income, which is maybe about a third of our export earnings, is above that line.

To process metals you have to have cheap electricity. There is not one single baseload power station north of that line. In Queensland our base metals are not processed at all from any baseload power. They have to generate their own power by diesel, the most inefficient method known to man, and by very expensive gas. To put a figure on that, the price of gas is about \$10 a gigajoule and the price of baseload coal-fired power is about a dollar a gigajoule. So it is about 1,000 per cent higher. Needless to say we are not processing a lot of our metals; they are going out of Australia unprocessed.

During Cyclone Larry, a big ship going out of Karumba nearly tipped over. It was carrying zinc concentrates; it was not carrying zinc—and it cannot until some baseload power stations are built. My colleague from the Northern Territory will be well aware that north of that line lies over 300 million megalitres of water. South of that line there is hardly any water at all; there is only around 80 million megalitres. Madam Deputy Speaker, do I have to tell you where 95 per cent of Australia's agricultural production is? Yes, you are right: it is south of the line.

We can say a lot of things about ourselves, but if you were an objective observer you could not say that we are a particularly clever country when we are trying to do all of our agriculture where there is no water and doing none of our agriculture where all the water is. The honourable member from the Northern Territory will tell you about the vast open spaces and beautiful soils of the Barkly Tablelands, the Daly River basin, the Fitzroy and Ord rivers and the mighty Gulf Country, where seven million hectares of land, an area of the size of Tasmania, is taken over by dirty, filthy weed.

Finally, we would all be disappointed if I did not mention the word ethanol. Future generations of Australians will be quite fascinated. Here is something that cuts the price of petrol to 75c to 80c a litre. When I go home I tell people: 'We spent the whole of the last two days arguing about whether we should watch petrol prices.' Who the hell is interested in watching? Really, you might get it 2c cheaper here or 2c cheaper there. What in heavens name does that do about the petrol prices in Australia? In the meantime, the Americans and the Brazilians—and the Chinese and Indians, because they are now both producing ethanol, as the Russians soon will be; the European Union has already recommended it—must think we are the most stupid country on earth. But we are not. Our leaders are, but we are not. We Australians are not, but the people we constantly elect into government are.

When I became an Independent I had a close look at what happens to you as an Independent. I found out that, until Ted Mack came along, not one single Independent ever got re-elected to this place. Now we are getting re-elected continuously. That must tell you something. We had Pauline Hanson, whatever you might have thought about her. I would have doubted that she was the sort of person who could take 15 or 20 per cent of the vote in Australia, but it has to tell you that many people are pretty unhappy with the political parties in this country that have delivered to us the complete destruction of the manufacturing sector, the imminent collapse of the agricultural sector and, of course, the blood sucking off a mining industry that is finding it enormously difficult to survive when it cannot get any power to process its metals. And with the huge cost of transportation now, and with diesel and petrol prices going through the roof, how the hell can we get our metals out? If we process them, we will only carry away maybe one-tenth of the weight that we are carrying away now.

But we cannot do it without baseload power stations. Under free-market policies you have to be able to sell the entire capacity of that petrol station. I have been trying to do it for the last four years at Pentland, which is the nearest coal seam to north-west Queensland, this giant mineral province, and I have to tell you it is pretty difficult because, when that power station comes online, there will have to be 1,000 megawatts worth of customers to buy every single megawatt.

I will conclude on what good government does. I have mentioned Senator Button and John Kerin before. I have also mentioned Doug Anthony's wool scheme before. The nation's biggest export item is, of course, coal. Very few people in Australia are aware that, in the 1950s, Australia was a coal importing country. We imported coal! By 1966 Queensland was the biggest coal exporting state on earth. I will tell you how it was done, because I happened to be there. I was a very young person at the time, a protege of the great Ron Camm and Bjelke-Petersen. We knew that we had the reserves. We drilled for them. We knew Japan wanted to buy them. Mr Theiss—God bless that very great Australian; a man who finished school at sixth or seventh grade and who was one of the giants of Australia—spent about \$100 million drilling for coal. He did not know whether he would be able to sell it. He did not know whether he would be able to find a market. He did not know whether he could get a government to help him transport the coal to a port to get it out of the country. But he spent that money anyway.

The Utah Development Company realised that Japan was never going to be able to buy its coal entirely from America, so they had to find another source to supply Japan. They came to Australia and drilled beside Mr Theiss. He had already found coal, and Utah reckoned that the easiest way to find coal as well was to drill beside him. As luck would have it, they did find coal. Theiss and Utah said to the government, 'We can't get it out unless you build a railway line.' The government said, 'We're not going to build a railway line unless you have coal mines working'. Theiss and Utah said, 'We can't build a coalmine until you build the railway line.' It was a classic chicken and egg situation. This went on for about seven or eight years. Then Bjelke-Petersen was elected and the railway line was built by government.

But there was no way in the world that two small mines could service a huge government expenditure of \$1,000 million. With our free market policies today, it would be utterly impossible. Not only did the Queensland government make that investment but it built the port in Gladstone—one of the sixth biggest ports in the world. That was another \$600 million or \$700 million. The government then built the biggest power station on earth. Unlike today, where we have to sell every single megawatt out of Pentland before we can pour any concrete, not one single megawatt of electricity was sold then. The government built this huge, giant power station with not a single customer for it. We have a free market policy today that says, 'You can't do that.' But in those days it was different, which is why aluminium and coal are the two biggest export earners for Australia today. (*Time expired*)

Mr SNOWDON (Lingiari—Minister for Defence Science and Personnel) (6.57 pm)—I thank my friend and neighbour the member for Kennedy for another eloquent erudition of his particular views, which are topical.

Mr Katter—A railway line from Mount Isa to Tennant Creek?

Mr SNOWDON—I would like one. If you care to put it in, it would be great. I am obviously pleased to contribute to this debate. I will not be referring to the interests of my portfo-

lio in this budget address. I want to talk about impacts upon my electorate. This budget, despite the protestations of some, is a nation-building budget. It is a budget that we have waited for for a long time. It is a budget which clearly heralds a new strategic approach to investment by the Australian government so as to harness our future opportunities and deal with future challenges.

Mr Katter—Potential nation building. I'll give you that.

Mr SNOWDON—I am with you. I am not going to claim that we have built the nation yet, but I am confident that, with the wise guidance of the Labor Party and under the wise guidance of Kevin Rudd as captain of the ship, we will get to that objective. And I am sure you will support us in that aim. It is a budget which is also aimed squarely at giving Australians a fair go.

It is really a first instalment of a coherent agenda to deal with the realities of 21st century life and it puts the importance of education and a smarter society squarely at the forefront. The measures and priorities in this budget are clearly an investment in Australia's future and an investment in the Northern Territory, not the least of the reasons being the nature of the socioeconomic disadvantage that exists within the Northern Territory. This is recognised in the budget with a record amount of spending on specific purpose payments to the Territory up by 41 per cent over the previous year. This money is being invested in our Territory communities and, through those, in our future. This budget achieves on all fronts. It provides projects to improve our communities today, it invests in tomorrow and it is responsible and fiscally sound. Most importantly, from my personal perspective, it provides for the people of my electorate of Lingiari.

I want to pay particular attention to the resources made available for Indigenous Australians who live in my electorate and comprise about 40 per cent of my constituents and a significantly larger percentage of my voters. When it comes down to it, we know that budgets are ultimately about the implementation of policy. This budget does deliver on our policy commitments prior to the election. The single most important element of those in the context of Indigenous Australians in the Northern Territory is our commitment to closing the gap. This budget is testament to that government commitment, tackling inequalities between Indigenous and non-Indigenous Australians, about which I have spoken on many occasions in the parliament since I was first elected almost 21 years ago. I will continue to make comments about those inequalities for as long as is required, and I will call all governments to account because it is absolutely imperative, if we are to address Indigenous disadvantage in this country and if we are to address the terrible problems that beset many Indigenous Australians, particularly those who live in the north in my electorate, that we have the type of commitment which this government has shown under the leadership of the Prime Minister, Kevin Rudd, and the Minister for Families, Housing, Community Services and Indigenous Affairs, Jenny Macklin.

In this budget we have contributed \$1.2 billion over five years to tackling the inequalities between Indigenous and non-Indigenous Australians. Of this, \$666.1 million, more than half, is dedicated to addressing the dire situation of Indigenous communities in the Territory, with more than \$320 million allocated in the next financial year. This is being spent across a number of areas and involves serious, practical measures. They include investments in Indigenous health, with \$90.3 million over five years for national Indigenous child and maternal health services, \$7.4 million in 2008-09 for school nutrition in the coming year and \$10 million over

five years to upgrade remote health clinics. Nationally, there is also \$49.3 million over four years to improve access to drug and alcohol services, \$14.5 million over four years to help tackle high rates of smoking in Indigenous communities and \$9.5 million in 2008-09 for youth activities which are an alternative to drinking and other substance abuse.

I am most heartened by an allocation in the budget following the apology on that momentous day in this place, which I am sure was felt deeply by all Australians who observed it and most keenly by those who participated in it and, most importantly, by those people who were the subject of it: those Indigenous Australians who were members of the stolen generations. I am pleased to see that there is \$15.7 million over four years committed to reuniting families of the stolen generations. These are positive steps which form a solid starting point.

I have said on many occasions in this place how important I believe education is to improving the opportunities for Indigenous Australians. I have commented on many occasions in this place about the dearth of opportunities that exist for Indigenous people in the Northern Territory. I have observed on many occasions the paucity of services available, the fact that, in my estimation, there are between 3,000 and 5,000 young Territorians over the age of 13 without access to any educational services. It seems to me that we have to do something real to confront those issues. I am pleased to see that this government is committed to doing so.

Significantly in this budget, something which is dear to my heart is a commitment of \$28.9 million to provide three boarding colleges to service the educational needs of Aboriginal students from the remote parts of the Territory. This is long overdue. I am pleased to say it is a commitment which I was able to obtain from Mr Rudd when he was opposition leader and is something I have been advocating for over a decade. I am very pleased to see that this significant contribution is being made available in this budget. It will do a great deal to demonstrate the importance of educational opportunities for secondary age students in particular in their home communities. It will provide them with the capacity to attend school, building upon the work being done by the Northern Territory government in providing secondary opportunities for these students, opportunities which were neglected, indeed deliberately bypassed, by the previous CLP administration in the Northern Territory, which of course was kicked out in 2001.

In addition, this budget provides \$98.7 million for 200 additional teachers in remote locality schools in the Territory. Both of these commitments will be supported by over \$19 million for the continued professional development of teachers of Aboriginal children. I recall representations I have received from teachers at Minyeri and other places on the importance, value and need for this aspect of teachers' professional development. Indigenous children will also benefit from \$56.4 million over four years to assist in the delivery of literacy and numeracy programs. After too many years of neglect, Indigenous students in the Northern Territory will have real opportunities thanks to this government, opportunities which were denied to them by the lack of interest of the previous administration.

Indigenous employment, along with Indigenous education, provides for life opportunities and is a major focus of this budget. The federal government in this budget provides a much-needed \$66.3 million in 2008-09 to enhance employment opportunities and to provide employment services to Indigenous job seekers who were previously on remote area exemptions.

There is a range of other employment initiatives, not the least of which is a review of CDEP underway at present, as well as a review of labour market programs being undertaken

by my colleague the Minister for Employment Participation, Mr O'Connor, along with the minister responsible for Indigenous issues, Ms Macklin. The initiatives contained in this budget aimed towards achieving real outcomes for Indigenous people in the Northern Territory are many. Another interest is the investment into ranger programs, which I have commented upon on many occasions in this place.

It is not my intention to canvass all the other features of this budget as they impact upon the Northern Territory but I will say that, in investing in the future of Australia, there can be no more important investment than that being made into the development of opportunities for Indigenous people in my own electorate.

I say to people in this chamber and to people who might be listening to this debate elsewhere that until we address the fundamental issue of the poverty which exists among Indigenous Australians we will not improve the outcomes for them. We will certainly not improve the health outcomes. That requires us to accept the duality of approaches providing not only for social programs and educational opportunities but also for infrastructure such as housing and roads, both of which are addressed in this budget, for Indigenous people and people who live in remote communities.

There are many other aspects of this budget which are worth commenting on but which I am unable to comment on this evening. I do want to make this observation as I finish my contribution: this is the first government since the mid-1990s which has absolutely committed itself to improving the lot of people who live in the bush. My colleague the member for New England, who will be speaking shortly, will no doubt be making comments about the National Party and even about the Labor Party, and I expect him to do that with much vigour. But I say to those in the National Party: a once-proud organisation is fading, fading, fading. It is fading because of its lack of commitment to representing the interests of people who live in the bush and the contorted way in which it administered policy under the last government—the way in which it corruptly administered public policy; the way in which it actually drove public policy and the public purse by personal political preference rather than by need or what is in the best interests of all Australians. More is the pity. I say to the people in the National Party: I would listen to what the member for New England is about to say. I will certainly be listening to it. I often feel chastened when he gets up to speak. I do not always agree with him, but on the issue of the National Party I think he is right on the money. As I travel round the bush, as often I do, I do not hear many people say they think the National Party is doing much for them. And when I see proposals for it to become something that it is not: another Liberal Party—

The DEPUTY SPEAKER (Hon. BC Scott)—Order! The minister might come back to the bill before the Main Committee. I have given him a lot of—

Mr SNOWDON—It is a very important comparison.

The DEPUTY SPEAKER—The Minister for Defence Science and Personnel will either resume his seat or listen to what I have to say. I have given him a lot of latitude. There have been some comments I could have pulled him up on. I will now bring him back to the bill before the House or I will sit him down.

Mr SNOWDON—You will be pleased to know I am about to finish, Mr Deputy Speaker. Without wanting to repeat what I have just said, I mean it most sincerely.

Mr WINDSOR (New England) (7.13 pm)—Without wishing to repeat what the member for Lingiari had to say, I agree with many of his comments. Before the member for Lingiari leaves the room, I congratulate him on his strident views and representation of Aboriginal people. I would like to place on record the feeling that was in this building the day that the apology was made. I think that was one of the outstanding days of public life. It will live in my memory for a very long time. The thing that will come back to me is when the Prime Minister and the Leader of the Opposition had both spoken and they walked together towards the back of the chamber, where there were Aboriginal elders. There was a moment of virtual silence. A woman in the Speaker's gallery—I presume it was an Aboriginal woman—said two simple words: 'Thank you.' I know there were interpretations of who said what, the politics of it all, but I thought the conduct of the Prime Minister and the Leader of the Opposition, particularly at the moment, was something unique in our parliamentary process.

I agreed with a lot of things the member for Lingiari said a moment ago. I will not go into them, but I know that a lot of his lobbying and representations over the years probably in no small way led to that exchange on that particular day. That does not mean the problems are solved. I think we are all very much aware of that. I think it was a very good start for this parliament—all of us, irrespective of some of the reports that were made.

The budget paper is an interesting one, obviously, the first one for the new government. There are a number of comments that I would like to make in terms of positives and negatives as I see them. The member for Kennedy spoke earlier about inflation. Inflation is obviously something that the government is worried about and they should be, because, in my view, it is possibly the only thing that will defeat this government in its first term—if inflation actually gets out of control with the consequent management of interest rates et cetera.

I do not believe—and I hope I am wrong—that the government did enough in terms of inflation. I think the government fell for a trap that was set by the previous Prime Minister, John Howard, on day one of the election campaign when the matter of tax cuts was raised. The former Prime Minister promised the tax cuts and the current Prime Minister had a strategy worked out of agreeing with most things and there was enough of a margin in Work Choices of five or six per cent to win the election, which worked out to be quite correct.

The agreement on tax cuts did a number of things. It restricted—a great political ploy on behalf of John Howard—the spending capacity of the then opposition in terms of promises. If they made wild promises, they were obviously irresponsible in their economic management. But it also did another thing in my view, it restricted their ability to deal with the inflationary problem. In fact, it led them to a real issue: how do you restrict spending while you are throwing cash on the fire? How do those things work together? Obviously their strategy was: we have to abide by the tax cuts but we will make cuts in other areas. In some of those areas I do not think they were warranted. They would not have been required if the tax cuts had not been made in the first place.

As I said, I hope I am wrong because I remember, as would Deputy Speaker Scott and others, what happened through the late eighties when inflation and interest rates galloped away. The government does have a number of exterior issues to deal with—the high price of fuel, energy and what is happening there, and the climate change debate and the way in which that may interact with energy prices further down the stream. A lot of them are external factors. The price of fuel has some domestic factors that are quite involved and I support the Leader

of the Opposition in a reduction in fuel excise. The fuel excise was brought in many years ago to get us ready for some sort of oil shock. Then it was supposedly some sort of road maintenance arrangement. We spend about 16 per cent of it at the moment on road maintenance or construction—very little. But it has gone on and on.

Then some—the Greens and others—have in their minds that you have to have a high price to deter people from actually driving fuel guzzling vehicles. We had a rather absurd debate today about a luxury car tax. In fact, in the four-wheel drive market that most country Australians would require because of the state of their roads et cetera, the piece of legislation passed today will drive people back to buying V8 Land Cruisers rather than more fuel efficient diesel motors, because those are more expensive and more of a luxury, apparently. I made my point in the other chamber in relation to those particular issues. But there are contradictory messages constantly out there.

The member for Kennedy made a point about biofuels. We are told we have an energy crisis; the price of energy is going through the roof. How are we going to address that? What about emissions? How are we going to address those? We have some people looking at an emissions trading scheme at the moment. How is that going to filter through our economy? How will that affect the price of fuel? Then we have these sorts of side debates about a global food crisis being driven by the price of energy, and Australia has to make a contribution—a major one in some people's eyes—to feeding the globe. And we have this food versus fuel argument wandering around out there. Different people pick it up and argue the bit that suits them.

All of these things will have an impact in the next few budgets. If you follow the food versus fuel issue, for instance, and pick up on some of the things the member for Kennedy was talking about on ethanol or biofuels, we currently grow food—grain—and we sell 80 per cent of it overseas or attempt to. Occasionally, we have to bribe someone to try to market it. We market that overseas and then we enter another corrupt market, the oil business, and bring energy back to Australia. I think the point that the member for Kennedy was trying to make was that, surely, there is a way through this whereby we can do some of those things at home, where we have a positive impact on climate change emissions, on carbon footprints and on the health of people who breathe in exhaust fumes et cetera. There are a whole range of potential positives.

The fuel debate has been on all this week and last week and there was not one mention of those things by either side of politics. There is an assumption that we have to accept what the international community does to us in terms of our energy and that there is nothing we can do about it, according to the current debate.

I will rerun a scenario that I painted in the other chamber earlier today, and I will use the Walgett wheat grower as an example. We in this state overproduce grain—and the same thing happens in Western Australia—and we have to find markets elsewhere. The Walgett wheat grower has a carbon footprint and will have one in a legislative sense in a couple of years if we get into emissions trading. He has a carbon footprint growing his crop; he has a carbon footprint when he puts it in a truck to get it to the silo. The train has a carbon footprint when it carts it to the port. The ship has a carbon footprint when it takes it to Egypt or wherever, and the load that the ship is carrying is partly starch and it also has a carbon footprint. Who is going to pay for all those footprints? Is there a need for those footprints to take place if we are

looking at the climate change debate? When the ship gets there, they hire another one and go to another corrupt market and buy a bit of oil—a fossil fuel, which everybody is saying we have to get away from— and bring it all the way back to Australia. That has a carbon footprint. They will not put it on a train because there are no trains carrying oil anymore, so they will put it on a truck at the port and drive it all the way back to Walgett. The farmer will get on his tractor to drive around in a circle to produce grain and produce another carbon footprint. Who pays for the return trip? How is that going to filter through in an emissions trading scheme?

I do not know the answer to those questions. I do not think anybody does at the moment. But surely we can see the simple relationship between what the Walgett wheat grower is doing in growing grain and energy. Rather than exporting the grain to buy energy—and the member for Kennedy was not far wrong when he was talking about the prices in Brazil and the United States and the biodiesel market in Europe—surely we can see that the production of energy internally could circumvent this trade situation that we have assumed we are locked into—both corrupt markets. Surely, we have to start looking beyond those things.

Some would say, ‘Yes, but we have a moral obligation to provide food for the starving millions.’ Australia produces 1.75 per cent of the world’s grain, so there is no way we are going to save the starving millions, particularly if we are restricting the area of land use. We are told we have this obligation. If you look at the Sudan in Africa, for instance, we see all sorts of political problems, and they are part of the starving millions.

One thing that Australian agriculture—Mr Deputy Speaker Scott, you would know this more than most in here—does have in terms of a comparative advantage is our capacity to grow food in a dry climate using some of the technologies that are out there at the moment. Some of those may have a positive carbon footprint, soil sequestration for instance. I am pleased the Prime Minister is actually looking at that issue. I know there are difficulties in terms of measurement et cetera, but we might end up with healthier soils and more productive capacity as well.

The Sudan, for instance, has the capacity to produce six times what Australia produces in grain. The Sudan could more than feed Africa. Here we are running around in a circle, growing stuff and leaving carbon footprints all over the world trading with them, when in fact what we are doing when we dump food into their marketplace—thinking we are granting them a great largesse by delivering another boatload of grain—is actually destroying their own infant grain markets. The Sudan has the capacity to produce 200 million tonnes of grain if using the right sort of technology. The soils are there to do it. They are no different to those of a Walgett farm or some of the country on the Darling Downs—or Emerald, as you would be well aware of, Deputy Speaker.

I would implore the government, instead of being locked into Fuelwatch and the debate going on at the moment, to look at some of the other options that we can do something about in terms of our energy. Biofuels must be one of those. For the food versus fuel people, who feel so strongly about this moral obligation, I would like them to start explaining who is going to pay for the footprints. Who pays? I would like them also to explain what happens when we move to second generation biofuels—biomass, cellulosic ethanol, which is technically possible now. What happens when we go down that road? Does government suddenly legislate and say to the Walgett farmer, who used to grow food: ‘Excuse me; you’ve got to stop doing that.

You can't grow biomass. You've got to grow food.' Is it going to legislate land use or determine what people grow, irrespective of whether they can make a profit out of it? The obvious answer is no.

The Americans are pursuing the cellulosic biomass ethanol path quite strongly at the moment with a grass called switchgrass, which grows two metres high and has a root system two metres deep. The production of ethanol or fermentation of the starches in these long molecular structured grasses has the capacity to produce even more ethanol than grain. If we are going to pursue that path in Australia, how is the policy mix going to handle those sorts of issues? These are the questions that I think we really have to think through. If the prairies of the United States, for instance, went back to their original grass—switchgrass was one of them and we have similar grasses in Australia—what would the environmentalists say about that? What if we changed some of the highly erodible soils in the world back to something that was producing energy and not being eroded? What would the environmentalists say about that? What if it was shown—and early evidence is suggesting this—that a return to a grass, a perennial, which is not planted every year, had a positive carbon footprint? Who would get the benefit of that? What if there was a natural sequestration of carbon process going on in a natural grass based operation?

There could be an enormous number of positives. I have been a bit critical of some people in agriculture who have been frightened of this whole climate change debate. I think there are real positives there. If we do not engage in it, agriculture could get judged for its negatives—some methane and nitrous oxide issues—without accumulating any of the positives. But government has to start to talk about alternatives to fossil fuels. Otherwise, they are contradicting themselves in this overarching climate change debate. I was interested to see that buried away in the budget papers there is some money for renewable energy and some money for research into using non-grain feedstock for ethanol, for biofuels. It is essentially biomass.

I am pleased to see that in there but, in terms of the taxation review and a whole range of other economic activities that are going to be happening in the next few years, the government has to make up its mind whether in 2011 it is going to impose a fossil-fuel tax on the production of renewable biofuel. As of the moment, thanks to the legacy of the previous government, that is the existing policy. And the current government has not done or said a thing about modifying that. I know the minister for energy is having a review, and I would urge him to make sure that renewable fuels are part of this overarching renewable energy structure, which is supposed to attack the climate change issues.

There are a number of issues that I think are absolutely critical to next year's budget, to send a signal that we are serious about some of these issues. But you cannot have a renewable energy debate and leave some things out of it because you think, 'Well, it's uncomfortable to send a message.' It is an absurdity for some people in this place to say the removal of a tax from a renewable fuel source is a subsidy to that industry. It is an absolute absurdity in economics to say that the removal of a tax from an industry is in fact a subsidy to it, when it could be a highly valued part of our energy process. (*Time expired*)

Mr CRAIG THOMSON (Dobell) (7.33 pm)—The 2008 budget delivered by the Treasurer two weeks ago put to work the mandate that Australian people trusted the Australian Labor Party. Already, before the budget was delivered, we had seen—and the member for New England referred to it in his contribution in this place—the apology to the stolen generation. We

all were very privileged to be part of that tremendous recognition and ceremony, which, unfortunately, was 10 years late but still worth waiting for for what it did in reconciling differences in this country. Also, before the budget had been handed down, this government, the Rudd government, had signed Kyoto; authorised the Garnaut report; introduced and had legislation passed that did away with some of the particularly obnoxious issues in relation to Work Choices, principally the making of Australian workplace agreements; and brought together the best and brightest of this nation to look to the long term in the 2020 Summit. That happened not only here in Canberra but around the country, with MPs conducting their own local 2020 summits to look at the best local ideas that they could feed into the national 2020 Summit.

The budget sets out the government's agenda very clearly. It is careful in dealing with our present economic climate. We must all remember that we are dealing with the Howard government's inflationary legacy, fuelled by reckless spending and characterised by its largesse and short-termism. The government's first budget has set a new benchmark by delivering on our election promises made prior to the last election. It is very important that we have delivered on all our election promises. The government has delivered on all its election promises in my electorate of Dobell and indeed Australia wide. We all know John Howard's record on keeping promises. The Prime Minister, the Treasurer and the new Australian government are clearly making a break from Mr Howard's legacy of deceit. The Rudd government believes that all promises are core promises.

This budget will be seen in years to come as a historic budget because it looks at the long term. It is not a budget that just looks to the immediate electoral cycle. It is a budget about nation building. It looks to the future and sets a path beyond the immediate electoral cycle. And it is a budget that is consistent with this government's approach to looking at long-term solutions, making sure that we put Australia on a sound economic footing and making sure that we can deliver to working families across Australia.

The 2008 budget has put working families on the Central Coast at the centre of the Rudd government's commitment to tackling inflation and laying the building blocks for a stronger, more modern Australia. At the centre of the budget is a \$55 billion Working Families Support Package, which delivers on the tax cuts we committed to in the election and helps Australian families with childcare and education costs. This is welcome news to the thousands of hard-working Central Coast families who, last November, said they wanted an Australian government that was on their side. They rejected the coalition's Work Choices laws and the policies of division. They embraced a team that was more concerned with their concerns.

The budget contains a \$40 billion investment in Australia's future, to fund new and improved roads, hospitals and schools. The budget is the first step towards building a more modern Australia with first-class economic and social infrastructure. By making Australia's finances more sustainable, we can now start investing in the schools, hospitals, roads, rail and communication projects which families in the Central Coast rely on every day but which were neglected by our predecessors for over a decade. This has only been made possible because we have had the courage to make the tough decisions that may cause some pain but in the long term will make Australia stronger.

Key initiatives of the Rudd government's first budget include strong economic management with a surplus of over \$21.7 billion, the abolition of \$7 billion of the Liberals' reckless spending and the Working Families Support Package worth \$55 billion. There is unprece-

dedicated investment in Australia's future: around \$40 billion put aside for infrastructure, education and health improvements; \$15.2 billion for sustainable water initiatives and to help tackle climate change; over \$22 billion for road and rail projects; and an investment of \$2.4 billion for Australian seniors and carers.

I would like to congratulate the Treasurer on this budget. He has shown an extensive knowledge of the economic barriers that working families face in outer metropolitan communities. These families were looking for more than just the previous government's bias towards handouts at election time. These are the families that delivered us government and we are intent on delivering for them. By investing in infrastructure, water, child care, GP superclinics and an education revolution, we are telling these families that they now have a government with them at the forefront of its mind.

I consider this budget a win not only for Australian working families but also for specific projects on the Central Coast and, in particular, in my electorate of Dobell. In this budget we saw significant local road funding, a GP superclinic in the northern area of the Central Coast and \$20 million funding to help restore the health of the Tuggerah Lakes estuary system. Tuggerah Lakes is one of the jewels in the crown of New South Wales and it is certainly the jewel in the crown of the Central Coast—one of Australia's high-growth population centres. Under the five-year program, the government's contribution to implementing the Tuggerah Lakes Estuary Management Plan will help reduce sediment and nutrient inputs to the lakes, improve the quality of stormwater entering the lakes from the catchment, reduce weed build-up on the lakes foreshore and regenerate salt marsh, and stabilise and rehabilitate the banks of the lakes.

These lakes are under pressure from urban development, with seagrass beds declining by over 50 per cent in the last 40 years and salt marsh declining by over 80 per cent. The Rudd Labor government is committed to improving the quality of our waterways on the Central Coast. Our Tuggerah Lakes plan will also improve recreational facilities around the lakes and creeks, to provide more sustainable fish and prawn populations for long-term recreational and commercial fishing. It will also have a significant effect on tourism in our area, by returning the beautiful Tuggerah Lakes to their once pristine condition. The federal government is committed to restoring the water quality of our major population centres, building healthy and sustainable communities and ensuring our lakes and rivers are in good shape for the future.

I also welcome the GP superclinic that is to be built in my electorate. The government's investment of up to \$2.5 million in a new GP superclinic in the growth areas in the north of the Central Coast will deliver improved services to the residents of this community. This will bring together a range of health services under one roof and help attract doctors to the area. It will also take pressure off the Wyong Hospital and its emergency department, which is one of the busiest in the state. The Labor government are not blaming the states for the problems in health—we are not saying, 'These are your problems alone,' but rather, 'We're here to work cooperatively.' We are in a position on the Central Coast in my electorate where the number of doctors is now just over 80 and the average age of those doctors is over 59. On the Central Coast we are facing a real crisis in relation to the number of doctors that we are able to attract to the area.

A GP superclinic is not the silver bullet that will solve all of those problems, but it is a significant investment providing much needed medical services in my electorate which the previous government neglected and had no plan for. The federal government's GP superclinics,

by co-locating specialists and allied health services such as physiotherapists, mental health counsellors and dieticians with GPs, will enable patients to seamlessly access the range of health services they need to improve their health. The Rudd government will work closely with local doctors and health professionals to ensure that services offered at the new north Central Coast GP superclinic will complement and enhance existing services.

The local community will also be closely consulted to finalise the preferred location and the precise suite of services to be delivered at the north Central Coast GP superclinic. The government has chosen the north of the Central Coast because it is a growing area with many young families—young families who decided at the last election that they had had enough of a short-sighted federal government that had totally lost sight of them. The government's commitment to a GP superclinic in the north of the Central Coast will service the health needs of this area and surrounding communities by helping to attract more doctors and other health professionals to the area. Once completed, the Central Coast GP superclinic is expected to include privately practising GPs, after-hours services, chronic disease management services and a range of allied health services such as physiotherapy, dieticians and podiatrists. It is a practical example of how our policy of establishing GP superclinics can benefit families and improve health services. It will help to take the pressure off the very busy Wyong Hospital and, by working co-operatively with the NSW government, it will help the health system respond to the community's needs and avoid the blame-shifting and cost-shifting of times past.

The strategic regional program supports land transport projects that support the growth of regional industry, respond to structural change or develop local social and economic opportunities. We have put \$2.5 million into the Watanobbi to Warnervale Link Road. We have also put a further \$460,000 into the Ridgeway Road upgrade. Black Spot Program projects target those road locations where crashes are occurring. By funding measures such as traffic signals and roundabouts at dangerous locations, the program reduces the risk of crashes. Funding of \$15.9 million will be provided to black spot projects in New South Wales in 2008-09. Roads to Recovery funding is provided to local government authorities and to state and territory governments responsible for local road maintenance and upgrade in areas not covered by local councils. This government has put \$1½ million into Gosford and close to \$1 million into Wyong roads.

The Rudd government's first budget will also provide \$250,000 for Central Coast business mentoring services. This is part of a \$42 million allocation to fund one-stop small business advisory centres across Australia. The previous government provided some funding in relation to small business, but the promises made in respect of my electorate have doubled that funding. The Rudd government truly is now the party that supports small business. As we all know, in many areas small business is the heart that keeps pumping the economy. That is certainly the case in my electorate. These valuable centres provide much-needed advice for those wanting to establish or improve a business. This funding is part of the government's overall small business strategy that includes cutting red tape in 27 areas of business regulation. The funding decision meets Labor's election commitment to support more than 30 business advisory centres around Australia.

I would also like to mention the funding for the so-called missing link pipeline in my electorate between the Mangrove Creek dam and the Mardi Creek dams. This is a commitment of over \$80 million to make sure that, in conjunction with the state government's plans for a dam

in the Hunter area, we can actually drought-proof the Central Coast once and for all. This commitment will see the missing link pipeline completed in 2010. The Central Coast, like much of Australia, has been in an unprecedented drought. Only 12 months ago, the Central Coast's dam levels were as low as 13 per cent. We have had level 4 water restrictions on the Central Coast for many, many years.

What did the previous government do in relation to this? This project was spoken about for many years, but they did nothing—nothing until the Labor Party started to campaign on this with a grassroots campaign asking people to sign petitions calling on the government to act. We made an initial commitment to this and we then saw that the whole \$80.3 million was finally committed to ensure that the Central Coast in the future will have a secure supply of water. This is part of this government's Water Smart Australia program. I think my friends on the other side should also think that this project is well worth supporting.

We look at the approach that this government has taken to the economy in this budget and we have to compare it with what we inherited and the record of the previous government. The member for New England, in his contribution here, actually understood one of the real problems that was facing this country and facing this government in framing the budget. He identified, as we have identified, the problem of inflation. We inherited an economy that had inflation at a 16-year high. But what do the opposition say in relation to this problem? They do not adhere to our advice. They do not even adhere to the sound advice of the member for New England. What they say is that there is not a problem with inflation; it is merely a charade or a fairytale—or sometimes it might be a little problem but not a problem that we need to address seriously. Quite frankly, that is the reason we are in this difficulty with inflation at a 16-year high. That is the reason the Reserve Bank of Australia, on over 20 occasions, warned the previous government of the dangers of not acting. We have seen interest rates go up 12 times. These things are not unrelated.

What we also saw from the previous government was reckless spending. They were lucky enough to be in government while we had this incredible resources boom. But what did they do? Did they look at nation building? Did they look at infrastructure issues? Did they look at trying to make sure that our skills shortage was addressed? No. All they did was fritter away money on short-term political expediency. The previous government were the best friend inflation ever had and, while they were in government, they were asleep at the wheel. That has meant that this government have had to take the tough economic decisions in relation to inflation, making sure that we can bring it under control while delivering on all of the promises we made before the last election.

Inflation hurts families. It certainly hurts families in my electorate of Dobell. We have the lowest median household incomes in New South Wales. A large proportion of people in my electorate are on fixed incomes. They have seen the effects of inflation. They have seen supermarket prices skyrocketing. They have seen the increase in petrol prices. We have seen a 33 per cent increase in mortgage defaults in the last year. These are all as a result of the pressure that inflation has been putting on the economy. It took the Rudd Labor government to front up to the plate and say, 'Not only are we going to deliver on our election promises but we are going to make sure that we put downward pressure on inflation because we understand that working families and those on fixed incomes are hurting and the best thing we can do for them is make sure that we bring inflation under control.'

Let us look at the response we have had to this budget from the opposition. Quite frankly, they have no plans of their own. They are bereft of ideas. It is a bit like any issue that has come before this parliament, such as Work Choices. Do they support it or do they not support it? Some days they do and some days they do not. Perhaps it depends on whether you are from Western Australia or from another state. It is something that they still have not made up their minds on. We heard today the shadow Treasurer in the luxury car tax debate arguing what a bad tax it was et cetera. But then, when it came to his position, he said, 'We do not have a position; we do not support the increase in the tax but we are not against it either.' It was the same with alcopops. We had the Leader of the Opposition saying what a tremendous idea it was and then suddenly he backflipped on it because his party are bereft of ideas and do not know where they are going. This is a good budget. This is a budget that should be supported. This is a budget that delivers for working families in Australia.

Mr MORRISON (Cook) (7.53 pm)—The previous government, the Howard government, left the Australian economy in tiptop shape. Any reasonable assessment by any independent analysis, particularly one devoid of the commentary that goes along with Labor's spin machine, will understand that the Australian economy inherited by this government was in tiptop shape. Surplus budgets are now the norm. When we came to government in 1996 they were unheard of. Surplus budgets are now the norm. You can have a surplus in this budget because of the surplus budgets that went before.

It is amazing, when sitting in the chamber each day we are there, to hear the chest beating of the government as it talks about the heroic effort it has made in achieving this surplus, when surplus budgets were something that the coalition made standard practice in Australian fiscal policy—unlike the previous Labor government. Debt was repaid and we had a Future Fund and a Higher Education Endowment Fund—\$60 billion invested back into the future of this country. That was the product of responsible fiscal policy. Now this government shows up and beats its chest about the surplus which it had no role in creating. I also note tax cuts became a norm in this country as a result of the previous government. The tax cuts which were delivered in this budget, which I will touch on later, were a straight carbon copy of those offered by the member for Higgins, the former Treasurer.

This budget is a higher spending, higher taxing budget that will deliver, by its own admission, higher unemployment. Higher spending, higher taxing and higher unemployment is what I would call an old Labor recipe for running the Australian economy. That is what we are seeing in this first Labor budget of the Rudd years—and may they be short. It shows that they are all hype when it comes to responsible economic management, particularly when it comes to fighting inflation. Basically, what we have here is \$19 billion in new taxes and \$30 billion in new spending. They are the key statistics of this budget. But the other key statistic in this budget is 134,000 people who will not be in work, as a result of this government's management, within the next 12 months and to 30 June of the next fiscal year.

When it comes to fighting inflation, this budget really is an absolute fizzer. As Paul Keating used to say, 'It is all tip and no iceberg'. What we see with the government when it comes to fighting inflation is a five-point plan and lots of slogans, and they probably have a wristband to go with it as well. But at the end of the day, what we do not see in their five-point plan is anything to do with wage pressures. Since this government was elected, what has happened as to unions' expectations is that inflation has risen from three per cent to four per cent. The lat-

est edition of the *Reserve Bank Bulletin* showed that, since this government has come to office, the expectations of prices and the expectations of increases in prices by union officials have been going up. That is no surprise because the government has been talking it all up.

The opposition understands the challenges of fighting inflation. We understand the challenges of repaying debt. We understand the challenges of responsible economic management. It is not a flyer for us; it is not an advertisement. It is something that we believe in. I remember the member for Higgins used to say that if you are thinking about being an economic conservative you are thinking about becoming very focused on responsible economic management. The local branch of the Labor Party was not the place you would turn up to. It is not the first cab off the rank you would take in order to fulfil your dreams and aspirations of being an economic conservative.

When it comes to fighting inflation this budget is a real fizzer because it does not address one of the fundamental issues that drive inflation—that is, wage pressures. The big difference between what we have seen with the resources boom in recent years and what happened in the early seventies is that in the most recent years we have had a flexible labour market. In the seventies, we did not. As a result, inflation went through the roof. Without a flexible labour market going forward, this government has no plan for fighting inflation. It only has a plan for paying off its Labor mates in the unions who spent \$30 million to put them here.

With those comments more generally, Madam Deputy Speaker Vale, I want to talk about a few local things, which I am sure you would have a very keen interest in, in the Sutherland shire. In the Sutherland shire this budget has not been well received. As I have stood at street stalls and in shopping centres on the weekends we have been not in this place, there have been people coming up to me time and again, raising the issues of concerns of people on fixed incomes—as we heard the member for Dobell talk about. People on fixed incomes are not as happy as the Treasurer might suggest. People on fixed incomes, people who are carers, people looking after people who have disabilities as well—these are not happy people as a result of this budget because they have been completely missed out.

What was established in the budget was a \$20 billion building fund. The government like to talk about the fact that they have created a surplus, but what they have actually done is create a massive billion dollar slush fund which they are going to spend. They are not putting money away, as the coalition did, into an investment fund where you spend the earnings. They are blowing the capital. They are going to blow the lot. With the Higher Education Endowment Fund, they took all of that \$6 billion, took a bit more of the surplus, put it into this fund and they are going to spend the lot. No endowment fund, no future earnings; they are going to raid the cookie tin and go crazy with it.

If they are going to spend \$20 billion on infrastructure, maybe there are some projects they might want to spend some money on rather than just handing over money to Morris Iemma to cover his shortfall on a whole range of already announced projects in New South Wales. He is the last person I would be giving money to in all the state governments. I would strongly support every state government other than the New South Wales government. I would prefer to write a cheque to the Western Australian state government, or even the Victorian state government, but the last state government I would write a cheque to at the moment, in terms of their ability to manage infrastructure funds, is the New South Wales state government. But, if

the money is going to be spent, let us make sure it is spent on projects that can actually make a difference.

In the Sutherland shire, the most pressing road need, which has been on the agenda since 1951, is the upgrade of the F6 and the building of the F6 extension. I do not hold out a lot of hope that Labor will reverse decades of neglect and of ignoring this, particularly at a state level, but it is a project that Infrastructure Australia should be looking at and ensuring as part of their audit, and it should have a bullet on it. It should have an absolute flag against it as a critical infrastructure project for Sydney. This is a road extension which links the booming Illawarra with Sydney. There is an absolute missing link between Sydney and ports like Sydney airport, Port Botany and Port Kembla and the distribution network of Western Sydney.

At the moment, trucks roll up from the Illawarra—and there will be many more of these trucks as Port Kembla expands—through the Sutherland shire, going down suburban streets. These are suburban streets where there are ordinary family homes, where once upon a time kids used to play footy on the nature strip. Madam Deputy Speaker, remember those times when they did that. But they cannot do it now because the trucks are rolling down these streets. We need to get trucks off those streets and the heavy traffic off local suburban streets in the Sutherland shire, and the F6 extension is the way to do that. For 57 years, Labor had the perfect opportunity to make good on its infrastructure promises, and we have not seen it happen, particularly at a state government level, when it comes to the F6. We really need to see this on the boards as soon as humanly possible.

The NRMA recently undertook a study on the F6 extension. The report indicated that there would be economic flow-ons arising from the construction of this project that would not just be confined to the local region but be shared throughout New South Wales and Australia. The report shows that more than 1,000 jobs—that will at least make up for 1,000 of the 134,000 jobs that are going to go as a result of this government's budget—will be created directly as a consequence of undertaking the project—that is, at least 1,000; in fact, more than 1,000—and the total of the project is worth \$3.4 billion to our economy, at a cost of just \$2.3 billion.

There is something interesting about that \$2.3 billion figure. Basically, that is what it is costing to build Labor's famous desalination plant at Kurnell—a desalination plant that we do not need, a desalination plant that we do not want, a desalination plant that was imposed on the people of the Sutherland shire, particularly at Kurnell, and broke the promise of the Premier made in March 2007 that it would only be built if dam levels hit 30 per cent. Well, dam levels never did hit 30 per cent. Dam levels are now over 65 per cent, and the building work goes on at Kurnell in the slush and in the mud, and often building work has to be delayed because it is washed out on the desalination site, which is an irony not lost on the residents of Kurnell.

Despite the benefits to the region and the Sutherland shire more specifically of the F6 extension, the state Labor member for Miranda maintains his opposition to this project while vehemently supporting the desalination plant that nobody wants or needs. If we were to have the choice—if there is \$2.3 billion on the table, and there is: there is a \$20 billion fund that has been created in this budget—between a desalination plant at Kurnell and building an F6 extension, I have no doubt what the people of the Sutherland shire would like. We would be bowled over in the rush to build the F6 extension. But they are not the priorities of the Labor Party. They are not the priorities of the federal government and the federal Labor Party. They

are not the priorities of the state Labor Party. I will be very interested to see how much of that \$20 billion slush fund is going to go to bail out the costs of not only the \$2 billion plus they have to spend on the desalination plant but the \$2 billion they have to spend on the wind farm to power the desalination plant. So we have a wind farm which could have been built to offset carbon emissions in New South Wales, but, no, now we have to go and spend \$2 billion on a wind farm to power a desalination plant that we do not need, so it is up to \$4 billion. And then, how are we going to get the water across the Sydney water network?

It was revealed fairly recently that once the pipeline goes across to the eastern suburbs of Sydney it needs to turn left; it needs to go to the Potts Hill reservoir. The problem is that the Potts Hill reservoir is uphill. The pipes that run from the Potts Hill reservoir are currently gravity feeding water to the rest of Sydney. For the water to turn left from the desalination plant, you have to pump it up. So we are going to have another pipeline—not only the one that destroys Botany Bay. We are going to have a pipeline making its way up to Potts Hill to capture water being generated by a desalination plant. Someone said to me, ‘But we already have a plan for water recycling in Sydney.’ The plan is to let it rush out to sea, suck it back in and then send it across Botany Bay to the eastern and inner western suburbs. The desalination project, which we will have more to say about in this place next week, is not necessary. It is an example of a project which has been perpetuated as a political con by the state Labor government, which I suspect will get its hands into the \$20 billion building fund.

Another project which has been axed by this government in the budget is the Investing in Our Schools Program. Local schools, especially primary schools, will be hit hard by the abolition of our Investing in Our Schools Program, which, in my electorate of Cook, under the good stewardship of the former member for Cook, the Hon. Bruce Baird, was able to receive \$3.7 million for equipment and facility upgrades. These funds were used for vital new equipment and facilities like classroom upgrades, new shelters, playgrounds, computer upgrades, redevelopment of sportsgrounds and rainwater tanks. Now the parents of children in Sutherland Shire schools are going to have to rely on Morris Iemma for these things. Heaven forbid. God help them, literally. We pray for them because, if they have to rely on the New South Wales state government, they will need prayer to ensure that they get the funding they need in their schools. Sutherland Shire will be sadly neglected, as it has been by the successive Labor governments at the New South Wales level.

Shire schools that benefited from the program included the Caringbah Public School, which received \$150,000 for music and drama facilities; the Gymea Bay Public School, where similarly there was \$150,000 for new walkways; Endeavour Sports High, which received \$128,800 for a home economics-hospitality room, computer upgrades and sporting equipment; Laguna Street Public School, where there was \$113,800 for computer upgrades; and in Bundeena there was over \$100,000 for a new computer room. There are actually computers in schools. They were being delivered under the Investing in Our Schools Program—and not just for years 9 to 12 students. Kids aged 6, 7, 8, 9, 10, 11 and 12 in Bundeena have a great new computer room, which I had the privilege to visit and open recently with the parents and citizens. They were delighted. They had never thought this was possible. If they had had to wait for the state government to do it, it would never have happened. And not just public schools received that support; \$319,000 went to local non-government schools, to Our Lady Star of the Sea School at Miranda and St. Aloysius Primary School at Cronulla. This

program was set up so that schools could get vital equipment and facilities when they need them rather than being forced onto endless waiting lists by greedy state governments.

The Prime Minister has thrown shire schools back on the mercy of an inept New South Wales Labor government that has failed students time and again. With the loss of the Investing in Our Schools Program, shire P&Cs will be forced to raise this money themselves. They cannot afford to wait. I have had a letter from the Lilli Pilli Public School. They wrote to me after this program was axed and said they had a range of needs to be met. These include covered walkways, new fencing for security, new playground equipment, covering for the playground areas. They have thrown up their hands and said, 'How is this going to happen?' They certainly were not getting any support from the state member for Miranda. They certainly were not getting any support from the state government on these issues—no comfort from them. They said, 'Where are we going to get this money?' The sad answer is that they are going to have to raise it themselves.

Under the Investing in Our Schools Program, those funds would have been provided to take the pressure off families. We talk a lot about working families in this place—at least those opposite do. But it is working families who actually sit on P&Cs, and they are the ones who are now going to have to hold extra raffles and fairs and dip into their pockets again and again to provide this sort of equipment in their schools. Of all the measures—and there are many to be upset about and not happy about, as the Treasurer would like us to be happy—this one I just do not get because it puts a burden back on parents and citizens who are trying to support their local schools. Those opposite should think long and hard about what they have done with this. They talk about education revolutions, but honestly the dropping of the Investing in Our Schools Program is an absolute disgrace.

Private health insurance is another measure. There are 92,272 people who live in my electorate of Cook, which is more than 70 per cent of the residents, who are covered by private health insurance. That is 25 percentage points higher than the national average. One of the reasons people in the shire are so supportive of private health insurance is that they understand the philosophy of taking responsibility for yourself. On the weekends, while not in this place, I have talked to older residents in the shire who came to me and said, 'Look we have been investing in these schemes all of our lives. We want measures in place that encourage young people to do the same.' But in one foul stroke, the government have removed that incentive and that element of the system which has seen private health insurance in this country grow and grow. The result of that measure will be quite simple. The result of the government's measure on private health insurance will simply mean that, for those who decide to stay in the system, premiums will go up and, for those who decide not to go into the system, they will have the privilege of being let down by the state hospital system. They will have the privilege of joining those queues, and there are 59,000 people on those elective surgery waiting lists in New South Wales. So you either have to pay more through private health insurance or you have to wait longer in the public system. That is not what I call doing something about dealing with health issues in this country.

The tax cuts I mentioned were simply the tax cuts outlined by the member for Higgins prior to the election. They are the tax cuts outlined by the coalition. The coalition are the ones with the form on tax cuts. The only form of relief that people and families across Australia could find in the budget as they looked at it were those tax cuts—the architects of whom were

not those who sit opposite. The architects were those who ran the previous responsible financial and economic management policy of the previous government—that is, John Howard and the member for Higgins. They were their tax cuts and, if they had never announced them, then we would never have been seeing tax cuts in this budget.

The government ran a campaign of deceit. That deceit is writ large in this budget. They paraded themselves around Australia promising to bring a change to grocery prices and fuel prices, and to ease the burden and all the other rhetoric they came up with from focus groups, which the minders wrote into the Prime Minister's speeches as he moved around the country as the Leader of the Opposition. There was no mention of \$19 billion in new taxes. There was no mention of means testing the baby bonus. There was no mention of dismantling private health insurance. There was no mention of U-turning on the Northern Territory intervention and allowing pornography into Aboriginal communities. There was no mention of those things. But there was one person who made mention that they would change things and we all know who that was. That was the member for Kingsford Smith, who said, 'We will change it all.'

The government never really intended to follow through on any of these things, and that is the great deceit. The PM has now been found out. He has been exposed. He has made his bed on fuel and grocery prices, and he can lie on it. For people and families in the shire looking to service their mortgage, pay their grocery bills and put fuel in the car, there is no relief in this budget, save for the tax cuts Labor copied from Peter Costello, the member for Higgins, before the last election.

Ms COLLINS (Franklin) (8.13 pm)—I am proud to be here today to stand and support the Appropriation Bill (No. 1) 2008-2009 and related bills, bills that make the first Labor budget in more than a decade. I want to start by talking about the budget's impact on my electorate of Franklin. The seat of Franklin has been a Labor seat since 1993. As a safe Labor seat under a coalition government, it had been ignored. In fact, it was not until 2005, when the sitting member announced his plans to retire at the next election, that the coalition government took any notice at all. For the first time in over a decade, the coalition saw Franklin as a seat that was winnable. In fact, only then did the federal Liberal politicians with any real clout even remember the name of Franklin, even though sometimes they forgot the name of their own candidate. It was only then that the electorate saw any substantial commitment of funds from the then coalition government. I am proud and pleased to say that this budget has honoured every election commitment made by federal Labor to the seat of Franklin. As an electorate that rarely saw anything under the former government, it is now the recipient of nearly \$50 million worth of vital infrastructure projects and other initiatives.

Two critical and desperately needed major infrastructure projects have been funded through the federal government's \$12.9 billion Water for the Future package. In the Huon Valley south of Hobart, federal Labor has pledged \$12 million to improve the quality of water provided to residents. Residents are on bore water alerts in summer and they live only 30 minutes from the city. The Huon Valley water scheme will also help to secure up to 200 local jobs in the aquaculture industry, an industry which is vital to the region and is a major contributor to the state's economy.

The Clarence municipality will also be sharing in the funding from Water for the Future in this budget. The federal member for Lyons and I lobbied hard for the \$10.5 million water re-

cycling and reuse scheme in the Coal River Valley, which is delivered in this budget. Irrigators in the region have been looking for an alternative source of water and I am pleased that it has now been delivered. In addition to providing irrigators with this alternative water source, the scheme will also reduce the level of water discharge into the River Derwent, making this project both an economically and environmentally important initiative.

The Kingston bypass has been talked about for many years. Prior to the federal election, Labor committed \$15 million towards the Kingston bypass with the Tasmanian government contributing the remaining \$15 million. This project is now a reality. The Kingborough Council is among the fastest growing in the state and this infrastructure project will help remove some of the traffic congestion which has plagued the district's commuters. In the next financial year, as outlined in these budget papers, the federal government will be spending \$1.1 million on the project as part of the initial planning phase. At the moment, land acquisition and initial planning on the bypass is well underway. Approvals are expected to be finalised by June 2009 with construction expected to begin in November of that year.

The Tasmanian government anticipates that the project will be completed by June 2012. Dennes Point on north Bruny Island will receive more than \$140,000 in this budget to redevelop their community hall. The money will give the north Bruny Island community group and the Kingborough Council the chance to refurbish the hall and build much needed infrastructure including a shop, post office, dining area, gallery and medical rooms. Another key infrastructure project in Franklin is an upgrade of Bridgewater Bridge, with the Commonwealth providing nearly \$11 million towards this \$14 million project. More than \$800,000 has been allocated to the Esperance Coast Road upgrade. The Esperance Coast Road is a gateway to a number of remote and incredibly beautiful tourism destinations in south-west Tasmania. Tourism is a major contributor to the Tasmanian economy.

The federal Labor government has committed funding to the tourism environmental audit project—or 'Green TEA'—in the Huon and Kingborough regions. \$166,000 has been allocated to this new project to encourage tourism operators in southern Tasmania to adopt environmental best practice by cutting their water and energy consumption. This will cover around 40 tourism operators and has the potential to be expanded to other parts of the state. Tasmania has long been renowned as a clean, green tourism destination and many fine environmentally friendly tourism operators are based in the Huon and Kingborough area.

Federal Labor is also providing the people of Franklin with more than \$60,000 for various sporting and recreational facility grants. The electorate will also benefit from the establishment of a GP superclinic on Hobart's eastern shore in Bellerive. This will involve GPs, nurses, allied health professionals and other healthcare providers. I am expecting consultation to begin soon with the Tasmanian government, medical professionals and other relevant stakeholders. This will ensure that the services provided through the new superclinic will be best tailored to the needs of the community.

Franklin is a diverse electorate. It will experience considerable benefits as a result of this budget, benefits stemming from both the initiatives I have outlined above and more general measures that are of benefit to all Australians. Indeed, the federal government's pledges in the areas of health, education and affordable housing will be of major value to the people of Franklin. We have \$3.2 billion for the Health and Hospital Reform Plan; \$1.2 billion to deliver information and communication technologies to all students in years 9 to 12; the \$1.2

billion to help first home buyers save for their home; and, the \$55 billion Working Families Support Package. These are all initiatives which will assist the people of Franklin.

More than half the families in the electorate survive on a gross income of less than \$60,000 a year. As a result of federal Labor's tax cuts, families on a single income of \$40,000 a year will receive an extra \$29.19 a week. The tax cuts Labor has included in this budget are not the same as the former Liberal government's tax cuts, as they would have us believe. They are in fact tax cuts that we promised in the election campaign and we have included as part of our package an education taxation refund for families. As the elected representative of Franklin and a working mother, I am pleased to see that the tax cuts are going to the people who need them most.

This budget is also about the future. It provides for three new funds—the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund—with an initial investment of around \$40 billion over the next two years. It is a budget which balances the long-term needs of the nation and the more immediate pressures faced by all Australians. On the one hand it is a budget with a focus on nation-building after 12 years with none of that from those on the other side. On the other hand it is a budget designed to benefit working families, all working Australians and those doing it tough. It was framed within the tight parameters of being economically responsible about putting downward pressure on inflation, delivering on our election commitments and planning for Australia's future. It is a budget I am sure Tasmanians will be proud of and, with nearly \$50 million in funding for initiatives in a previously ignored electorate, it is a budget the people of Franklin can be proud of. It is a budget I am very proud to support.

Mr JOHNSON (Ryan) (8.21 pm)—I am honoured to speak in the Australian parliament yet again as the member for Ryan. In the election in November last year I had the great privilege of having the endorsement and support of the people of Ryan. I take this opportunity to once again express my deep gratitude to them for their confidence. We all know it was a very tough election. For those of us who believe in democracy very strongly, whilst we might disagree with the result and the judgement of the Australian people, we respect it very much because the Australian people have the ultimate say about who comes into the parliaments of this country to make decisions on their behalf. I am particularly pleased to speak tonight on the Appropriation Bill (No. 1) 2008-2009 and related bills because this legislation is very important and relevant to the people I represent. The seat of Ryan is based around the western suburbs of Brisbane. It is essentially residential. It is very much a family electorate. We also have a significant number of students because the very famous and very highly regarded University of Queensland is located in the Ryan electorate.

It is really important for me to speak on this budget tonight. I want to let the people of Ryan know that the budget the Labor government has delivered does absolutely nothing for them. The Labor government said it was going to be delivering a budget for working families to ease the cost-of-living pressures, the cost of groceries and the cost of petrol. Labor said this budget would help put a lid on inflation and put downward pressure on interest rates. The people of Ryan are of course very keen to have the pressure of grocery and petrol prices eased and to have downward pressure on interest rates, and they were anticipating that the government would deliver a budget that would have an impact on those issues. Alas, they were very

disappointed. I have had much feedback that they were anticipating a budget of some significance. In fact, it turned out to be a complete fraud. This was a fraudulent budget.

During the election campaign last year and throughout this year we have heard the government talk about, amongst other things, an education revolution as one of its cornerstones. But this budget did not say anything about an education revolution. It did not touch on education in a meaningful sense at all. As I said, it was really a fraud on the Australian people. The new Prime Minister and the new Labor government have really let down the Australian people and the people of Ryan. There was so much expectation, yet they delivered a non-event.

The budget is really an old-fashioned Labor government budget—a high tax and high spending budget. It is also a very flawed budget. What a shame for the people of Australia. What a shame for the constituents whom I represent. This is a wasted opportunity, given the massive budget surplus left to the Labor government by the former Howard-Costello government as a result of its management skills and stewardship over the previous 11½ years. The coalition government left this new government a \$22 billion surplus. I know that the people of Ryan will continue to be interested in this point: quite often in parliament during question time, the Labor government talk about the massive \$22 billion surplus they have very proudly created. Of course, that is nonsense. The \$22 billion budget surplus was left to them as a result of the stewardship and skill of the former Treasurer, Peter Costello, and the leadership of John Howard. The Labor government are wrapped more in political spin and style than in substance and real policy solutions. Such is their spin that they would make Shane Warne very happy; he would be very proud of them. This government would be good competition for Shane Warne and the Sri Lankan spinner, Mr Murali.

Something of deep interest to the people of Ryan, whom I have the great honour of representing in this place, is petrol. The budget makes some observations about funding the introduction of a national Fuelwatch scheme. Of course, this is going to be another of Labor's spin policies. At the last election, Mr Rudd pretty much guaranteed the Australian people that, if he were elected, his government would have significant capacity to bring down petrol prices, yet we all know that the price of petrol has gone up some 13c since November 2007, when the last election was held. At the end of the day, we all know that spin will go only so far. And the truth about this issue finally came out last week, at a press conference in Adelaide—Mr Rudd's famous 'Adelaide declaration'. It is so famous that even the people of Ryan are aware of it.

The Prime Minister's comments were about his capacity to represent the people of Australia and his ability to bring down petrol prices. The residents of Chapel Hill know all about the Adelaide declaration. My residents in Kenmore know all about the Adelaide declaration. The students who go to the University of Queensland and who rely very much on petrol to get around know all about the Adelaide declaration. So what is this? This is the Prime Minister of Australia hauling up the white flag. The Prime Minister of Australia is saying to the people of Australia: 'I don't really have any thoughts about how to do this. I don't really have any meaningful thoughts or policy suggestions to address increasing petrol prices.' As a resident of an electorate, as a constituent of this country and as an Australian, I certainly do not want my Prime Minister hauling up the white flag. I certainly do not want the head of my government running up the white flag, shrugging his shoulders in the face of adversity and saying, 'I'll just watch the problem along with you. We'll just sit by and watch it.' I certainly do not

think that any Prime Minister should do that. But, unfortunately, our current Prime Minister is very much in the business of hauling up the white flag. I will quote the Prime Minister's comments at this Adelaide press conference for the benefit of the people of Ryan. The Prime Minister said:

We have done as much as we physically can to provide additional help to the family budget.

This is a disgrace. It is an absolute disgrace for the Prime Minister of Australia to say: 'We've done all we can and now we'll just watch. Pensioners of Ryan, sorry about that, we'll just watch. Students of Ryan, sorry about the petrol prices going up, we'll just watch. Working families of Ryan, sorry, but today's petrol prices in Ryan, in the western suburbs in Brisbane, are \$1.40. That doesn't matter, we'll just watch.'

The opposition, led by Dr Brendan Nelson, has come up with a significant measure whereby petrol would be 5c cheaper at the bowser—it is as simple as that: whatever the market rate it would be 5c cheaper. The Labor Prime Minister cares so much that he has run up the white flag. He has let down the people of Ryan and he has let down people throughout the country.

It is unfortunate that the people of my electorate of Ryan are paying the price for the new government's inability to address this very important issue. The Labor Party surfed into office on lies, deceit and misrepresentation, and guess who now pays the price: the hardworking men and women and the struggling families of the Ryan electorate. It is a disgrace and I will be absolutely vigilant and proactive in informing the constituents whom I have the great honour of representing in the parliament as their Liberal member that the new government is not up to the task of representing them or of delivering meaningful solutions to the great challenges that this country might face.

The Labor government's solution is to appoint a petrol commissioner, who will oversee the national Fuelwatch scheme. He will have the magic wand. He will bring down prices, by all accounts. He will bring transparency to petrol prices and give Australians and the residents of Ryan cheaper fuel. I am all for a petrol commissioner if he is able to deliver the goods, but I just do not believe he is. If this petrol commissioner can make an impact on family budgets, that is great, but I am not sure that a petrol commissioner who is being paid a salary of some \$304,000 is really going to be able to make a difference. To the families of Ryan, someone being paid \$304,000 to watch petrol prices is a travesty of justice. That is some \$25,000 a month, or \$5,861 a week, just to watch petrol prices. Petrol prices will not go down by just watching them. We need meaningful solutions. As the Minister for Resources and Energy said in the parliament today when representing the view of the Labor government and the Prime Minister: 'Well, this is just a little problem.' That is a quote. They are the exact words that the Minister for Resources and Energy said in the federal parliament of Australia today. In reference to this issue, he said, 'It's a little problem.'

Let me say to the government, to the Prime Minister, to the minister for energy and to Labor members: petrol prices going up is no little problem. It is no little problem to the families of Ryan, it is no little problem to the students of Ryan, it is no little problem to the self-funded retirees of Ryan, it is no little problem to those struggling individuals seeking to make their way in the city of Brisbane as they look for employment or go about their daily lives. When prices are increasing it is not a little problem, and I think the minister's comment reflects the

arrogance of the new government. They have been in office for six months and they are already showing incredible arrogance.

Let me go to another point that reflects the arrogance of this new Labor government. The budget that was delivered on 13 May reflects so many broken promises that it is astonishing. One key measure in the budget that really upset the families of Ryan was the solar panel rebate means test, which now means that households with a taxable income of \$100,000 will not receive the solar panel rebate. That is an absolute disgrace. We all know that during the election campaign the Labor Party made it very clear what their position was. This was their position in November—and I quote from the Labor Party website:

A Rudd Labor Government will implement a *Clean Energy Plan* to help Australian consumers and Australian businesses work together to tackle climate change.

Federal Labor's *Clean Energy Plan* will help ensure all Australians reap the benefits of the latest clean energy supplies and energy saving technologies.

They are fine words, but when it comes to action we see the true colour of the Labor Party and this Labor government. All the rhetoric and chest beating that it would only be Labor that could actually deliver meaningful measures for Australians to address climate change, to bring cleaner and greener energy to this country—all that was just complete rhetoric. Now we have action in the form of a budget measure that says, 'If you receive over \$100,000 combined taxable income you will not be eligible to receive rebates for the installation of solar panels.' I know that the people in the western suburbs are hopping mad about this. The installation of solar panels is very popular, but this announcement will stifle any progress made to deliver a cleaner and greener Australia.

I think the people of Ryan will agree with me that the government's green credentials have been totally ripped to pieces after this budget. Whilst I do not want to proffer any counsel to the Labor government, I am sure that the wiser heads amongst them will not underestimate the impact of this measure. It really has been felt far and wide in the community, and of course the solar power industry in particular is predicting sharp declines in sales, with businesses and households cancelling orders after the budget announcement.

I want to refer to a gentleman by the name of Mr Phil May, whom I had the pleasure of having a conversation with today. I phoned Phil May today because previously he was filmed with the then opposition leader, Mr Rudd, and the then shadow spokesman for the environment, Mr Garrett. I think Mr Phillip May has become quite well known. He was happy to pose with Mr Rudd and Mr Garrett because he believed that they were genuine about the rebates and about encouraging cleaner and greener energy solutions, and especially—given that he ran a solar panel installation business—about solar energy. This is what he had to say following the budget announcement:

'I am absolutely heartbroken that they could bite the hand that helped them promote their policies.'

So this really is a government that is all about hypocrisy and misrepresentation. As I said, I took the liberty of phoning Mr Phillip May today. He lives out at Queanbeyan. He said to me that he has certainly made it his business to let everybody that he knows—former clients, friends and family, neighbours—know about the hypocrisy and misrepresentation of the new government. He is bitterly disappointed. This is someone who was happy to have his photograph taken with Mr Rudd and Mr Garrett to promote solar energy and to promote companies that were in the business of being clean and green and helping Australians to address climate

change in their own individual way, yet he is bitterly disappointed. I am sure the wiser heads in the Labor Party, the wiser heads in the government, will look back on this announcement by the Treasurer of means testing solar panel rebates as a very, very flawed decision—a very poor error of judgement that will come back to bite them very severely.

I want to end my remarks in relation to solar panels by reading a letter from a constituent of mine who lives out at Karana Downs in the western suburbs of Brisbane in the Ryan electorate, because I think his email to me of 16 May 2008 really does embrace the entire issue. I do not know Mr Harris. I look forward to meeting him sometime in the weeks ahead; we are going to meet up and he is going to, I think, deliver in person the thoughts which he delivered to me in an email. He says:

Dear Sir,

I'd like you, as my Ryan representative, and your party to very seriously consider blocking the discriminatory measure of means testing the solar rebate in the senate. The \$100,000 mean test is ridiculous policy. It simply is an attempt to minimise expense in this area—an area which the labour government contested the election arguing they had more progressive principles and would invest more heavily, than your government. Obviously not so! It is purely discriminatory to those that are modestly financially successful—not even well off—just not completely struggling.

These sort of moves, which introduce huge marginal tax rates, simply encourage people to ensure they don't earn too much. It is bad destructive negative policy against the innovative end of society and needs to be really enthusiastically fought.

I will not be installing solar on my roof now, and as an electrical engineer will not be pursuing a business plan I had to enter this area. My feeling is this is exactly what this government hoped to achieve in making this change. I just can't imagine why they don't like solar electricity!

I want to thank this gentleman from Karana Downs for very eloquently expressing his position on the budget measure. I share that view with him, I know that all of my colleagues share that view, and we will certainly do all within our power to oppose that measure.

As I keep saying, I know that the people of Ryan will be bitterly disappointed. They are very much a community that looks to make their individual contribution to issues of climate change and solar panel installation is one of them. My constituents who earn over \$100,000 are certainly not rich residents of the suburbs in Ryan. They are bitterly disappointed and hope that this new government will see the light. As I say, I am sure that some of the wiser heads will ask for smarter policy implementation to make a difference to this important issue. (*Time expired*)

Mr LAURIE FERGUSON (Reid—Parliamentary Secretary for Multicultural Affairs and Settlement Services) (8.41 pm)—In the months after the election we have seen many of those opposite rush to repudiate the former Prime Minister. Everything that happened was now his individual fault. They were all forced to their policies. They sought to resist him, but they were unable to overcome the way in which he drove them to defeat. We have seen the rewriting of history, with people trying to cut themselves off from that history and, in a way, to blame him for all the vicissitudes. The response of the opposition to this budget is along the same lines.

Their major initiatives in regard to fuel excise are obviously in total contradiction to the position the former Prime Minister took. He clearly said that it was irresponsible to embark on those kinds of policies, but the opposition leader, in a populist bid to avoid eventual replace-

ment, rushes around the country knowing full well that the huge thrust in international petrol prices has more to do with the long-term deterioration of supply and the problems of the Middle East than it has to do with Australia taxation policy. What we have seen in this response is total irresponsibility from those opposite. It really represents a very strong repudiation of the historical background of conservative politics in this country. Not only do they talk about their attitude in regard to this fuel measure but they actually threaten to block the budget measures in the Senate. It has been enlightening.

On a broad thrust, this budget does indeed supply a \$55 billion Working Families Support Package. That represents one of the main reasons those opposite were rejected at the last election. For a decade, the previous Prime Minister accomplished the holding of middle-class and parts of working-class suburban Australia around a policy of social conservatism. Basically, he was able to appeal to them in the same way as Ronald Reagan in the United States appealed to the hard-hat, blue-collar Reaganites. At the last election we saw the reality dawning on those people that, after a decade or so of conservative government, they were financially going backwards. Many of the people who put trust in the Prime Minister and the Liberal Party failed to really gain in material fashion over the period.

In this budget, as I say, we see a very strong commitment with a number of funds being established: \$20 billion towards infrastructure in connection with roads, ports, railways and telecommunications; and \$11 billion for an Education Investment Fund for our TAFEs and universities. Over the previous decade, just how interested in education were those opposite? They were more interested, for industrial relations purposes, in establishing an alternative to the TAFE structure. They were more interested in running around our tertiary education sector, trying to force universities down a particular industrial relations path of forcing people to compel individuals on to AWAs, rather than worrying about their wholesale neglect of education in our country. That, of course, was part of the reason they were rejected at the polls.

Similarly, \$10 billion is going into a Health and Hospital Reform Plan for better hospitals, better health care generally and, more importantly, medical research. Similarly, with health care, many people now have been liberated from being compelled—this was from the party of freedom, the party of choice—or forced to buy a product that they did not want: private health. The former government put in a series of measures, both penalties and financial incentives, which affected a group of the population who did not want a specific product and who basically were, in a way, subsidised by the previous government over a period of time. That is what we see on a broader front.

Education, of course, interrelates with the failure to train people in this country and the severe skills shortage that we are now experiencing. One of the budget measures is to, again, increase the skilled migrant intake into this country by 31,000, which is a 30 per cent increase. In some senses, that is unfortunate. To have people in our workforce who have no previous experience of the nuances of our industrial relations society and who are without those ties and reassurances when they engage with employers creates a situation that can sometimes be manipulated by employers to undermine conditions. So there will be unfortunate by-products in having a huge skilled intake.

Of course, we also face the reality that many of those who are brought here purportedly for skilled purposes find themselves doing extremely unskilled work. The Joint Standing Committee on Migration in the last parliament, in a non-partisan fashion, determined that that was

occurring around this country. There was evidence in particular from the meat industry about Filipino workers in North Queensland; they were brought here under the highest qualification in that industry and given the most menial tasks to do, while being isolated in remote areas and unable to obtain support from other Australians. In this budget, because of the failures of the previous government concerning training, we now have this situation. Of course, one must concede the realities of what has generally been a booming economy. Those two pressures have required again, under this budget, a large rise in our skilled intake.

In addition, in the budget we have seen an overdue increase in our humanitarian intake. Quite frankly, the increase of 500 is welcome, but very large parts of our electorate feel that Labor and Liberal governments can do better on this issue. Unfortunately, regarding that 13,500 intake, in the lead-up to the last election, when the—let us say—‘correct’ decision by the previous government was made to diversify our intake and bring in more people from Iraq, we heard the previous minister make racist attacks on African migrants. I know that he knows our reason for changing the intake and reducing the African component was that the United Nations said that the major responsibility internationally now was to those two million people from Iraq in Syria and Jordan. But unfortunately the previous minister decided to go in for a bit of political opportunism, by saying that it was because Africans had social problems in relocating in this country.

However, this government has gone further. It has, as I say, increased that intake by 500. That has been accompanied by a decision to bring in 600 people. Regardless of what people’s views are regarding our original engagement in Iraq—regardless of whether you were for or against it—one obvious outcome is that a number of people who have been allied with Australian and other forces are now in danger from militias in that country. They can be assassinated, they are being murdered, and we have sought to do something about that. The budget also allocated \$10 million towards our displaced persons and refugee fund for Iraq.

Another really necessary budget measure is the commitment, made at the last election, to put \$50 million into helping people with poor English outcomes in the refugee humanitarian intake. For many years there has been a debate over whether five to 10 hours for the vast majority or nine to 10 hours for those aged under 25 with limited education is sufficient. I think we know that we would all have great difficulty picking up another language in that limited time. But there are important initiatives in this budget to address that, with the expenditure of \$50 million in this area.

There will be a Pathways program to help people with the lowest levels of literacy learn English in formal and informal settings while being introduced to the Australian workforce. There will also be traineeships to help new migrants continue to learn English while they develop skills and experience in workplace culture. Both of these programs will be funded over four years. They are designed to help migrants pursue an ongoing pathway to successful employment opportunities. Ensuring migrants are equipped for the workforce is an important economic objective in an environment of labour shortages. We are seeing—and this is why there is an inquiry at the moment into adult migrant English—whether we are getting practical outcomes from migrant English which will create pathways to employment. Without belittling the need to understand literature and to get a grasp of the grammar of our language, obviously for most people coming to this country the most desirable outcome of learning English is that it leads them to employment and gives them the ability to support their families and interact

with the Australian population in employment. As I said, the budget commitments will be accompanied by a very worthwhile and overdue investigation of the way migrant English is delivered in this country.

Another aspect of this budget is the government's decision that there will no longer be any temporary protection visas. This means that a number of people who have been determined to have valid refugee claims will, in a very real sense, become part of the Australian general public and will move towards citizenship. I commend the bill to the House.

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

Main Committee adjourned at 8.53 pm

QUESTIONS IN WRITING**Governor-General****(Question No. 104)**

Mr Melham asked the Prime Minister, in writing, on 14 May 2008:

Does His Excellency the Governor-General continue to receive copies of Cabinet minutes; and does he receive copies of Cabinet submissions.

Mr Rudd—I am advised that the answer to the honourable member's question is as follows:

His Excellency the Governor-General continues to receive copies of Cabinet minutes; he does not receive copies of Cabinet submissions.

Governor-General**(Question No. 105)**

Mr Melham asked the Prime Minister, in writing, on 14 May 2008:

Does His Excellency the Governor-General continue to receive copies of all written assessments by the Office of National Assessments.

Mr Rudd—I am advised that the answer to the honourable member's question is as follows:

The Governor General is included in the regular distribution of Office of National Assessments reports.

Governor-General**(Question No. 108)**

Mr Melham asked the Prime Minister, in writing, on 14 May 2008:

In respect of the Aides-de-Camp to His Excellency, the Governor-General: (a) how many Australian Defence Force (ADF) personnel are currently serving as such; (b) what military ranks do these personnel hold; and (c) has the number of ADF personnel serving as Aides-de-Camp changed during the service of the present Governor-General; if so, when and why.

Mr Rudd—I am advised by the Official Secretary to the Governor General that the answer to the honourable member's question is as follows:

- (a) three Australian Defence Force personnel (one from each service) are currently serving as Aides de Camp (ADCs) to the Governor General;
- (b) these personnel hold the ranks of Lieutenant (Royal Australian Navy), Captain (Australian Army) and Flight Lieutenant (Royal Australian Air Force); and
- (c) since being appointed Governor General in 2003, General Jeffery has continued to appoint three ADCs (one from each service) on rotation, with each officer generally serving a one year posting.