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SITTING DAYS—2012

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FORTY-THIRD PARLIAMENT
FIRST SESSION—SIXTH PERIOD

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

House of Representatives Office holders

Speaker—Hon. Peter Neil Slipper MP
Deputy Speaker—Ms Anna Elizabeth Burke MP
Second Deputy Speaker—Hon. Bruce Craig Scott MP

Members of the Speaker’s Panel—Hon. Dick Godfrey Harry Adams MP,
Mrs Yvette Maree D’Ath MP, Mr Steven Georganas MP, Ms Sharon Joy Grierson MP,
Dr Andrew Keith Leigh MP, Ms Kirsten Fiona Livermore MP,
Mr Geoffrey Raymond Lyons MP, Mr Robert George Mitchell MP, Mr John Paul Murphy MP,
Mr Robert James Murray Oakeshott MP, Ms Deborah Mary O’Neill MP,
Ms Amanda Louise Rishworth MP, Mr Michael Stuart Symon MP,
Mr Kelvin John Thomson MP, Ms Maria Vamvakinou MP,
Mr Anthony Harold Curties Windsor MP

Leader of the House—Hon. Anthony Norman Albanese MP
Deputy Leader of the House—Hon. Stephen Francis Smith MP
Manager of Opposition Business—Hon. Christopher Maurice Pyne MP
Deputy Manager of Opposition Business—Mr Luke Hartsuyker MP

Party Leaders and Whips

Australian Labor Party
Leader—Hon. Julia Eileen Gillard MP
Deputy Leader—Hon. Wayne Maxwell Swan MP
Chief Government Whip—Hon. Joel Andrew Fitzgibbon MP
Government Whips—Ms Jill Griffiths Hall MP and Mr Ed Husic MP

Liberal Party of Australia
Leader—Hon. Anthony John Abbott MP
Deputy Leader—Hon. Julie Isabel Bishop MP
Chief Opposition Whip—Hon. Warren George Entsch MP
Opposition Whips—Mr Patrick Damien Secker MP and Ms Nola Bethwyn Marino MP

The Nationals
Leader—Hon. Warren Errol Truss MP
Chief Whip—Mr Mark Maclean Coulton MP
Whip—Mr Paul Christopher Neville MP

Printed by authority of the House of Representatives
## Members of the House of Representatives

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<tr>
<td>Turnbull, Hon. Malcolm Bligh</td>
<td>Wentworth, NSW</td>
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<tr>
<td>Vamvakinou, Maria</td>
<td>Calwell, VIC</td>
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<tr>
<td>Van Manen, Albertus Johannes</td>
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<tr>
<td>Vasta, Ross Xavier</td>
<td>Bonner, QLD</td>
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<td>Washer, Malcolm James</td>
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<tr>
<td>Wilkie, Andrew Damien</td>
<td>Denison, TAS</td>
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<tr>
<td>Windsor, Anthony Harold Curties</td>
<td>New England, NSW</td>
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<tr>
<td>Wyatt, Kenneth George</td>
<td>Hasluck, WA</td>
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<tr>
<td>Zappia, Tony</td>
<td>Makin, SA</td>
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**PARTY ABBREVIATIONS**

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

**Heads of Parliamentary Departments**

Clerk of the Senate—R Laing  
Clerk of the House of Representatives—B Wright  
Acting Secretary, Department of Parliamentary Services—R Grove
## GILLARD MINISTRY

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<tr>
<td><strong>Prime Minister</strong></td>
<td>The Hon Julia Gillard MP</td>
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<tr>
<td>Minister Assisting the Prime Minister on Digital Productivity</td>
<td>Senator the Hon Stephen Conroy</td>
</tr>
<tr>
<td>Minister for Social Inclusion</td>
<td>The Hon Mark Butler MP</td>
</tr>
<tr>
<td><strong>Minister Assisting the Prime Minister on Mental Health Reform</strong></td>
<td>The Hon Mark Butler MP</td>
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<tr>
<td>Minister for the Public Service and Integrity</td>
<td>The Hon Gary Gray AO MP</td>
</tr>
<tr>
<td><strong>Minister Assisting the Prime Minister on the Centenary of ANZAC</strong></td>
<td>The Hon Warren Snowdon MP</td>
</tr>
<tr>
<td>Cabinet Secretary</td>
<td>The Hon Mark Dreyfus QC MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Prime Minister</td>
<td>Senator the Hon Jan McLucas</td>
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<tr>
<td><strong>Treasurer</strong></td>
<td>The Hon Wayne Swan MP</td>
</tr>
<tr>
<td><strong>Minister for Financial Services and Superannuation</strong></td>
<td>The Hon Bill Shorten MP</td>
</tr>
<tr>
<td>Assistant Treasurer</td>
<td>The Hon David Bradbury MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Treasurer</td>
<td>The Hon Bernie Ripoll MP</td>
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<tr>
<td><strong>Minister for Tertiary Education, Skills, Science and Research</strong></td>
<td>Senator the Hon Chris Evans</td>
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<tr>
<td>(Leader of the Government in the Senate)</td>
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<tr>
<td><strong>Minister for Industry and Innovation</strong></td>
<td>The Hon Greg Combet AM MP</td>
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<tr>
<td><strong>Minister for Small Business</strong></td>
<td>The Hon Brendan O'Connor MP</td>
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<tr>
<td>Minister Assisting for Industry and Innovation</td>
<td>Senator the Hon Kate Lundy</td>
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<tr>
<td>Parliamentary Secretary for Industry and Innovation</td>
<td>The Hon Mark Dreyfus QC MP</td>
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<tr>
<td>Parliamentary Secretary for Higher Education and Skills</td>
<td>The Hon Sharon Bird MP</td>
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<tr>
<td><strong>Minister for Broadband, Communications and the Digital Economy</strong></td>
<td>Senator the Hon Stephen Conroy</td>
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<tr>
<td>(Deputy Leader of the Government in the Senate)</td>
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<tr>
<td><strong>Minister for Regional Australia, Regional Development and Local Government</strong></td>
<td>The Hon Simon Crean MP</td>
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<tr>
<td>Minister for the Arts</td>
<td>The Hon Simon Crean MP</td>
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<td>Minister for Sport</td>
<td>Senator the Hon Kate Lundy</td>
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<tr>
<td><strong>Minister for Defence</strong></td>
<td>The Hon Stephen Smith MP</td>
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<tr>
<td>(Deputy Leader of the House)</td>
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<tr>
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<tr>
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<tr>
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<tr>
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<tr>
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<tr>
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<tr>
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<tr>
<td>Parliamentary Secretary for School Education and Workplace Relations</td>
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<tr>
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<tr>
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<td>Minister for Tourism</td>
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<td>Minister for Climate Change and Energy Efficiency</td>
<td>The Hon Greg Combet AM MP</td>
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<tr>
<td>Parliamentary Secretary for Climate Change and Energy Efficiency</td>
<td>The Hon Mark Dreyfus QC MP</td>
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<td>Minister for Health</td>
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<td>Minister for Indigenous Health</td>
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<tr>
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<td>The Hon Catherine King MP</td>
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<td>Minister for Human Services</td>
<td>Senator the Hon Kim Carr</td>
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<td><strong>Leader of the Opposition</strong></td>
<td>The Hon Tony Abbott MP</td>
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<tr>
<td>Shadow Parliamentary Secretary Assisting the Leader of the</td>
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<td>Opposition</td>
<td>Senator Cory Bernardi</td>
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<tr>
<td><strong>Shadow Minister for Foreign Affairs</strong></td>
<td>The Hon Julie Bishop MP</td>
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<tr>
<td><strong>Shadow Minister for Trade</strong></td>
<td>The Hon Julie Bishop MP</td>
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<tr>
<td>(Deputy Leader of the Opposition)</td>
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| **Shadow Parliamentary Secretary for International Development Assistance** | Sena

| **Shadow Minister for Infrastructure and Transport**         | The Hon Warren Truss MP                  |
| (Leader of The Nationals)                                   |                                          |
| **Shadow Parliamentary Secretary for Roads and Regional Transport** | Sena

| **Shadow Minister for Employment and Workplace Relations**   | Senator the Hon Eric Abetz               |
| (Leader of the Opposition in the Senate)                     |                                          |
| Shadow Minister for Employment Participation                 | The Hon Sussan Ley MP                    |
| **Shadow Attorney-General**                                  | Senator the Hon George Brandis SC        |
| **Shadow Minister for the Arts**                             |                                          |
| (Deputy Leader of the Opposition in the Senate)              |                                          |
| **Shadow Minister for Justice, Customs and Border Protection** | Sena

| **Shadow Treasurer**                                         | The Hon Joe Hockey MP                    |
| Shadow Assistant Treasurer and Shadow Minister for Financial Services and Superannuation | Senator Mathias Cormann         |
| **Shadow Parliamentary Secretary for Tax Reform**            | The Hon Tony Smith MP                    |
| (Deputy Chairman, Coalition Policy Development Committee)    |                                          |
| **Shadow Minister for Education, Apprenticeships and Training** | Sena

| **Shadow Minister for Childcare and Early Childhood Learning** | The Hon Sussan Ley MP                    |
| **Shadow Minister for Universities and Research**            | Senator the Hon Brett Mason              |
| **Shadow Minister for Youth and Sport**                      | Mr Luke Hartsuyker MP                    |
| (Deputy Manager of Opposition Business in the House)         |                                          |
| **Shadow Parliamentary Secretary for Regional Education**    | Senator Fiona Nash                       |
| **Shadow Minister for Indigenous Affairs**                   | Senator the Hon Nigel Scullion           |
| (Deputy Leader of the Nationals)                             |                                          |
| **Shadow Minister for Indigenous Development and Employment** | Senator Marise Payne                    |
| **Shadow Minister for Regional Development, Local Government and Water** | Sena

| **Shadow Minister for Regional Development**                 | Senator Barnaby Joyce                    |
| (Leader of the Nationals in the Senate)                      |                                          |
| **Shadow Minister for Regional Development**                 | The Hon Bob Baldwin MP                   |
| **Shadow Parliamentary Secretary for Northern and Remote Australia** | Sena
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<td>The Hon Andrew Robb AO MP</td>
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<td>The Hon Bronwyn Bishop MP</td>
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<td>Shadow Minister for COAG (Chairman, Scrutiny of Government Waste Committee)</td>
<td>Senator Mari se Payne (Mr Jamie Briggs MP)</td>
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<td>Shadow Minister for Energy and Resources</td>
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<td>Shadow Minister for Defence</td>
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<td>Mr Stuart Robert MP</td>
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<td>Shadow Minister for Veterans' Affairs and Shadow Minister Assisting the Leader of the Opposition on the Centenary of ANZAC</td>
<td>Senator the Hon Michael Ronaldson</td>
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<tr>
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<td>Shadow Parliamentary Secretary for Primary Healthcare</td>
<td>Dr Andrew Southcott MP</td>
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<td>The Hon Kevin Andrews MP</td>
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<td>Shadow Minister for Seniors</td>
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<tr>
<td>Shadow Minister for Disabilities, Carers and the Voluntary Sector (Manager of Opposition Business in the Senate)</td>
<td>Senator Mitch Fifield</td>
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<td>Shadow Parliamentary Secretary for Supporting Families</td>
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<td>Shadow Parliamentary Secretary for the Status of Women</td>
<td>Senator Michaelia Cash</td>
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<td>Shadow Minister for Climate Action, Environment and Heritage</td>
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<td>Shadow Parliamentary Secretary for Environment</td>
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<td>Shadow Minister for Productivity and Population</td>
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<td>The Hon Teresa Giambaro MP</td>
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<td>Shadow Parliamentary Secretary for Citizenship and Settlement</td>
<td>Senator Michaelia Cash</td>
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<td>Senator the Hon Richard Colbeck</td>
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<td>Shadow Minister for Innovation, Industry, and Science</td>
<td>Mrs Sophie Mirabella MP</td>
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<tr>
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<tr>
<td><strong>Shadow Minister for Agriculture and Food Security</strong></td>
<td>The Hon John Cobb MP</td>
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<td><strong>Shadow Minister for Small Business, Competition Policy</strong></td>
<td>The Hon Bruce Billson MP</td>
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<td>and Consumer Affairs</td>
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<td><strong>Shadow Parliamentary Secretary for Small Business and Fair</strong></td>
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Thursday, 31 May 2012

The DEPUTY SPEAKER (Ms AE Burke) took the chair at 09:00, made an acknowledgement of country and read prayers.

MINISTERIAL STATEMENTS

20th Anniversary of the Mabo Native Title Decision

Ms ROXON (Gellibrand—Attorney-General and Minister for Emergency Management) (09:01) by leave—I would like to reflect on an important anniversary this weekend—the 20th anniversary of the Mabo decision in the High Court. The Mabo decision marked a turning point for reconciliation in Australia. The decision was a significant step forward in truly recognising the proud history of the Indigenous peoples of this land, the oldest continuing cultures on our planet. It is unquestionably an enduring stain on our history that since the First Fleet successive governments institutionalised an abject denial of the rights of Indigenous people to land and waters. Sunday, 3 June will mark a very important day in the history of Australia—20 years to the day since six High Court justices changed forever the rights of Indigenous peoples in this country by recognising native title.

As the First Law Officer of the Commonwealth, it is appropriate to pause briefly to also recognise the significance of the decision in the context of the judiciary's role in Australia's constitutional democracy. The decision has been widely recognised as a triumph for the common law, although criticised by others. And whilst there has been much commentary on the nature of the court's decision, the decision unquestionably provided a valuable point upon which to further develop recognition and respect for Indigenous Australians.

But this decision was not just the work of the court. This long journey started 10 years earlier when Eddie Koiki Mabo, Sam Passi, David Passi, Celuia Mapo Salee and James Rice began a legal claim for ownership of their lands on Mer between Australia and Papua New Guinea. The battle to claim rights over their land is a captivating story. Indeed, a drama will shortly be shown—I think in fact on Sunday—on ABC television, which details this remarkable story of the Mabo claim.

Ten years after beginning work to claim their rights, the High Court ultimately held that British possession had not eliminated their title and that 'the Meriam people are entitled as against the whole world to possession, occupation, use and enjoyment of the lands of the Murray Islands'. The perpetual myth called terra nullius that had haunted Indigenous Australians for over two hundred years was finally dispelled. The significance of this judgment should not be understated; its impact extended well beyond Indigenous land rights. Indeed, as former Prime Minister Keating recently stated, the Mabo decision was 'an opportunity to deal with the longest continuing problem Australia faced as a nation; the fundamental colonial grievance; the dispossession of the Indigenous people and the injustice inherent in that dispossession'.

In response to the decision, the Keating Labor government developed, and the parliament ultimately passed, the Native Title Act 1993. The act was developed in partnership with the Indigenous community and saw leadership from influential figures such as Lowitja O'Donoghue. The act was very much a partnership, an historic partnership. As Paul Keating highlighted last year in his Lowitja O'Donoghue Oration, the in-depth negotiations to develop the Native Title Act was the first time in the history of settled Australia that 'Indigenous people sat
in full concert with the government'. The Native Title Act legislatively validated and built on the Mabo decision. Key features of the act include providing a pathway for recognising native title, validating existing titles and establishing the right to negotiate.

The decision to legislate by the Keating government was far from uncontroversial. I am sure there are many in this place can remember only too well the hate, lies and threats that dominated public debate. Some of those opposite might actually feel a little uncomfortable in recalling this today, as they remember how some of their own whipped up fear amongst the masses. We were told that native title would 'destroy our society', would 'put a brake on investment, break the economy and break up Australia' and that 'every property in Australia could be at risk'.

Thankfully, much cooler heads prevailed. Together, the Labor government and Indigenous leaders stared down those who said native title would destroy our society. As former Prime Minister Keating stated in his second reading speech on the introduction of the Native Title Bill:

…some seem to see the High Court as having just handed Australia a problem. The fact is that the High Court has handed this nation an opportunity.

… this bill provides for the future—it delivers justice and certainty for Aboriginal and Torres Strait Islander people, industry, and the whole community.

We should not discount the significance of Prime Minister Keating's achievement in establishing the Native Title Act. As the Chief Justice of the High Court at the time of the Mabo decision, Sir Anthony Mason, highlighted in the recent Four Corners program on Mabo, Mr Keating:

…supported the court's decision; he took the very important step of supporting the enactment of the federal Native Title Act. Without the federal Native Title Act you would not have had a system, a process for orderly handling of Indigenous land claims, and that was absolutely essential.

People might recall that the bill was not passed until after one of the longest debates in recent memory in the other place—some 51 hours and 49 minutes. It would be remiss of me not to recognise the efforts of Senator Evans in this marathon debate. The then Minister for Foreign Affairs delivered a performance that has been described as a 'political tour de force in overcoming an opposition determination to destroy the legislation by filibuster'. Twenty years down the track from the Mabo decision, it is rewarding to look how far Australia has come. The Chicken Littles were proven wrong—the sky did not fall in. And, as a nation, we are better for it. Australia can and has prospered with native title and it will continue to do so. Today, native title continues to be a lived experience for Indigenous people and has led to stronger partnerships with the broader Australian community. Native title determinations cover at least 16 per cent of the country and there have been 141 determinations that native title exists in the entire determination area or in parts of the determination area. And, very significantly, the native title claims system continues to develop and has become integrated in the broader role in supporting the development of Indigenous communities—something I know my colleague, the Minister for Families, Community Services and Indigenous Affairs, has been very active in promoting.

The Native Title Act recognises and protects native title and sets up processes by which claims for native title can be determined and future activity impacting on native title may be undertaken. The act has undergone a range of reforms over the years to ensure it can meet the ongoing needs of stakeholders, particularly native title groups.
Native title rights and interests can make a significant contribution to ensuring sustainable intergenerational benefits for Indigenous communities, whether through a determination of native title or through a native title agreement with governments, developers, miners, or others with an interest in the land. These opportunities can only be delivered by improving the way that native title agreements are struck and how they are managed.

The government's vision for the native title system is for faster, better outcomes, with a focus on economic development for Indigenous communities and sustainable agreement-making. We need to keep working to meet these objectives so that, 20 years hence, we can see the continuing development of the system; a system where native title rights can be appropriately leveraged by native title holders to support Indigenous communities on an intergenerational basis while maintaining the flexibility to accommodate others with an interest in land and its uses.

To touch briefly on just one aspect of the government's work to promote the speedy resolution of claims, I mention that, in the recent budget, the government announced institutional reforms to the native title system. These reforms involve claims mediation moving from the National Native Title Tribunal to the Federal Court. The initiative builds on the government's 2009 reforms, which gave the Federal Court greater control of native title mediation and saw the number of consent determinations more than double, rising from 11 in 2008-2009, the last full year before the government's reforms came into effect, to 24 in 2010-11. This reform also refocuses the resources of the tribunal on its areas of strength, enabling greater focus on crucial functions relating to future land uses affecting native title.

I am very pleased to say that next week I will be travelling with Minister Macklin to Townsville to deliver keynote addresses at the 2012 National Native Title Conference, which is commemorating the important Mabo decision. We will take this opportunity to further reflect upon the accomplishments to date, the challenges ahead for native title and the Commonwealth's vision for the native title system.

Today, I am sure all members in this place will join with me to reflect on the achievements that have been made since the courageous journey by Eddie Koiki Mabo and others in seeking, and achieving, the landmark Mabo decision 20 years ago in the High Court of Australia.

I ask leave of the House to move a motion to enable the member for Stirling to speak for 10 minutes.

Leave granted.

Ms ROXON: I move:

That so much of standing and sessional orders be suspended as would prevent the member for Stirling speaking in reply to the minister's statement for a period not exceeding 10 minutes.

Question agreed to.

Mr KEENAN (Stirling) (09:11): On behalf of the coalition, I would like to associate myself with the Attorney-General's remarks on the 20th anniversary of the Mabo decision. We on this side of the House recognise that this is an important date and that the decision provided a valuable point upon which to further develop recognition and respect for Indigenous Australians. There is no doubt that the story of Eddie Mabo and his fellow claimants is a compelling one, and that the ultimate decision of the High Court was a landmark case in the common law of this country.

It is appropriate that we mark this anniversary today. In keeping with what we believe is the dignity of the occasion, I do
not propose to rise to some of the Attorney-General's baiting remarks and allow this moment to become a matter of partisan point-scoring. In response to the Attorney-General's fine words, I will note that they are completely at odds with the reality of Labor's decision to break a longstanding Commonwealth commitment to fund 75 per cent of all native title compensation. This decision has been characterised by the Western Australian government as 'the lowest act of a poor government—disgraceful, completely unethical and a betrayal to every Indigenous person in Australia'.

The coalition recognises that, despite the important developments in native title that have occurred over the last 20 years—under both sides of politics—Indigenous Australians continue to face particular challenges, particularly in seeking to access education and employment, which are the basic building blocks to a happy and productive life. Governments must approach these issues in a way that builds trust, empowers and respects Indigenous leaders and focuses on building sustainable communities to ensure that we can make a lasting difference and not just make yet another government announcement.

At present, Australians are considering how best to recognise Indigenous Australians in the founding document of our Federation—the Constitution. As the Expert Panel on Constitutional Recognition of Indigenous Australians has recognised, in order for this to succeed it must have bipartisan support. The coalition took its support for such an initiative to the last election and remains committed to this important symbolic step.

It is the coalition's deep desire that this occasion can used to achieve a truly unifying moment in the history of our country. On behalf of the coalition, I join with the government in marking the 20th anniversary of this important day.

**BUSINESS**

**Rearrangement**

Mr SHORTEN (Maribyrnong—Minister for Financial Services and Superannuation and Minister for Employment and Workplace Relations) (09:14): I move:

That notice No. 1, government business, be postponed until a later hour this day.

Question agreed to.

**BILLS**

**Fair Work (Registered Organisations) Amendment Bill 2012**

First Reading

Bill and explanatory memorandum presented by Mr Shorten.

Bill read a first time.

Second Reading

Mr SHORTEN (Maribyrnong—Minister for Financial Services and Superannuation and Minister for Employment and Workplace Relations) (09:15): I move:

That this bill be now read a second time.

The government believes in a free and independent trade union movement. The government believes in the advocacy of employer organisations on behalf of their members.

The government believes that the Fair Work (Registered Organisations) Amendment Bill 2012 will improve financial transparency and disclosure by registered organisations to their members. This bill will improve the way that investigations into breaches of registered organisations provisions are conducted by the General Manager of Fair Work Australia and it will introduce a threefold increase in civil
penalties for contraventions of the Fair Work (Registered Organisations) Act 2009.

Registered organisations play a fundamentally important role in the operation of Australia's workplace relations system. These are organisations created and registered for the purposes of representing Australian employers and employees. They have particular recognition under Australian workplace relations law by virtue of their representative status and it is because of that registration they have particular statutory obligations in relation to their operation, conduct and disclosure.

In recent weeks and months conduct by a small number of officials in some parts of one organisation has dented public confidence in all registered organisations in this country.

Therefore I wish to place on the record, again, that it is my view and the government's view that registered organisations in Australia—whether employer organisations or unions—are overwhelmingly democratic, representative, highly professional and member focused.

And today, we are improving the laws which govern registered organisations covered by this Act.

In addition, to this bill this government has taken the unusual action in respect of some parts of one union by applying to the Federal Court for the appointment of an administrator.

This bill would insert a new object into the Fair Work (Registered Organisations) Act 2009 which provides that the parliament recognises and respects the role of employer and employee organisations in facilitating the operation of the workplace relations system. The new object recognises the fundamental importance of free and independent unions and employer associations as economic and democratic institutions in our society.

The government considers that improved financial disclosure and transparency rules for registered organisations, as well as targeted training in financial management, will improve the operation and accountability of registered organisations and raise and restore public confidence in the operation of the workplace relations system.

This bill will require the rules of registered organisations to provide for the disclosure of remuneration, including board fees, of the five highest paid officials of the organisation as well as the two highest paid in each branch, to the members of the organisation. Determining the five highest paid officials will be based upon monetary remuneration rather than non-cash benefits. However, where an official's remuneration is required to be disclosed, that disclosure will require non-cash benefits paid to the official to be identified.

The rules of the organisation will be able to provide for how remuneration is disclosed. The legislation will enable the rules of the organisation to specify the level of detail on how remuneration is disclosed. This may be on the basis of a specific total remuneration package figure, salary bands or classifications, specifying items of non-cash benefits such as, for example, a 'vehicle'. The amendments do not require the disclosure of the reimbursement of expenses, such as airfares, or certain low-level non-cash benefits like mobile telephones.

In addition, where an official sits on a board because of their status within a registered organisation, or they were nominated to the board by the organisation of which they are an official or peak council, then board fees received from that position must be disclosed by the official to the organisation and, if the official is one of the
five highest paid officials of the organisation or one of the two highest paid in a branch, by the organisation to its members.

Under the amendments proposed by the government, registered organisations will be required to amend their rules to provide for the disclosure of transactions between the organisation and related parties, which may include the family members of officials. The proposed amendments use concepts of 'related party' from the Corporations Act 2001 and family members as commonly defined in Commonwealth law.

In addition, the rules of an organisation must require that any material personal interests of officials which relate to the affairs of the organisation will be required to be disclosed.

Disclosure must be at least every 12 months, for example, to align with the usual reporting periods for annual reports and the filing of financial returns.

The proposed amendments will also require the rules of registered organisations to require the organisation to develop and implement policies in relation to financial expenditure. This could, for example, outline policies in relation to the use and authorisation of expenditure on credit cards, procurement matters and internal financial accountability and authorisation.

The bill provides that the minister can develop model disclosure rules. The model rules will be developed in consultation with registered organisations.

To improve financial literacy within registered organisations, the rules of organisations will require each officer whose duties relate to the financial management of the organisation or the branch as the case may be to undertake approved training relating to the officials' financial management obligations.

The General Manager of Fair Work Australia may approve training that can be provided by an organisation, a peak council or another body or person the general manager is satisfied has appropriate skills and expertise to provide the training. This may include, for example, a peak body for a particular industry or a recognised education provider.

It is intended that the general manager will be able to approve a range of training of different formats, styles and lengths in recognition of the different significance that financial management duties have to the roles of different officials as well as the backgrounds, experience and qualifications of those officials.

Similarly, it is intended that the general manager would be able to approve general training that covers a range of financial management duties as well as more specific training that is tailored to a particular area or areas of financial management.

In addition to improvements in the financial management and disclosure regime, the bill proposes to increase penalties. The current maximum civil penalties are $11,000 for an organisation and $2,200 for an individual. These have been unchanged since this legislation was introduced into the parliament by the then Minister for Industrial Relations, the Hon. Tony Abbott MP in 2002. The government's bill proposes to triple the maximum civil penalties to a maximum of $33,000 for an organisation and $6,600 for an individual. This represents a significant increase in penalties to reflect the seriousness with which this government, and registered organisations, take compliance with workplace relations law. The increase in penalties will align them with the maximum civil penalties available under the Fair Work Act 2009.
The government committed in early May this year to introducing improved financial accountability rules for organisations and this bill delivers on that commitment. These amendments can be built upon if organisations want to adopt additional or best practice measures. The government has developed the content of this bill with the members of the National Workplace Relations Consultative Council (NWRCC), who are the peak representatives of this nation's employer and employee organisations.

I thank the representatives of organisations who are members of the NWRCC and who participated in these discussions—representatives from the ACTU, UnionsNSW, the AEU, the Australian Industry Group, the Business Council of Australia, Master Builders Australia, the Australian Chamber of Commerce and Industry and the National Farmers Federation. I thank the NWRCC for their diligence and cooperation in developing this legislation which will apply to their members and organisations.

The bill also provides for improvements to the conduct of investigations into compliance with the Fair Work (Registered Organisations) Act 2009 by the General Manager of Fair Work Australia, or their delegate.

In addition to the measures contained in this bill, it is the government's intention to implement any recommendations arising from the independent review being conducted by KPMG into the conduct of the investigations into the HSU Victoria No. 1 Branch and the HSU National Office by the delegate to the General Manager, Fair Work Australia. The government has made clear that those investigations took too long. The General Manager of Fair Work Australia has indicated publicly that there are a number of matters that could improve the operation of the investigation provisions within the Fair Work (Registered Organisations) Act. The amendments proposed in this bill are designed to address these matters.

The bill requires Fair Work Australia to conduct investigations as soon as is practicable.

If the general manager has notified an organisation's reporting unit of a contravention, then the general manager must, within 12 months, make inquiries as to whether the reporting unit is complying with the provision, guidelines or rule, the contravention of which was notified to the reporting unit.

The General Manager of Fair Work Australia will be given the express power to disclose information to third parties such as the AFP, state police forces and other government regulatory agencies where the general manager considers it necessary or appropriate to do so in the course of performing their functions or to assist in the administration or enforcement of a law of the Commonwealth, a state or a territory. This power will only be able to be exercised by the general manager and not a delegate.

The general manager will be able to delegate investigative functions beyond current SES officers to third parties with substantial and significant experience or knowledge in fields like accounting, auditing, financial reporting, conducting compliance audits or investigations. This will enable Fair Work Australia to draw upon particular expertise for investigations where this is required. The general manager will retain the current final decision-making functions currently conferred by section 336 of the Fair Work (Registered Organisations) Act.
The bill will expand those to whom notices to produce documents or to attend and give evidence can be issued. Currently such notices can only be issued to designated officers and former officers or the auditor of the reporting unit. The bill will expand this to other parties where the general manager has reason to believe that a third party has information or a document that cannot be provided by the auditor, officers or former officers of the reporting unit and that is relevant to the investigation. This line of inquiry can only be undertaken by the general manager following initial inquiries within the reporting unit. The power to issue such notices cannot be delegated.

Fair Work Australia is an agency independent of the executive. It must retain its independence, particularly in the face of partisan politicking. These amendments are proposed by the government for the sole purpose of improving the operation of Fair Work Australia’s investigative function. They are supported by the government and the members of the NWRCC. They deserve to be supported by the parliament.

Debate adjourned.

COMMITTEES
Publications Committee
Report
Mr HAYES (Fowler) (09:26): I present the report from the Publications Committee. Copies of the report have been placed on the table.

Report—by leave—agreed to.

Mr HAYES: by leave—On this occasion I will make a very short statement in relation to the Publications Committee and the work that is being undertaken on behalf of this parliament. The Publications Committee reports that it has met and considered the documents presented to the House of Representatives on 8 May and since 10 May 2012. The committee recommends that the following be made parliamentary papers:

Department of the Treasury—Report for 2010-11—Corrigendum.


Finance—Budget 2012-13—Ministerial statements—

Australia’s International Development Assistance Program 2012-13—Helping the world’s poor: Implementing effective aid, 8 May 2012.

Continuing our efforts to close the gap, 8 May 2012.

Securing a clean energy future: Implementing the Australian Government’s climate change plan, 8 May 2012.

Stronger regions, stronger nation, 8 May 2012.


The committee met today and approved unanimously that those reports be made parliamentary papers for the purposes of publications.

BILLS
Tax Laws Amendment (2012 Measures No. 3) Bill 2012

Report from Federation Chamber
Bill returned from Federation Chamber without amendment; certified copy of bill presented.

Ordered that this bill be considered immediately.

Bill agreed to.

Third Reading
Mr SHORTEN (Maribyrnong—Minister for Financial Services and Superannuation
The removal of grandfathering arrangements will provide greater equity and consistency in the parenting payment eligibility rules by ensuring that all parents are assessed the same, regardless of when they first claimed income support.

The changes to parenting payment will encourage parents with school age children to re-enter the workforce sooner and to ensure a fair and consistent set of parenting payment eligibility rules.

Under this government there have been better participation outcomes for individuals who have not been grandfathered under the Howard government's parenting payment single policy of 2006.

In practical terms the evidence shows us that while grandfathered parenting payment recipients do better than most job seekers, principal carer parents on Newstart do even better.

The Social Security and Other Legislation (Income Support and Other Measures) Bill 2012 was passed by parliament on 9 May 2012 and introduced changes to the existing transitional arrangements for parenting payment recipients. These changes reduced the age of the eligibility of the youngest child from 16 years to 12 years.

The current transitional arrangements are available to parenting payment recipients who have been continually receiving payments prior to 1 July 2006.

Since 1 July 2011, children born or coming into the care of parents who have been receiving parenting payment since before July 2006 have not extended these parents' eligibility for payment.

This bill will continue the reforms to the parenting payment so that from 1 January 2013, transitional arrangements will be removed for these parents and they will in the future cease to qualify for parenting payments.

The bill will also introduce two other amendments; one relating to the liquid assets waiting period announced as part of the 2012–13 budget and another change relating to the income maintenance period.

The reforms to parenting payments are an extension of the broader reforms already introduced as part of the Building Australia's Future Workforce package announced in 2011. These important changes to income support payments for parents continue this government's focus on providing greater incentives and opportunities, particularly for single parents, to re-engage in the workforce and share in the benefits that work brings.
payment when their youngest eligible child turns six (partnered parents) or eight (single parents) years of age, the same as other parenting payment recipients.

This removes the inequity and inconsistency that currently exists for parenting payment recipients by ensuring that all parents are assessed the same, regardless of when they first claimed income support.

To ensure that individuals and families, particularly those affected by the parenting payment changes, are not disadvantaged when transitioning to new parent payment arrangements, the government has already made amendments to the Social Security Act 1991, to reform the income test that applies to single principal carer parents on Newstart allowance.

The introduction of a more generous income test, from 1 January 2013, allows these parents to earn over $400 more per fortnight before they lose eligibility for payment.

This provides stronger incentives for parents to undertake paid work by allowing parents to retain more of their income support as their employment income rises.

In recognition that these parents are likely to have spent significant periods on income support and out of the workforce, the government is also providing additional support for these parents to ease their transition back into the workforce.

As well as additional training places and community based support for single parents announced under the Building Australia's Future Workforce package, the government has provided additional funding in the 2012-13 budget for professional career advisory services for single parents through employment service providers.

This will assist single parents to improve their skills and also plan effectively for a transition into the workforce when they move off parenting payment.

Also as part of the changes, single parents who are studying an approved course and are receiving the pensioner education supplement when they transfer from parenting payment to Newstart allowance or youth allowance (other) will remain eligible for the pensioner education supplement until they complete the course they are studying.

Additionally, the government is providing additional funding to support increased demand and better target the Jobs, Education and Training Child Care Fee Assistance Program.

This will assist parents on eligible income support payments, predominantly sole parents, to enhance their skills by undertaking work, study or job search activities to enable them to enter or re-enter the workforce, without the cost of child care being a barrier.

The government believes that together these changes provide parents with the right balance of support and incentives to make the most of the employment opportunities available, to find meaningful work and provide themselves and their families with a better future.

Unemployment is not something Australian workers plan for and reducing a person's modest savings before they can access income support makes it even harder for them to restructure their budget and handle the bills that they have already accrued for the period of unemployment.

This bill amends the liquid assets waiting period to allow newly unemployed Australians and new students to hold onto more of their savings and better adjust to their new circumstances. This bill doubles the amount of cash or other liquid assets an
unemployed person or student may hold
without having to wait to start receiving
income support.

From 1 July 2013, the maximum reserve
amount for a person who is single will be
doubled from $2,500 to $5,000 and for a
person who is partnered or has a dependent
child will be doubled from $5,000 to
$10,000. These new maximum reserve
amounts will reduce waiting times by up to
two weeks for unemployed Australians and
students with modest savings or liquid assets.

A previous temporary doubling of the
liquid assets waiting period threshold, which
was included as an element of the 2009 Jobs
and Training Compact response to the global
recession, ceased on 31 March 2011. The
government is now in a position where it can
afford to reinstate these thresholds
permanently. This bill also introduces a
technical amendment to the definition of
termination payment for the purposes of the
income maintenance period. This will clarify
the longstanding policy that any payments
made to an employee in respect of the
termination of their employment are included
in determining the income maintenance
period.

The income maintenance period ensures
that people who receive a lump sum
termination payment use that payment to
support themselves for a period before
turning to the social security system for
assistance. The inclusion of the new
provision will clarify the definition by
including other types of payments connected
with the termination of the person’s
employment. This will ensure that people are
treated the same under the act, regardless of
the type of termination payment they receive.

The changes in this bill form an important
part of the income support reforms
announced in the 2012-13 budget. These
reforms will support more Australians when
they are going through tough times and
encourage more Australians to participate in
and share in the benefits of paid work. The
changes will result in a fairer and more
consistent treatment of income support
recipients.

Debate adjourned.

Income Tax (Seasonal Labour
Mobility Program Withholding Tax)
Bill 2012

Report from Federation Chamber
Bill returned from Federation Chamber
without amendment; certified copy of bill
presented.

Bill agreed to.

Third Reading

Mr MARLES (Corio—Parliamentary
Secretary for Pacific Island Affairs and
Parliamentary Secretary for Foreign Affairs)
(09:38): by leave—I move:
That this bill be now read a third time.

Question agreed to.

Bill read a third time.

Tax Laws Amendment (Income Tax
Rates) Bill 2012

Report from Federation Chamber
Bill returned from Federation Chamber
with amendments; certified copy of bill
presented.

Ordered that this bill be considered
immediately.

Federation Chamber’s amendments—
(1) Clause 2, page 1 (lines 7 to 9), omit the
clause, substitute:

2 Commencement

(1) Each provision of this Act specified in
column 1 of the table commences, or is taken to
have commenced, in accordance with column 2 of
the table. Any other statement in column 2 has
effect according to its terms.

Commencement information
<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision(s)</td>
<td>Commencement</td>
</tr>
<tr>
<td>1. Sections 1 to 3</td>
<td>The day this Act receives the Royal Assent. and anything in this Act not elsewhere covered by this table</td>
</tr>
<tr>
<td>2. Schedule 1, Part 1</td>
<td>The day this Act receives the Royal Assent.</td>
</tr>
<tr>
<td>3. Schedule 1, Part 2</td>
<td>The later of:</td>
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<td>(a) immediately after the commencement of the provision(s) covered by table item 2; and</td>
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<td></td>
<td>(b) 1 July 2015.</td>
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</tbody>
</table>

Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

(2) Any information in column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be edited, in any published version of this Act.

(2) Schedule 1, page 3 (after line 2), after the Schedule heading, insert:

Part 1—Amendments applying from the 2012-13 year of income

(3) Schedule 1, page 3 (after line 11), after item 2, insert:

2A Paragraph 15(2)(b)  
Omit "$732", substitute "$663".

(4) Schedule 1, page 3 (after line 22), after item 4, insert:

4A Paragraph 15(4)(d)  
Omit "$732", substitute "$663".

(5) Schedule 1, page 3 (after line 28), after item 5, insert:

5A Paragraph 15(6)(b)  
Omit "$732", substitute "$663".

(6) Schedule 1, item 8, page 4 (line 8), omit "this Schedule", substitute "this Part".

(7) Schedule 1, page 4 (after line 9), at the end of the Schedule, add:

Part 2—Amendments applying from the 2015-16 year of income

Income Tax Rates Act 1986

9 Paragraphs 15(2)(b), (4)(d) and (6)(b)  
Omit "$663", substitute "$563".

10 Application provision  
The amendments made by this Part apply to the 2015-16 year of income and later years of income.

The DEPUTY SPEAKER (Mr Lyons)  
(09:40): Question agreed to.

Bill, as amended, agreed to.

Third Reading

Mr MARLES (Corio—Parliamentary Secretary for Pacific Island Affairs and Parliamentary Secretary for Foreign Affairs)  
(09:40): by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

Shipping Reform (Tax Incentives) Bill 2012

Shipping Registration Amendment (Australian International Shipping Register) Bill 2012

Coastal Trading (Revitalising Australian Shipping) Bill 2012

Coastal Trading (Revitalising Australian Shipping) (Consequential Amendments and Transitional Provisions) Bill 2012

Tax Laws Amendment (Shipping Reform) Bill 2012

Second Reading

Cognate debate.

Debate resumed on the motion:

That this bill be now read a second time.

to which the following amendment was moved:
That all words after "That" be omitted with a view to substituting the following words:

"the House declines to give this bill and associated bills a second reading until the bills have been referred to the Productivity Commission to:

(1) assess the Government's proposed 'shipping reform package' for both international and coastal trades with reference to the current and historical arrangements;

(2) measure and discuss the economic and environmental impacts of reducing or increasing regulation of Australia's coastal shipping services to Australian manufacturing and industry dependent on coastal shipping services, the wider economy and Australia's coastal trading fleet, including passenger services;

(3) provide recommendations on policy options that would achieve the Government's objective for a viable, competitive shipping service in Australia for both coastal and international shipping that is in the national interest, lead to productivity gains and will not disaffect Australian manufacturing, industry and tourism; and

(4) report on or before 31 December 2012."

Mr EWEN JONES (Herbert) (09:41): I rise to speak on the shipping reform package. This legislation aims to stimulate investment in Australia's shipping industry through the use of tax incentives and to encourage further development of training opportunities for workers in the industry. The tax incentives which are provided in these bills seek to include accelerated depreciation of ships, income tax relief for Australian operators of Australian registered ships, a refundable tax offset for employers who choose to employ Australian seafarers and exemptions from royalty withholding tax for foreign owners who lease their ship to an Australian operator under a bareboat or demise charter.

These bills also seek to provide changes to our licensing system, with the introduction of a three-tiered system that includes: a general licence providing unrestricted access for Australian registered ships; a temporary licence providing limited access for foreign ships or those on the Australian international shipping register; and an emergency licence with restricted access for emergency situations, such as a natural disaster. Finally, they seek to create a second register of ships, the Australian International Shipping Register.

The coalition recognises the need to increase the role of shipping in our freight network. Over the last decade we have seen a drop in the number of ships registered in Australia, so that we are now left with only 22. Meanwhile, by 2020 our freight task will be double what it is now. Some of the slack will have to be picked up by increasing the role of shipping transport. We need the right policies to ensure adequate investment in our shipping industry to handle this.

The question I ask myself is: will these measures work? The response I get from my own reading and from conversations I have held with people in the industry is that they will not. Not only that; we have to be mindful of the consequences of enacting poorly designed and cumbersome legislation which may, in fact, have an effect which is the opposite of the intentions of these bills. That is why I believe that this whole suite of bills should be referred to the Productivity Commission. There will be consequences for a wide variety of industries, especially in places like my seat of Herbert, based in Townsville. We are a regional centre that is exposed to the tyranny of distance.

In contrast to the considered approach needed, the process of formulating this legislation has been disorganised and incomplete. After its initial release, it was determined that a major redraft of the Coastal Trading (Revitalising Australian Shipping) Bill 2012 was needed, but then
only minimal consultation was undertaken before the legislation was tabled in the parliament. The House committee was given limited opportunity when compiling its report on the impact of these bills, and we are still waiting on the outcome of the Senate Economics Committee's equivalent report. This process has been rushed through and the result is legislation that could have serious unintended consequences for all Australian industries particularly those in regional centres. The coalition is certainly not alone in having reservations about some of the detail contained in these bills.

The changes made to the licensing system by this legislation will add more red-tape burden to the shipping industry. The licensing system involves the introduction of three new levels of shipping licence. This includes a temporary licence designed for vessels registered on the Australian International Shipping Register. This temporary licence is a real sticking point with both the coalition and with many of the industry stakeholders affected. The application for the licence comes with a set of prescriptive requirements. They include the provision of detailed information of expected loading dates, loading and discharge ports, and cargo type and volumes for the full 12 months duration of the licence. How out of touch are this government that they expect industry to sit down and detail this information simply to apply for a licence? This is yet another unnecessary red-tape burden slapped on industry by this government. If we are not careful we risk regulating the domestic and international shipping industry out of the market rather than helping it to prosper.

To be eligible for the licence applicants are required to have a minimum of five voyages planned. While this is an improvement over the original minimum requirement of 10 voyages, contained in the draft legislation, it remains to be seen why a minimum number is necessary at all. While most shipping companies would well and truly exceed this number, it seems unnecessary to force the smaller companies to either change their operations or create fake trip plans to meet the licence requirements, and all this is for no explained reason.

The temporary licence does offer a variation to the number of voyages allowed only when requesting to add a minimum of five more trips. The allocation of a minimum number of trips is entirely unnecessary. If applicants find that they are able to do additional trips, why shouldn't they be able to amend the conditions of their licence accordingly regardless of how many trips they are doing? Once again, this is bureaucracy at its worse, which is something this government seems to be fantastic at. This requirement serves no purpose but to hold industry back for regulation sake alone.

All red tape comes at a price. When we burden industries with regulation, they in turn must increase their costs. These bills hurt the smaller players and will drive up the costs that other industries, like manufacturing, have to cop when it comes to shipping freight. Estimates have put these price increases at up to 16 per cent. Despite this very real risk, the government has not made any effort at all to price the cost impact that will result from this legislation. It is already acknowledged that Australia's shipping industry is more expensive than its international counterparts because of the higher costs involved with running an Australian ship. We should be trying to address that problem, not adding to it. Many parts of the industry, notably the Dry Bulk Shipping Users, have expressed concern at the impact of these bills. This is something that this House should know before it votes
on the legislation. It is that simple. I believe that this legislation must be tested by the Productivity Commission before a vote is taken.

My electorate of Herbert has Townsville port which is a growing beast. It is capable of so much, and we have a team there who are proactive in their approach. The Townsville Port Authority is a very strong organisation. Our tonnage through the port is on a steady increase and I want to see that continue. If we can free up the port system and make it appealing and easy to put things on a boat, we will grow my port. If we make it harder and harder to do business, we will simply do less and less business especially in general freight.

Townsville is a major commercial and industrial hub for North Queensland. My city is situated on the Bruce Highway. On both sides of Townsville we are confronted with parts of this highway which are subject to flooding every wet season. To the south, places such as the Haughton River Bridge, Pink Lily Lagoon and the flats surrounding Giru are the first to go under water during the wet season. To the north towards Ingham we are faced with Cattle Creek, Gairloch and a number of other places which cannot be passed for weeks at a time during the wet season. If we had a viable, efficient, flexible and user-friendly port system, it would enable general goods to be shipped, especially from the south to Townsville for distribution. Every wet season as soon as a tropical low is detected in the Coral Sea many trucking companies initiate a transport levy because they know that at some stage they will have a refrigerated pantech sitting on the side of the road burning fuel while the driver waits to press forward over flooded roads.

If we make this legislation cumbersome, if we make it so hard for companies to pick up, transport and deliver goods, if we make it so hard for traders to access the services, they will simply walk away. That will have the effect of more trucks on the roads of North Queensland. We are not like Sydney, Melbourne, Brisbane and other areas. For the most part, the Bruce Highway is a two-lane road. When you put trucks on it, it gets busier. When it gets busier, we have accidents. Now, I am not blaming the truck drivers at all for the accidents, but I will state for the record the statistic that 16 per cent of all deaths on national highways—that is one in six—occur on the Bruce Highway. When a ship passes over the ocean the hole it leaves is instantly repaired. When a truck forces a hole in the road it is there until someone comes along, stops the traffic and fills it in. Added to that is the difficulty of shifting major machinery between major centres.

In early May I attended Battle of the Coral Sea commemorations in Cardwell, representing the true senator for North Queensland Senator Ian Macdonald. I was stopped at the northern base of the Cardwell Range. I was there for 45 minutes while a large tipper made its way over the range. Now, I do not know from where it was coming or to where it was headed, but the fact remains, if we cannot facilitate better port access, the trips for these large pieces of equipment will become more regular and travel farther along our highways. We need an efficient, productive and proactive port transport system which is complementary to getting the job done. We need things sped up, not slowed down. We need things which work for business—the ultimate vested interest—as they are the ones employing our people. My port has backload traffic from Papua New Guinea and Port Moresby of some 100 containers per week. If there is an opportunity to shift something we should be taking that opportunity and putting it through
my port. In the transport game it is called a backload and the backload is the cream. If you can pick it up, you get your fuel paid on the way back. But if you are sending back empty containers then you are doing it for no particular reason.

These bills are full of burdensome regulation that serves no apparent purpose but does have very real consequences for shipping businesses, and for the Australian industry that relies on shipping freight. Given that the government has supposedly set out with the intention to foster and grow the shipping industry, it beggars belief that so many elements of this package may do exactly the opposite.

John Mullins, a good mate of mine, is a solicitor in Brisbane. His favourite saying is: perception is neither right nor wrong; it just is. If it is perceived that it is so hard to get things onto a wharf, so hard to get things onto a ship, then for those of us who do not have much interaction with the industry it just does not come up as an option for you. You will not think about it; you will just organise a truck to get it done. You will get heavy haulers to ship your stuff all the way through. We must make this industry appealing to people, to use the freight system, to use the port system and to get things up and down the coast. It has to be viable and efficient. But it must be perceived by the supplying public that it is an option.

As a consequence of these bills, I see more and more people will throw their hands in the air and say, 'It's just too hard.' That is the danger here: if we do not do this right, we will have more trucks on the road, more roads to repair and more deaths on the road. It is important that we do have a good maritime industry. But it is more important that it is cooperative, efficient, user-friendly and, even more than that, that it is perceived to be all those things. We must throw the mat out and we must ensure that these things are done correctly.

Ms HALL (Shortland—Government Whip) (09:54): I will start my contribution to this debate on the Shipping Reform (Tax Incentives) Bill 2012 and cognate bills by congratulating the Minister for Infrastructure and Transport on coming up with reform legislation that I think will reshape and revitalise the shipping industry in Australia. It is no surprise to me that members on the other side of this parliament are, once again, saying no to a piece of legislation that will really turn around the shipping industry.

Furthermore, it is no surprise to me that members on the other side of this parliament are opposing the legislation, when you consider that when they were in government they almost demolished the Australian shipping industry to the stage where there are now very few Australian flagged ships circumventing our nation or carrying Australian products.

There are four elements of this reform package. These include tax reform, and establishing an International Shipping Register which requires the master and chief engineer to be Australian residents whilst the balance of the crew may be foreign residents paid at internationally competitive rates. My predecessor, Peter Morris, when he was in this parliament, was the chair of the former House of Representatives Standing Committee on Transport, Communications and Infrastructure. That committee brought out the report, Ships of shame, which showed how foreign flagged ships were exploiting the crews who were working those ships. The opposition, when they were in government, perpetuated the situation that existed there.

Another reform is the new licence regime to provide clarity and transparency to long-term planning and set clear boundaries.
around the necessary role of foreign vessels on our coastal trade. Also included in this bill, which I think is very important, is a Maritime Workforce Development Forum of industry, unions and education providers to improve access to maritime training.

The shipping reform embodied in this legislation was subject to widespread consultation. There were over 65 submissions received by the House of Representatives Standing Committee on Infrastructure and Communications inquiry. The Shipping Policy Advisory Group, comprising shipping, industry and unions, advised the government on how the inquiry recommendations might be achieved. A discussion paper was released in 2010. Over 40 submissions were received. Advice was given from three reference groups on specific implementation issues in regard to the regulatory reform, taxation and workforce issues, and an exposure draft of the legislation was provided to industry. There has been considerable consultation. Members on the other side of this parliament are not really interested in more consultation; they just want to see a further destruction of the Australian shipping industry.

This reform package is about ensuring that Australia's domestic and international trade is undertaken by Australian registered ships—in other words, it is about an Australian shipping industry. It creates opportunities for investment in job opportunities for Australians and regional seafarers.

There are very few trading ships owned and registered in Australia. Only four of the thousands of trading ships carrying Australian exports are Australian registered. This legislation is about ensuring that we really do have a shipping industry, along with all the associated industries that flow from having a vibrant shipping industry. It is an absolute disgrace that Australia, an island nation, with highways surrounding it, has four registered Australian ships. I have actually visited some of these flag-of-convenience ships and seen the crews that are staffing them. A ship can be flagged in Malta, Greece or wherever. It is then staffed by a crew from Burma. Their level of exploitation has been well documented. So not only are we creating a vibrant shipping industry but we are creating a situation where those people who are crewing Australian ships have to reach a certain standard.

In the 15 years prior to 2012, the number of Australian registered ships fell from 75 to 25 and is declining further. I think that is unacceptable, and I wonder how members on the other side of this parliament can oppose legislation that is about creating a vibrant shipping industry in our country.

This reform package facilitates the long-term growth and stability of the Australian shipping industry for both domestic and international trade—something everyone in this parliament should be supporting. It encourages investment and growth in Australian registered shipping. This can only benefit our domestic and international supply chain. It has got to be good for all businesses and all aspects of our Australian economy. It will contribute to a reliable and competitive service for shippers and it will develop a sustainable Australian maritime workforce—all really positive, good outcomes which should be supported by both sides of this parliament. It will maximise the Australian content of the domestic shipping industry, build Australian content in international shipping through the Australian International Shipping Register, encourage investment in the shipping industry and support the long-term interests of a competitive shipping industry.
What do those on the other side of this parliament say: ‘Send it off to the Productivity Commission!’ At the commencement of my contribution to this debate, I outlined the level of consultation that has already taken place. I have outlined the decline of the Australian shipping industry overseen by those on the other side of this parliament. As to sending this off somewhere else, as proposed by those on the other side of this parliament—they want anything that will avoid change to the shipping industry, anything that will avoid creating a sustainable shipping industry with all the associated industries that will flow from that. I think they should hang their heads in shame. It is just this ‘no’ philosophy that they have. But I think that this is a little bit different—this is ideologically driven. Those on the other side of this parliament would do anything to see the maritime industry within Australia destroyed. That is what they want to do—destroy the maritime industry rather than embrace this wonderful reform that has been introduced by the minister after extensive consultation with all those involved in the shipping industry. Hang your heads in shame! You are not about Australian jobs. You are not about Australian industry. You are just about constant opposition—opposition to everything.

Also included in this legislation are taxation incentives: the introduction of a zero company tax rate to replace the current corporate tax rate, and the reintroduction of accelerated depreciation—something that those on the other side of this parliament removed; they really have a lot to answer for—as well as changing the royalty withholding tax provisions. This is all consistent with international best practice. We have seen other countries embrace their shipping industry with massive reforms and massive promotion of their own shipping industry—the UK comes to mind. But those on the other side of this parliament want to destroy our shipping industry. And we are an island nation. Hang your heads in shame!

In addition, a labour relations compact has been reached between shipping owners and the unions. Everybody involved in the industry is happy with the reforms. Everyone is happy, except the opposition. Why aren’t they happy? Because they want to destroy the industry. They want to say no. They want to destroy the industry. I have already demonstrated how the Australian shipping industry declined when they were in power and I have also demonstrated how they have supported the activities that happen on the ships of shame that circumvent our country’s rules through their permit system. They really have a lot to answer for.

This shipping reform is good for the economy because it helps diversity and it will be complementing the resources and manufacturing sectors rather than going down the track of trying to destroy this very important industry. Australia has a long freight transport corridor, an enormous coastline and high levels of population density in our major cities. We cannot ignore the importance of the shipping industry. Australia is a trade- and maritime-dependent nation. It depends on shipping for 99 per cent of its trade. So if we do not have a strong shipping industry it will be an enormous economic loss to our country. Ships are the least energy intensive of all freight transport modes. A strong shipping market will also provide solid competition with rail and road, providing incentives for the other modes of transport to be more efficient. Australian shipping reform is good for Australian jobs. Securing a strong Australian shipping fleet in turn secures the supply chain and creates hundreds of new long-term Australian jobs. I think it is an absolute no-brainer. For those on the other side not to be supporting this
legislation, not to be supporting a strong shipping industry within Australia, I would argue, as I have argued throughout my contribution to this debate, is not about Australian jobs, is not about the Australian shipping industry. Rather, it is about destroying an industry because of their ideology and the fact that they are prepared to sell Australian workers and the Australian shipping industry short.

We do not need any more reports. There have been so many reports that have demonstrated the benefits of a strong Australian shipping industry. We do not need to refer it off somewhere else and delay it so nothing happens. What we need is action. What we need is an opposition that, for once, can look at the benefit for the nation as opposed to their own self-interest and support good, sound legislation that is good for the economy, good for growth and good for Australian workers.

Mr RAMSEY (Grey) (10:08): It gives me pleasure to rise to speak on the Shipping Reform (Tax Incentives) Bill 2012, which at first glance looks like an attempt by the government to try and reinvigorate the local shipping industry, which is slowly dying, in fact very close to death. There are parts of the legislation which one might support.

Ms Hall interjecting—

Mr RAMSEY: I would suggest, having just listened to her contribution, that the member for Shortland, instead of just reading the party speaking notes, should actually read the contributions to the Senate inquiry from the industry. She maintains that everybody is happy about this legislation except the opposition. If she was to read the submissions to the Senate inquiry she would find that many in the shipping industry are not happy at all and, in fact, will be severely implicated by the issues arising in this bill.

Ms Hall: There was majority support.
Wales for steel making. You would think that OneSteel would ship iron ore from their mines at Whyalla to Port Kembla but, no, it imports feedstock from Brazil. You can ponder why that might be so. I cannot be sure that the cost of coastal shipping is the only reason for this but, if it costs $20 a tonne to ship local product and $10 a tonne to import, it is likely to be a big part of the reason. I also understand that OneSteel import limestone, which is a flux in the blast furnace, from Japan. There is no shortage of limestone in Australia but OneSteel import it because it is cheaper at the furnace door than it is to use Australian product. The reason for that, of course, is that coastal shipping is uncompetitive.

Nyrstar are also significant users. They are already under considerable duress courtesy of the carbon tax of $6 million a year they will pay at the Port Pirie smelter—$6 million for absolutely nothing they can do about their emissions, but I will put that to one side for the moment. Over half of Nyrstar's concentrate is now sourced from overseas.

Australia is a major exporter of lead and zinc concentrates, but the only sum that matters here is the cost at the smelter door of the concentrate—that is, material costs plus freight. Australia's material costs are good, and that is why we make money out of exporting. But, increasingly, we must export our concentrates and import our feedstocks for the smelting industry because of the freight differentials.

To understand the change this promotes, we have to understand how the current system works. Essentially, Australian registered vessels are fully protected enterprises. If companies want to move product from an Australian port to another, they must use Australian shipping if available. They can currently engage offshore vessels if an Australian ship is unavailable or an offshore vessel is travelling between destinations with empty cargo space and they can obtain a special permit on a per-voyage basis. The single voyage permit is issued for a single voyage between designated ports for the carriage of specified cargoes or passengers. There is a continuing voyage permit, which enables a vessel to work within our waters for three months at a time. Currently, 29 per cent of the coastal trade is serviced by internationally registered vessels operating under these permits. The big sleeper in this legislation is that the single voyage permits will go. That is what the industry is concerned about. To understand how this works you have to understand demurrage. It is the period when the charter remains in possession of the vessel after the period normally allowed to load and unload cargo. That means, if a ship is held up at port waiting to load, there is a daily charge charged to the charterer. I believe the current waiting time at Port Kembla, for instance, is over 10 days. This comes and goes a bit. We often see a photo on the front of our newspapers of the ships lined up off Port Kembla or Gladstone.

Currently, for an international vessel, demurrage is $10,000 a day. For an Australian vessel it is $37,500. So a shipping company does not have to have a ship hanging at anchor for long, waiting to load or offload, to incur some pretty serious costs—and that spills over into the overall cost of the charter. That is effectively doubling the shipping rate. However, coming to these bills: the Adelaide based company Penrice Soda estimates that, after the passage of these bills, the transport cost could be 500 per cent higher than the lowest rate available when using foreign ships. That is using foreign vessels with crews operating under the International Labour Organisation wages and conditions, which is basically ships
coming from the OECD countries. International shipping is a tough industry and vessels from the OECD countries meet those international shipping standards.

Since the government passed the Fair Work Act 2010, Fair Work Australia now insists that any vessel operating under permit on Australian coastal shipping must comply with the provisions of the act—that is, essentially, Australian pay and conditions. This has already lead to significantly higher costs for our industries. It is protecting Australian jobs, and that sounds pretty fair. But I have already pointed out that that may well come at the cost of other jobs in the economy—like the GRA workers at Penong.

It is interesting to have a look at who the operators of the remnants of the Australian shipping fleet are. The biggest company is a player called CSL. It sounds a bit like the Commonwealth Shipping Line, but it is in fact the Canadian Shipping Line, a privately held company with global reach. It is a multinational company. There is nothing particularly wrong with that, but we are in this case protecting a multinational company, not an Australian company. Yes, we have Australian workers. But my sources tell me that, while some crew members are Australian, most of the crews are the same as every other multinational vessel in global shipping—that is, predominantly Filipinos, Ukrainians, Indians and various others from around the world. And I bet they love it, because working on Australian pay and conditions in our waters is probably pretty good.

But this bill is actually likely to make their employment less likely because the incentives will be to convert to Australian crews. Of itself, that sounds okay. But it brings us closer and closer to a closed shop because it insists on either Australian labour or seafarers with permanent residency be employed on Australian registered vessels. It is interesting that the government would insist on changes like this at a time when they have approved 457 visas for Roy Hill. These would seem to be totally conflicting policies. The government are trying to move for full Australianisation of labour on Australian vessels when at the same time they are prepared to be more flexible and accommodating—quite rightly—in other parts of the economy.

These bills move to make the ships tax-free businesses, and wages paid to sailors tax free if they are engaging in overseas voyages. This would largely bring Australian tax arrangements into line with the rest of the OECD nations. I support that part of the bill, but of course I do not get the opportunity to support one part of it and not other parts of it. Theoretically, this would make our shipping lines more competitive and put them on a level playing surface to be able to offer cheaper services to business. But unfortunately there is little confidence in the business sector that this will be the outcome and that the tax breaks will not be vacuumed up by the MUA.

Of particular concern is the commitment of the unions to engage in negotiation for productivity efficiencies as a trade-off for the tax-free status. But as we debate the bills here today we are expected to take the minister and the unions at their word—and nothing of their past behaviour would give me any confidence that we are likely to see a significant improvement in productivity. Surely we should have been presented with the whole deal before being expected to tick off on these bills. The new arrangements are expected to start on 1 July. Here we are, just one month before that, with no possibility of the bills passing within the next two weeks before the Senate resumes. So we have a two-week kick-off time for the new arrangements.
I noticed an article in the marine publication Lloyd's List quoting a press release from Wallenius Wilhelmsen Logistics, or WWL. It said: 'WWL regrettably announces they are unable to commit to carriage of coastal cargo from 1 July. The new legislation the Coastal Trading Bill 2012 shows there will be substantial changes to the way foreign carriers apply for, and are granted, permission to carry coastal cargo around Australia. Based on these proposed changes and new requirements it may become very difficult for WWL to continue participating in the coastal trade.' The article goes on to say that it does not really know where it is heading in a month's time.

This is typical of this government. They have been in government for almost five years and they make these broad announcements with a broad-brush approach—'We're going to fix this, we're going to change that'—yet they leave it to the wire to make the legislative changes. They have had plenty of time to have these bills in the House long before now and not leave industry up in the air wondering where they are going.

The legislation also moves to establish a secondary register. This is not a bad idea but the associated red tape will see the end of special short-term permits. I raised this issue earlier. That really is the big problem in this legislation. Ships operating on the secondary register must nominate their voyages 12 months in advance and engage at least five voyages. This is simply impossible for industry to accord with. If alterations are needed, they must be done in multiples of five. So if you have engaged a ship over a 12-month period, nominated five voyages and nominated the dates, and you want to put two extra ones on, you cannot. You have to put five extra ones on or make a wholesale change. These are impossible regulations for the industry to comply with. What this is saying is: 'We are not interested in any other ship. You must use Australian ships only, even though it might cost you five times as much as internationally registered and regulated ships.' That is a cost too big for Australian industry to bear. It is certainly too big for the industries in my electorate to bear and I think it is too big for industries in the rest of Australia.

It is the same as every other tariff wall. In the efficient industries, for the jobs the economy has in steel making, mineral refining, plasterboard manufacturing, even coalmining, one man's tariff is always another man's job. It flies in the face of the Hawke and Keating reforms. What on earth must the Minister for Trade think of this? Dr Emerson is of the dry, practical, economic view. I have not heard him speak on this bill—I do not know if he intends to—but I think this would be making him sick. (Time expired)

Ms PARKE (Fremantle) (10:24): It gives me enormous satisfaction to speak in support of these shipping bills and to welcome the package of further maritime reforms they contain. They certainly build on the government's earlier reforms, which have included the Navigation Amendment Bill, which enabled ratification of the International Labor Organisation's Maritime Labour Convention and amended provisions in line with the convention's guidelines when it comes to vessel tracking. Prior to that, we made changes to undo what had become the chronic and unjustifiable use of the permit system to avoid the sensible regulations that would otherwise apply to foreign flagged and registered vessels. All these steps are consonant with the government's overarching National Ports Strategy, which itself is a very important piece of future planning for Australia.
I represent an electorate, Fremantle, whose ports and maritime industry are absolutely essential to its economic, cultural and historical character. Fremantle port is far and away the largest general cargo port in WA; it receives 80 per cent of all seaborne imports by value and it is home to the largest branch of the Maritime Union of Australia. What is more, it has lent its workers’ name and anchor symbol to potentially the best AFL side in the land. But, for all its current size and significance, there is a clear need and potential for Fremantle port to have a greater freight role in the years ahead, and there are many environmental and community amenity reasons why an increase in domestic freight by sea instead of road would be a welcome outcome. Having said that, we do need better land-side arrangements and infrastructure in Fremantle and the Perth metro area to assist in moving container freight into and out of Fremantle port on rail rather than on road. As I have observed before, this task was proceeding well under the Gallop-Carpenter government in WA but has fallen into a hole since 2008, with the proportion of freight on rail dropping by a third under the Barnett government.

As I noted at the outset, these bills follow from the earlier regulatory changes which addressed the discouraging and obstructive policies of the former government when it came to Australian owned and flagged vessels and therefore to the Australian coastal shipping industry. The bills we debate today go further in actually creating the incentives for Australian shipowners to upgrade and renew the ageing fleet of Australian vessels, and they offer further sensible encouragement for operating Australian registered vessels and for employing Australian seafarers. This package of incentives will boost investment in Australian shipping which in turn will mean better employment and training, an increase in coastal freight and an improved domestic shipping stock and capacity, with the security benefits and flexibility this brings.

I know that the people in my electorate would particularly welcome a rejuvenated coastal shipping industry. They are well aware that shipping represents a much lower carbon footprint than road transport and they know that trucks also carry much higher infrastructure costs in terms of road damage, in addition to the impact they have on the safety and amenity of communities along the freight route. Freo people, especially young people, stand to benefit enormously from the increased opportunities for Australian seafarers and for other kinds of Australian based maritime work because the changes we make here on an industry-wide basis will dovetail well with the training provided at South Fremantle High School’s new maritime trades training centre.

Maritime reform in the shape of structural and regulatory changes designed to make for a revitalised, better managed and more economically sustainable industry is one of the very significant and yet relatively unsung achievements of this Labor government. These changes are an example of comprehensive policy reform that is clearly in the long-term national interest, and by securing this reform we will introduce measures that improve the position of employers and employees, shipowners and seafarers as well as international competitiveness, international labour law and safety compliance. All of that makes it very hard to understand how and why the coalition can have chosen to oppose these bills and the reforms they contain.

By way of contrast, I want to acknowledge the very constructive input that has been made by the Australian shipping
industry and by the Maritime Union of Australia, members of which are in the gallery today. I very sincerely welcome them. The largest branch of the MUA has been and continues to be a critical mainstay of social values and industrial rights in Fremantle and Western Australia. The MUA has always been one of my community’s strongest, most vibrant foundation blocks: an organisation whose contribution to the social capital in Freo goes far beyond its important industrial work to also encompass the wider general values of collective trust, care and obligation and the wider specific concerns in areas like safety, health, the environment and social justice.

I want to conclude by acknowledging the incredible work of the Minister for Infrastructure and Transport, his staff and his department. It is quite amazing to consider the scale and scope of the investment and reform that he has been responsible for within this government, not least because it is a government that has made transport and infrastructure investment of a never before seen breadth and not least because, in addition to those investments, which include more funding for urban public transport than all previous federal governments combined, there has also been the delivery of a range of complex and far-reaching reforms like the one we debate here today. As the minister said in question time this week, we are a country where 99.9 per cent of our exports are moved by ships, and there will soon be no Australian shipping fleet to revitalise. We need to act now or we will simply not have an industry at all, and an Aussie flag on the back of an Aussie ship will be consigned to history. This is sensible policy to level the playing field with our international competitors. That is why it has been welcomed by the shipping industry, and that is why it has been welcomed by many users of ships.

It is my privilege to represent a deeply maritime electorate. Fremantle is a place whose intersection between Swan River and the sea has made it an important and sacred place to the Nyungar people for thousands of years. It is a place whose natural harbour made it the obvious choice for the site of the Swan River colony and it is a place whose port has been the focus and spark of such diverse economic and cultural contributions as the engineering genius of CY O’Connor and the Labor movement fervour of people like Tom Edwards, Paddy Troy and John Curtin. These reforms will provide improvements for Fremantle and for Western Australia, and they are part of securing a safe, workable and sustainable maritime industry in the decades ahead.

Mr BRIGGS (Mayo) (10:30): I rise to support the amendment to the Shipping Reforms (Tax Incentives) Bill 2012 and related legislation moved by the shadow minister for transport and the Leader of the Nationals to send this bill to the Productivity Commission for a thorough inquiry. I think the bill before the House, as it is currently drafted, is flawed because it will add much red tape to an industry already under pressure and it will add to cost pressures in an extraordinary way.

When introducing the bill, the Minister for Infrastructure and Transport in his second reading speech couched these reforms in terms of saving and creating Australian jobs, and he has said that in the media on several occasions since then. The previous speaker, the member for Fremantle, said that as well. But what those in the government forget to mention is that the impact of increasing the costs on shipping will affect the flow through effects for businesses using coastal shipping and hence affect Australian jobs greatly. They forget to mention this rather important point. If you are trying to protect an industry, as this bill is essentially trying to do, adding
a tariff will affect Australians, whether they are in the mining sector or in the sugar industry. I noted with interest the submissions from the sugar industry on this bill, which I will come back to.

The freight network is absolutely vital to the Australian shipping industry, given our location in world. We desperately need a prosperous and a low cost, as much as that is possible, shipping industry to move our goods. Sea transport carries over 99 per cent of international cargo by weight and 75 per cent by value. Coastal shipping carries about one quarter of interstate trade. It is true that there has been a decline in the number of Australian registered ships over the last decade, and currently there are only 22 Australian registered ships. With our freight task set to double by 2020, and treble along the eastern seaboard, coastal shipping will and must play an increasing role. That is all true and that is why we have said, through the shadow minister for transport, that it is important that we have a discussion about reforms to the shipping industry. But we think this approach from the government is flawed and that is why we do not support the current bills and we say that they should be sent to the Productivity Commission, the most qualified agency of government to give genuine consideration to the impact of these reforms.

In relation to Australian jobs, in conjunction with events outside this parliament in recent days, we have seen the Labor Party at times use arguments—which are a little difficult to understand given some of the other arguments they are using—where they claim during every question time that people are being too negative in this place and are scaremongering, particularly in the angry rhetoric of the Prime Minister, but in this debate we see them using that same angry rhetoric trying to scare people into thinking that the opposition is somehow trying to do over Aussie jobs and stand against necessary reform, which will make it easier for Australians to get jobs and our shipping industry survive. Nothing could be further from the truth. We are entitled to, and we should, pursue arguments where we think there is a problem with legislation, where we think the position put by those opposite is flawed. And we think this is badly flawed.

I refer particularly to the comments from the member for Wakefield. I was surprised and disappointed with the argument he used, especially towards the end of his contribution, where he compared the opposition's position on this bill to the opposition in the House of Commons over 100 years ago to the abolition of slavery. I want to put this in the context of what we see in question time every day.

Mr Ramsey interjecting—

Mr BRIGGS: It is hyperbole at its worst level, as the member Grey so rightly points out. We hear the government complain every day that the opposition is trying to scare people about the carbon tax and on 1 July this great, wonderful and incisive policy will begin, which will mean that the sky will not fall in—it is a great reflection of a policy that the best thing you can say about it is that the sky will not fall in. When we are opposed to reform which we think will increase costs and impact on the ability of Australia to export our minerals at a time when we should be getting as much out as we can, you have the member for Wakefield comparing our position to those who opposed the abolition of slavery. It really does put the Labor Party's current problems into context. It is not surprising given the reaction we have seen to the very wise and appropriate announcement by the minister for immigration and the Minister for Resources and Energy last Friday and the counter reaction from some of their supporters in the
union movement. That provides the context of the game that they will play.

The member for Grey in his very good contribution referred to a story which was released yesterday about the potential impact of this bill. If you look through the submissions these points are made by an overwhelming number of the submissions. By now you have seen what the submissions predict may happen, come into force. You have seen WWL, an international shipping line, announce, regrettably, that it is unable to commit to carriage of coastal cargo after 1 July because of fear and uncertainty about the red-tape costs and about the additional costs that this bill, if it were to be passed by the parliament, would put on this industry. You can have no starker example than a company announcing a month before 1 July that post 1 July, if this bill goes through, it will not be able to commit to continuing their operations in Australia. That is a genuine concern, and that is why we say that the amendment moved by the shadow minister for transport is an appropriate amendment, in order to move this bill off to the Productivity Commission for them to have a considered look at the potential impacts before this parliament goes ahead and passes this bill.

If you go through the submissions, there are some very important points. I referred at the beginning to the sugar industry, which relies very much on the coastal transportation of its product. I quote from Sugar Australia's submission:

In summary Sugar Australia ships about 300kta of raw sugar from North Queensland to its refinery at Yarraville Melbourne. This is carried today in licensed vessels which are internationally flagged. They will be subjected to the transitional arrangements and will end up as General License vessels under the proposed legislation. This will increase the costs of coastal shipping by 10-16% according to a study by Deloittes Access Economics and reduce business flexibility. As an internationally traded commodity, it is difficult or not possible in the majority of cases, to pass on any additional business costs. In this case it is likely that the cheapest supply chain option will be pursued which could involve importing raw sugar from Asia to Melbourne and exporting raws from North Queensland.

It goes on to say:

By way of example the additional cost arising from the application of the Fair Work Act to international container ships (there are no Australian flagged container ships trading east coast to west coast) resulted in a loss of almost 30% of the Perth sugar market to Australian producers that demand being supplied by Malaysian refined sugar.

So, if we talk about Aussie jobs, there are some good examples from Sugar Australia in its submission.

CSR Ltd says in their submission:

CSR is concerned by the potential cost increase, loss of flexibility and additional red tape that will occur as a result of this policy.

They also refer to the study by Deloitte:

This adds to recent freight cost increases and the prospect of importing raw material from Asia and substituting that for Australian sourced material. This adds to the burden of other costs being added to Australian manufacturing eg carbon tax, VEET charges in Victoria etc, not faced by international suppliers.

That policy which will mean that the sky will not fall in on 1 July, of course.

We also have the Minerals Council of Australia. They were lectured last night by the Prime Minister about how it may be hard for them but they just have to get over it and get on with it, and, 'Don't worry that we're putting additional pressures on you and making it harder for you to do business,' and making investment decisions in Australia harder. It is like the Olympic Dam decision in South Australia, which looks now, very sadly, like it will be delayed because of federal government policy. The Minerals Council says:
The Minerals Council of Australia is concerned that the ramifications of the final versions of the Bills have not been properly examined.

Thus, if you look at the amendment we are moving it should be supported. Let the Productivity Commission have a genuine look at this. It continues:

Removing the flexibility of the coastal trading licencing system to adapt to the shipping requirements of customers engaged in highly competitive markets may be counterproductive.

The Business Council of Australia has also expressed concerns about the additional red tape and costs associated. These are the people who use the service. They represent the businesses who know what the cost impact will be.

When there is a cost impact there is an impact on the ability of these businesses to employ Australians. That is the truth; that is the flow-through effect. There is an effect on our ability to compete, for our mining sector particularly. Take advantage of this one-off situation in the world, in our region, with this amazing growth! The government approaches the mining boom as if Australia is the only country that has resources. They approach it as if we are the only place in the world where China, India, Malaysia and the Asian developing countries can come to get the resources they need to ensure that development. Of course it is simply not true. It is a highly competitive industry and, if there is demand other countries will seek to supply.

We are seeing already Australia losing market share because of the cost impact of the decisions that this government is making. Jac Nasser, the chairman of BHP, made it perfectly clear just two weeks ago in a long speech where he said that international decisions about investment by that Australian company are now being put at risk in Australia. Tom Albanese from Rio Tinto said that now he gets asked regularly, 'Are you afraid that you are too Australia-exposed?' That is a shameful thing for an Australian executive to be asked, and it is because of the policies that this government is pursuing; whether those be the 'sky-not-falling' policy, the carbon tax, which will start on 1 July, or this policy, which will increase the costs of business and the ability of people to be able to do business in our country.

The key points in the Australian Dry Bulk Shipping Users' submission to the committee inquiry that has looked into this issue were:

The Government’s proposed Coastal Trading Bill 2012 should NOT be passed through the Federal Parliament until it has been properly scrutinised as to whether it is an economic and productivity reform as it:

- Promotes protectionism of Australian shipping without concern for the impact it will have on Australian manufacturing and industry;
- Will significantly impact on Australian manufacturing and industry costs;
- Will encourage foreign product imports over Australian industry;
- Is being incorrectly promoted as an environment and security reform; and
- Provides too much discretion to the Minister which can lead to further instability and uncertainty than the current arrangements of single voyage and continuing voyage permits.

It could not be clearer. It also says, as the shadow minister for transport has made very clear, that this should be referred to a Productivity Commission inquiry. Finally, the last submission I will refer to is that of AiG. Some on this side have criticised AiG for being too close to the Labor Party. There have been some changes in the management of the AiG and I am confident that may lead to some changes in approaches. They are even critical. They make the same points that this should be scrutinised by the Productivity Commission. It is important that is the case.
What says to us that this is a little deal with the MUA, the big donors to the Labor Party, when the MUA always says it is not? In the Financial Review today, you have the MUA—and I note they are here watching today to ensure the debate goes properly for them—saying that it has nothing to do with them seeking IR by stealth. Of course, it does not and that is why they saying it out loud!

This bill should not pass until it has gone through the Productivity Commission. It will add costs, it will impact on Australian jobs in manufacturing and mining. It is a bad piece of legislation. It continues the run of very bad legislation that this government moves and they should support the shadow transport minister's amendment. (Time expired)

Ms O’NEILL (Robertson) (10:45): I note the comments of the member for Mayo. He says we have security issues, that we need this industry desperately to be revitalised. The fact is we carry 10 per cent of the entire world's seaborne trade. There are just 21 flagged vessels. We have four that operate internationally, down from 55 in the 90s. We actually do need to do this. A great productivity measure for this nation is getting this legislation through and bringing about the possibility for jobs and revitalisation of this industry.

These bills will bring shipping back to Australia and these bills absolutely reveal our Labor values: beliefs in our nation, beliefs in our people and beliefs that we can share and respond to the reality and opportunities that are here. The innovation of Australians is up for grabs today. We going to make it possible with this legislation. These bills will bring jobs back and opportunities to our shores.

I want to acknowledge the members of the MUA here and send a hello out to all of those current and former merchant seamen in the seat of Robertson. I particularly want to mention Seamus O'Reilly who is a stalwart supporter of the Labor Party and a great advocate for the union itself.

This government will not let this nation drift aimlessly into the future. We will plan for it, prepare for it and establish the conditions for prosperity for the many, not just the few. We have a great opportunity to rebuild our local shipping industry and with it the economic, environmental and security benefits. We are not without peers in this cause because, while the former Howard government was overseeing the decline in our own industry, around the world Germany, the UK, France, the Netherlands, Japan and South Korea all embarked on extensive and successful programs to rebuild their shipping industries. These countries that were bold and brave and innovative like this government have reaped the benefits of a strong shipping industry and it will be this Labor government that delivers the same benefits for Australia.

This suite of bills tackles the major hindrances that companies face when they are trying to trade in Australian coastal waters. They follow on from the work that this government has already done in protecting the rights of seafarers. We have achieved this through ensuring the Maritime Labour Convention applies to vessels entering Australian waters. This convention ensures that good working conditions are maintained on Australian ships and that the seafarers working on all other ships that enter Australian ports have good working conditions. So spurious arguments by those opposite that Australian wages on Australian ships will make this industry uncompetitive are just plain wrong. These bills level the playing field to ensure that Australians can compete with our neighbours in the Asia-Pacific in cost effectiveness and service delivery.
This is about reducing red tape, bringing back the incentives and creating industry, not just providing subsidies. This package will bring much-needed reform to tax laws around shipping. It will introduce a zero per cent tax rate exempting qualifying income from shipping from taxation. It will introduce accelerated depreciation arrangements for assets, cutting the time in half from 20 years to just 10 years, creating demand and encouraging the purchase of new assets. This is about rebuilding opportunity for people in this nation. It is a Labor piece of legislation. These are vital reforms. They provide incentives, they create demand and they encourage the purchase of new assets within the shipping industry. Businesses will also have the option to roll over relief for selected capital assets under this new suite of bills.

Importantly, this government will introduce tax exemptions for seafarers working overseas on qualifying vessels that are at sea for more than 90 days in a tax year. This significantly will remove disincentives that exist for companies employing Australians and will level the playing field for Australian flagships in the international employment market. This means jobs for Australians who want to be seafarers. I can think of many of the young men who I have taught on the Central Coast over the years imagining a life at sea, and we are going to bring that possibility to this nation. It is a very important part of the delivery of this legislation today.

The Gillard government will also diversify the Australian Shipping Register to encourage a growth in Australian flagships by establishing an Australian International Shipping Register to be paired with the reformed Australian General Shipping Register. This will make sure that the master and chief engineer are preferably Australian residents, while the balance of the crew may be foreign residents paid at internationally competitive terms and conditions of employment. Key elements of the register are access to the tax exemption and other tax incentives introduced in this legislation. The same environmental, safety and OH&S standards—and I know that that matters to the members in this chamber and the people that they represent—will apply to the AISR vessels as they apply to the general registered vessels, and a seafarers bargaining unit will be formed for the purposes of negotiating terms and conditions for seafarers on international voyages.

The Gillard Labor government sees strong shipping as part of a strong economy. We are proud that this package is the culmination of more than four years of consultation with the industry, unions and regulators. What do the others say? They say, 'Wait, let's have a Productivity Commission inquiry.' In fact, what they are saying is, 'Be afraid.' That is what we hear from them day in, day out. We say, 'Believe in Australia.' We say, 'Be bold.' We say, 'Be active, get out and make these things happen,' and that is what this legislation will do. It is a piece of enacting and enabling legislation.

We have seen recommendations from the House of Representatives inquiry unanimously supported from over 65 submissions. We have seen industry and unions come together to discuss the implementation in the Shipping Policy Advisory Group. We have received over 40 submissions on the discussion paper released in December 2010. The opposition continues the same old cry, 'No, no, no.' They are determined to oppose the chance for Australian ships with Australian workers to compete on a level playing field against foreign ships to carry Australian goods on the Australian coast. During their last term of government, when the coalition scrapped the capital grants assistance, they scrapped...
accelerated depreciation and they scrapped, with it, the Australian shipping industry. All the while, the Howard government tripled the number of trading permits to foreign flagged crews from fewer than 1,000 in 1999 to more than 3,000 by 2008. And they stand here and make the bleating noise of 'no' when that is what they actually did: take away the Australian industry. What the Liberals and Nationals took away, the Labor Party will rebuild.

However, this goes beyond just economic arguments. A strong shipping industry has vital security repercussions for Australia. These include the opportunities available for transport of nationally important or sensitive goods, the capability increases of a heavy shipping fleet for defence purposes and, at its most basic level, the economic value and strategic importance of the commodities carried by the ships. Similarly, steel, aluminium and petroleum account for a large percentage of Australia's coastal cargo movements and have important strategic value. Should we ever face a defence crisis, it will be crucial to maintain a supply network of our own resources to protect our economic activity. Having a robust Australian flagged fleet will ensure that we are able to maintain economic and manufacturing supply chains during times of conflict both here and abroad. These are important considerations in the national interest.

The maintenance and logistics of our resource supply chains are important considerations as a source of our national wealth. Our resources are often in remote and inaccessible locations, making coastal shipping a vital link in the chain when transporting large quantities of goods around Australia and to our neighbours. It is important to realise that the loss of one ship or one port will have great repercussions throughout our economy. We as a government appreciate the importance of an Australian coastal shipping industry and the major contribution to our security and economic wellbeing that it makes. Other modes of transport are helpful but they do not provide a serious alternative to coastal shipping for the commodities moving by sea around our shores.

To facilitate mode switching on a large scale, an enormous expansion of interstate road, rail and pipeline infrastructure would be required—and we can be absolutely certain that those opposite would never be investing in that. For the most part we think our solution is a very, very helpful one for this country. So, instead, we offer this suite of legislation: a practical, enabling and visionary set of bills that breathe life into the current cadaver-like state of the Australian shipping industry. We stand ready to reinvigorate a vital industry that enhances our status, our security, our business capacity and interest, and it will create jobs, sounding a message of new jobs through the foghorn of the good ship Labor.

As usual, those with a miserly view of this country, those who oppose everything, who fear the great failure of this nation on a daily basis—those opposite, those of the Liberal-National Party coalition—do one thing: they oppose and say no. For the young, the free, those who understand that this great country is indeed girt by sea, our side offers a transformative suite of shipping legislation. I commend the bill to the House and urge its passage at the earliest opportunity.

Mr IRONS (Swan) (10:55): I rise to speak in this cognate debate on the Shipping Reform (Tax Incentives) Bill 2012, the Shipping Registration Amendment (Australian International Shipping Register) Bill 2012, the Coastal Trading (Revitalising Australian Shipping) Bill 2012, the Coastal Trading (Revitalising Australian Shipping)
I take a particular interest in the legislation because my electorate of Swan contains Perth's major freight and distribution hubs in Kewdale and Welshpool, and this area has a symbiotic relationship with the shipping industry. The freight network must be linked up and operating well to take advantage of the boom and reduce cost-of-living pressures in Perth which are higher because of the distance goods have to travel to get to the second most isolated capital city in the world. It is therefore important that steps are taken to help revitalise the shipping industry. However, one of the major problems with this legislation is that it is projected to increase shipping costs and freight rates by up to 16 per cent, which will be passed on to the consumers and will be an additional cost-of-living impost on top of the carbon tax for my constituents of Swan. I will go into some more detail on this later in my contribution.

I know that the Leader of the Opposition, Tony Abbott, understands the importance of the hubs in Kewdale and Welshpool as he has visited the area on a number of occasions since the last election, speaking to industry and transport services. By the way, I can say to the government members that the carbon tax has not gone down very well at all in this freight and distribution hub among the thousands of workers employed or the industry leaders. In fact, Tony Abbott was cheered by the workers on the shop floor during one particular visit that we did.

For a seafaring nation with a rich seafaring history, one would have thought that Australia would have a more prosperous shipping industry. However, while Australia has the fourth largest shipping task in the world, there has been a decline in the number of Australian registered ships over the last decade. In fact, there are currently only 22 Australian registered ships and, with Australia's freight task set to double by 2020, and travel along the eastern seaboard, this decline creates a certain amount of pause for thought. From Perth you can see the boats queuing offshore near Cottesloe all day and it is remarkable to think that across the country there are only 22 registered Australian ships and only four Australian flagged vessels participating solely in the international trade which, with sea transport carrying over 99 per cent of international cargo by weight and about 75 per cent by value, seems for Australia to be strikingly low.

Perhaps part of the issue facing the industry is that, traditionally, the Australian shipping industry has been uncompetitive internationally and the higher cost of running an Australian vessel as opposed to a foreign vessel has been prohibitive. It is in this context that in recent times there have been a number of calls to address this situation. While the idea of shipping reform has been around for many years and a number of inquiries and reports have occurred, these bills today are the government's attempt at addressing the situation.

In essence, the five bills before the House today are designed to provide a regulatory framework for coastal trading in Australia which will stimulate growth in the number of Australian ships on our coast and maximise the use of Australian flagged vessels. Yet the comments and submissions received suggest that there are a number of groups with serious concerns about the package—concerns which are wide-ranging but centred around the belief that these bills cannot meet the objective of revitalising the shipping industry and in fact may hasten its decline. I think that, after all the disasters and stuff-ups
that this government has presided over, there would not be many members of the public who would be surprised that the Gillard government could create legislation that would do precisely the opposite of what it was intended to do. We in the coalition will do all we can to make the government see sense on these bills. The legislation has been rushed and proper consideration has therefore not been able to be given to the major issues in this bill. For example, the first draft of the Coastal Trading (Revitalising Australian Shipping) Bill that was released in December required a major redraft, along with the other bills comprising the total package, yet only a few weeks of consultation were undertaken before the package was introduced into parliament. When the coalition referred the bills to the House committee for scrutiny, the bills were given only a brief consideration and sent back with a dissenting report.

With the concerns that have been raised by the industry, it is clear that some scrutiny is needed. Given the reluctance of the government to use the committees for this purpose, I agree with the suggestion that has been made for a Productivity Commission investigation. This suggestion of a referral to the Productivity Commission was made, in part, because of the regulatory impact statement deficiencies, with customers and industry participants wanting to know basic details about the financial implications of the package—which you would have thought the government would have provided prior to introducing the legislation into parliament.

Another reason for a potential referral is the unfinished compact between the shippers and the unions which remains uncompleted, despite Minister Albanese having said it is vital for productivity. At this point, we do not know what, if any, productivity gains are likely to be made from this package of bills. As the coalition dissenting report notes, any improvements in productivity cannot be guaranteed, because they 'depend on yet to be concluded negotiations with notoriously militant unions such as the MUA'.

In asking the parliament to pass these bills, the government is effectively saying: 'Trust us. Trust us to keep our word and to confidently deliver a negotiated result.' I do not think there is anyone left in Australia who has any level of trust in the government—and the coalition will certainly not be affording the government this trust.

Mr Sidebottom: Come on, come on!

Mr IRONS: I hear the member from Tasmania interjecting. I would support moves for a referral to the Productivity Commission, which I know the Independents have indicated their support for. However, in the absence of any proposal to adjourn the debate and refer the matter to the Productivity Commission for further attention, the coalition will be moving a series of amendments. Today, I want to go to several of the specific problems with the legislation raised by concerned shipping industry groups, but I want first to make a few general points about the package of bills we are debating in the chamber this morning.

First, I would point out that this package is being billed by the government as a 'regulatory framework to stimulate growth' yet it is on this point that the government often falls down in its handling of industries. It is difficult to stimulate growth through the new regulations and, as I will discuss in a moment, it is the regulatory aspect of this package that has created many of the issues raised by those concerned. As Caltex has said in relation to the Coastal Trading (Revitalising Australian Shipping) Bill 2012: The shipping reform package, in particular the Bill, will increase red tape at a time when Commonwealth and state governments, together with business, are seeking ways to
reduce it. The Bill contains clear examples of unnecessary and unproductive regulatory requirements and therefore should be subjected to close scrutiny to remove all regulation not essential to the objects of the Act and the broader national objective of improving business productivity through greater efficiency.

The member for Grey and the member for Mayo have already spoken about an article in Marine Publications Lloyd's List yesterday which had the heading 'Cabotage concerns leave WWL with dilemma'. That article said: … [WW] Logistics says it will not commit to carrying coastal cargo until new cabotage laws are finalised.

In a statement released this morning, WWL said it was “regrettably announcing” it was unable to commit to the carriage of coastal cargo after July 1.

"The new legislation ‘Coastal Trading Bill 2012’ shows there will be substantial changes to the way foreign carriers apply for and be granted permission to carry coastal cargo around Australia", the company said in a press release.

Based on these proposed changes and new requirements it may become very difficult for WWL to continue participating in the coastal trade, according to the new laws that are set to come into effect from 1 July. However final recommendations from the Senate committee are unlikely to be finished until June 19.

"This will give only 11 days notice before the planned legislation enactment," the company said, "and there are also other aspects of the legislation that are still not known."

This, again, is typical of this government in all the things they become involved with: not getting the detail out to industry or out to stakeholders.

While the idea of shipping reform has been around for many years, and a number of inquiries and reports have occurred, the specific details of the legislation have only recently been announced. The minister announced the broad outline of the shipping reform package in September last year and, at the same time, announced that the start date would be brought forward by 12 months so that the new scheme would commence on 1 July 2012. This reminds me of the National Disability Insurance Scheme, which has bipartisan support in the House.

After the budget, commentators were critical of the government for not sticking to the recommended time frame for the implementation of the package—a time frame that had been recommended by the Productivity Commission. By rushing the announcement in the budget, the process, which is important in the long term for getting this policy right, has been disrupted. It may be a hangover from the chaotic Kevin 07 days, but there still seems to be an element of disorder in how this government approaches major changes.

In addition to these general points, there are a couple of specific areas that should be the focus of attention here. The most significant one is the new licensing system and the red tape and increased costs associated with it. The licensing system proposed in the Coastal Trading (Revitalising Australian Shipping) Bill 2012 establishes a completely new, tripartite licence system consisting of: (1) a general licence, which provides unrestricted access to engage in coastal trading in Australian waters over 5 years; (2) a temporary licence, which provides limited access to engage in coastal trading over a 12-month period for foreign or registered vessels; and (3) an emergency licence, which is designed to cover emergencies such as natural disasters.

The regulations surrounding the temporary licence in particular just do not make sense. According to the explanatory memorandum to the Coastal Trading (Revitalising Australian Shipping) Bill, a temporary licence will be issued only for
voyages where required information is known, including expected loading dates, loading and discharge ports, and cargo type and volumes. However, as Shipping Australia has said in a statement, it is impossible to forecast the movement of such cargoes over a 12-month period in terms of expected loading dates, kinds of volume of cargo, type of vessel and the ports of loading and unloading of cargo.

It just makes no sense to create a temporary licence that requires a 12-month plan. And if a 12-month plan is submitted and needs to be modified—which one would have thought a likely scenario—the shipping company would be required to add a minimum of five extra voyages. This for a start is an arbitrary number, but it will add red tape and reduce flexibility of Australia’s shipping industry, the opposite of what I thought the bills were supposed to be doing. On a further point, to apply for a temporary licence in the first place, a minimum of five voyages is required, which inevitably discriminates against smaller coast shippers—another parallel here, this time to the mining tax deal that the Prime Minister did with the big miners at the expense of the small miners. These patterns just keep repeating and repeating in this parliament, and I appeal to the Independents: this is your chance to break the pattern and make sure this poorly thought out bill does not progress. It is this discrimination that in part has caused the projected 16 per cent increase in shipping and freight rates associated with this legislation that has been modelled by Deloitte Access Economics. Due to the five voyages a year requirement, smaller companies will be squeezed out of the market, reducing competition. Combined with the cost implications of the red tape in the new licensing scheme, this will see costs rise.

There are a few positive measures that are included in the tax incentives and shipping reform bills including a zero company tax rate for Australian shipping companies and provision for an accelerated depreciation of vessels via a cap of 10 years to the effective life of those vessels, down from 20 years. I note there are also measures for rollover relief from income tax on the sale of a vessel where a replacement ship is purchased by the end of two years, and an employer refundable tax offset in relation to seafarers and exemption from royalty withholding tax for payments made for the lease of shipping vessels by Australian resident companies. These measures would cost $254 million over the forward estimates and would bring taxation of the shipping industry in Australia more into line with international practice. While we are broadly supportive of these measures, it is important to note that there are a couple of issues, such as the fact that franked dividends are not permissible under the system and profits cannot be transferred overseas, which will provide no incentive for global companies to register on the AISR to take advantage of taxation changes. But, unfortunately, these positive measures are subsumed in this cognate debate and associated with the many flaws in the bill which cannot be separated.

To conclude, the idea of shipping reform has been around for many years, and a number of inquiries and reports have been undertaken in this time due to the diminished state of the coastal trading industry in Australia. These bills are the government’s best attempt to deal with these issues but unfortunately, in their present form, I think we have to conclude that they would do more harm than good. The legislation represents a regulatory system that is meant to promote growth but instead creates red tape. There are more regulations to add to over 18,000 regulations, with only 86
repealed since the Labor Party came to power, despite their one-in-one-out promise. This is not just a broken promise, but an obliterated promise. The regulations are projected to increase shipping costs by 16 per cent and will have damaging cost-of-living impacts for my constituents.

We support reform to the industry, and some elements such as tax incentives and accelerated depreciation rates. But these are overshadowed by the regulatory approach and chaotic approach the government has taken. Groups believe that in its current form this legislation will not achieve the objective of revitalising the Australian shipping industry but may, in fact, hasten the decline of the industry. That is why the coalition cannot support the passage of the legislation in its current form. Careful consideration in the Productivity Commission is the way to go, and I call on the Independents to meet their commitment to do the right thing. (Time expired)

**Mr ZAPPIA (Makin) (11:10):** I am going to speak briefly in support of the shipping reform bills, because I believe this is good legislation and much overdue legislation. This legislation delivers on commitments that Labor made to the Australian people in both the 2007 and 2010 election campaigns.

In a country where 99.9 per cent of our trade is moved by ships and shipping tonnage is increasing, we simultaneously are seeing the demise and—the way we are heading—the ultimate wipe-out of Australia's shipping industry. These bills replace outdated and irrelevant shipping laws, provide consistency of shipping laws across Australia, improve safety for Australian seafarers and establish the national marine safety regulator, consistent with national regulators being established for the road and rail transport sectors. The bills also encourage investment in Australian shipping through the Australian tax system. The consistency of shipping laws across Australia, along with a single national marine safety regulator, will lead to a reduction of red tape and productivity benefits worth an estimated $30 billion over 20 years.

Shipping is critical for international transport; and for Australia, being an island country, that is even more the case. More than 99 per cent of Australia's international trade is carried by ships, yet only 0.5 per cent of our exports are carried on Australian flagged vessels. That will be even more the case in the years ahead as exports of Australian resources grow, with the Australian freight task expected to triple by 2050.

Shipping, however, has not been without its problems or without its risks. Environmental disasters both within and outside Australian waters are becoming all too frequent. By all accounts those disasters in most cases arise because shipping operators, in order to cut costs, either use unseaworthy or poorly maintained vessels, employ untrained crews, employ insufficient crews with crews having to work unreasonably long hours or do not comply with shipping standards, knowing full well that there are poor compliance regimes in place in many parts of the world. In some cases it is a combination of all these factors. This legislation seeks to address those matters. It also seeks to ensure that workers employed in the shipping industry are provided with the level of protection that our industrial relations laws provide to other Australian workers.

Over recent decades we have seen the decline of Australia's shipping industry and the growth of foreign owned and operated shipping lines. In just over a decade—as
other speakers have pointed out in the House time and time again—the number of Australian flagged ships has more than halved, falling from 55 ships in 1996 to about 21 today. Much of that change relates to the Australian domestic shipping trade where only three or four—I am not sure of the latest figure— Australian flagged ships are operating international trade. Foreign owned and operated vessels not only have taken over almost all of Australia's international shipping work but today carry about one-third of our domestic shipping work as well. About 1,000 seafarers' jobs having been lost to overseas operators over the last decade, and with the lost jobs come lost tax revenue and a worsening of Australia's balance of payments position.

Today Australia has an estimated international sea freight net debt of about $7.8 billion. We have an Australian trading fleet with an average age of 19 years, compared to a global average age of 12 years. The Shipping Reform (Tax Incentives) Bill 2012 and the Tax Laws Amendment (Shipping Reform) Bill 2012 are specifically intended to reverse this decline in Australian shipping investment by making tax laws applicable to Australia's shipping industry comparable to those applying in other countries. Furthermore, with Australia's shipping activity being the fourth largest in the world yet with Australian flagged ships carrying only 0.5 per cent of the cargo, there is an obvious opportunity for Australia to value-add to our resources exports by increasing our shipping operations. Why should overseas flagged shipping operators and not Australian ships carry Australian resources? This is a major industry with huge existing and future business potential which Australia is well placed to capitalise from. Yet, we have been sitting back and watching the opportunities presented by Australia's resources boom sail past us.

In too many places across the world the shipping industry continues to crew ships with what is effectively slave labour. Ships are using unskilled crews to work on unsafe ships, with no working rights and working under dreadful conditions with little or no pay. Other members in this place have referred to the 'ships of shame' debacle. Regrettably, that is what members opposite are prepared to turn a blind eye to by opposing this legislation under the guise that it will add to shipping costs for Australians. The exploitation of any worker should be condemned, and fair working conditions should apply to all people regardless of which country they originate from. I very much doubt that any fair-minded Australian would want to profit or benefit from the exploitation of others. Furthermore, I have seen no evidence that money saved by exploiting ship crews is passed on to the exporters, the importers or the consumers. The fact, however, is that a modern shipping operation with modern vessels and well-skilled crews with good working conditions can be competitive, and that is what this legislation seeks to achieve.

The House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government presented a unanimous report on this matter in October 2008. Each of the key recommendations of that report has either been implemented by the government or is under consideration. Those recommendations, in conjunction with this legislation, are designed to encourage investment in Australian shipping by having a range of tax benefits which in turn will level the playing field with Australia's international competitors. The Australian Shipowners Association has stated that the tax concessions may trigger up to $4 billion in investment.
The opposition and others opposed to these reforms have made several claims and assumptions which are simply not correct. Some of those assertions arise from a report prepared by Deloitte Access Economics. The fact is that that report is factually incorrect with regard to the operation of the new licensing system. That in turn leads to several incorrect assumptions of likely economic impacts. Temporary licences will not be phased out in five years, nor will it be the case that all coastal cargo will be carried on an Australian licensed vessel. There are no plans to restrict the number of foreign vessels in Australian waters, and foreign vessels operating on Australia's coast are already required to pay Australian wages.

There are other objections being raised, which are also based on incorrect facts and assumptions, and I do not intend to address each of them individually. What is clear, however, is that without these reforms our shipping industry will slowly disappear. That may suit some members opposite and some industry sectors, but it is not in the national interest. This legislation will revive the Australian shipping industry, and I take this opportunity to commend the minister for the work he has done in bringing this legislation to the House, and I also commend the legislation to the House.

Mr RANDALL (Canning) (11:18): I am pleased to speak to the cognate debate on the Shipping Reform (Tax Incentives) Bill 2012 and other bills. Australia's shipping industry must play a more important role in our freight network. Australia has the fourth largest shipping task in the world, and sea transport carries over 99 per cent of international cargo by weight and about 75 per cent by value. Coastal shipping carries around one-quarter of interstate trade, and it is true that there has been a decline in the number of Australian registered ships over the last decade. Currently there are only 22 Australian registered ships.

With our freight task set to double by 2020 and treble along the eastern seaboard, coastal shipping must play a greater role. To that point I will mention an example. In Perth there has been an additional problem of overcrowding in the Fremantle port. At any one time between two and 13 ships might be waiting to enter the port. Those ships have to pay demurrage for the time spent waiting. For example, it cost a major Perth construction company, BGC, almost $1.5 million last year in demurrage. Fremantle port is also one of the most expensive for off-loading cargo. Again, for example, it charges $16 a tonne to off-load gypsum, which goes to make plasterboard, when the same work could be done for $8 a tonne at the Esperance port, $5 a tonne in Flinders in South Australia, and the international comparison is SGD$1.50 a tonne in Singapore.

These bills comprise the shipping reform package and they are designed to provide a regulatory framework for coastal trading in Australia, which will stimulate growth in the number of Australian ships on the coast and maximise the use of the Australian flagged vessels. That is its intention. The package attempts to achieve these objectives by introducing a variety of financial incentives for Australian flagged ships including company and income tax changes and accelerated depreciation for these ships. It is also creating a second register of Australian ships to be known as the Australian International Shipping Register. This is available to ships which meet the eligibility criteria, which include the requirement to have two senior Australian officers on board. Finally, the package abolishes part 4 of the Navigation Act 1912 and in doing so replaces the current permit and licence.
system with a new three-tiered licence system.

It should be noted that the bills do not address the serious problem of the cost and availability of ports that is also pushing up the cost of goods, as I said, in ports like Fremantle in Western Australia. The Minister for Infrastructure and Transport, Anthony Albanese, in announcing this package in September last year, said:

What we are doing is creating an economic and regulatory environment that will revitalise and sustain growth and productivity in our shipping industry.

I understand the coalition members of the House were not convinced that the bills before this House would revitalise the Australian shipping industry. I heard the member from Swan who outlined that very well. Many industry participants are also not convinced. The first objective listed in clause 3(1) of the Coastal Trading Bill is that the regulatory framework promotes a viable shipping industry that contributes to the broader Australian economy. In its submission to the House, Shipping Australia say, 'Some of the provisions, at least, in the Coastal Trading Bill, 2012 are confusing and, in our view, require substantial amendment to meet the effects of the bill.'

Tom Pinder from Australian Coastal Shipping, which is involved in the east-west containerised coastal trading, says:

The proposed legislation, as it relates to coastal container shipping, can only exacerbate this situation and will not result in any Australian flagged/registered ships valiantly taking up the challenge of carrying containers on the principal coast route, namely, east coast to west coast.

That has been confirmed, which the member for Swan also referred to, in an article, which is headed 'Cabotage concerns leave WWL with dilemma'. The 30 May article, in Lloyd's List Australia, goes on:

Ro-ro operator Wallenius Wilhelmsen Logistics says it will not commit to carrying coastal cargo until new cabotage laws are finalised.

And further, 'Until this is finalised and the confusion taken away, it is going to be carefully considering its coastal shipping operations around Australia.' That is very concerning. Tom Pinder said, 'A continuation down the path of a one-size-fits-all policy would result eventually in all of the current east-west freight task being diverted to the inadequate infrastructure of road and rail with hugely increased costs and a totally detrimental effect on the carbon footprint of this country.'

The Dry Bulk Shipping Users, which represent 60 per cent of the customers of coastal trade, are worried about the impact that the shipping reform package will have on the Australian manufacturing industry. The department has done no modelling on how many ships will become Australian flagged as a result of the reform package. The department states:

Given the range of consideration that the shipping investors and companies may have regard to in assessing where vessels will be registered or entered into service it is not appropriate for the Department to speculate on the number of vessels that may take the opportunities afforded by the new investment platform.

A number of submissions to the House and Senate committee inquiries requested that a Productivity Commission inquiry be held to determine what impact this complex regulatory change will have on the Australian coastal shipping industry, the cost of freight and the costs to coastal shipping customers. As we know, the government do not like Productivity Commission inquiries. We saw that with the NBN and a whole range of other issues where, when they just want to ram something through, they do it at their own behest and will not go anywhere near a Productivity Commission inquiry in
case it comes up with results they do not like.

Minister Albanese has not been able to put a figure on how much more it will cost to ship freight around our coastline under this new regime. But according to Deloitte these changes will inflict a $466 million burden on our economy over the next decade, with freight charges to soar to 16 per cent and with 570 full-time Australian jobs tossed overboard. We heard the previous speaker discrediting the Deloitte contribution because he did not like what it said.

Getting back to the Western Australian coastal shipping exercise, given that this bill is unlikely to meet any of its objectives we should take time to consider alternatives that might revitalise our shipping industry and its ability to ply its trade. A good example is the proposed James Point Port, a private port to be established in Perth around Kwinana under an agreement signed in 2000 by the state Liberal government under Richard Court. This private port would be established by James Point Pty Ltd at no cost to the taxpayer, as it would be built and maintained wholly by the private sector. It will provide an alternative point of entry and thus address the problem of the overcrowded Fremantle port where, at any one time, more than 10 ships can be waiting to enter and, as I said earlier, reducing demurrage costs for those shipping goods into Perth via this port. The private port could also offload cargo at a cheaper rate than the expensive rate of Fremantle port, as has already been said, and the cost of unloading cargo in Fremantle is significantly higher than at a number of other ports around Australia and in South-East Asia.

The Fremantle Port Authority has reportedly expressed concern about the impact that a private port would have on its profitability. But looking at its charge structure—as I said, $16 a tonne for gypsum, compared to $8 in other WA ports—it is clear it has some room to move to adjust its prices. Competition would benefit customers overall. Why is the Fremantle Port Authority concerned about competition? We know that competition ultimately brings down prices. The Fremantle Port has been the site of extensive industrial action over the years. Two strikes have occurred in the last six months alone, one in December 2011 and another in March 2012. The strike last December affected around 34 shipping movements. Hold-ups such as these strikes disrupt the operations of the port and worsen the existing problems related to overcrowding. About $26 billion worth of trade goes through Fremantle port every year, which equates to $3 million worth of trade every hour of the day. This puts into context the very significant impacts of even a one-day stoppage.

There is also a flow-on effect from any disruption to work at this port. Ports Australia have said:

... there will be flow on impacts for the whole of the transport chain and the backlog resulting from the delays to shipping movements which in turn adversely affects the ability of shipping lines to meet schedules in other Australian and international ports. Such disruption will also further erode our international reputation as a reliable supplier.

When costs for hold-ups are related to strikes and demurrage costs, and high offloading costs are incurred, these are passed on directly to WA consumers in the form of more expensive goods. This affects everything from the cost of clothing to construction, as well as the price of an average Japanese produced car, for example, which is offloaded at the port. The James Point Port would be a much-needed alternative to entering via Fremantle. It would take the pressure off this crowded
port. It would offer competition, as I have said, and would go some way towards reducing offloading costs, and it would help reduce the impact of strikes and disruptions to the transport chain.

However, the WA government is yet to follow through on its agreement, as it has not even facilitated the sale of the land and adjacent land by LandCorp. I consider this to be an excellent example of the type of measure that will need to be taken to improve the shipping industry within Australia. To me, it beggars belief that the Western Australian Premier, Colin Barnett, who I think is doing a good job, is intransigent and seems to have a mental block on this issue, because he actively obstructs the BGC company in its willingness to build this alternative port. Rather he should demonstrate leadership and honour the previous government's compact to see that this vital piece of infrastructure is built in Western Australia.

I would point out that the Fremantle port has a whole lot of issues with its local residents. As the member for Fremantle in this House will tell you, sheep going through the port is a huge problem. The residents continually complain about sheep going through a large port like this. It will also help alleviate the need for Roe Highway extension 8. Because, as we know, this piece of infrastructure is not finished yet, huge container trucks carrying containers are continually using urban roads to try to get to the port and an alternative to the James Point port in Kwinana would take this huge logjam of trucks from the roads. There is lead going through this port, and we know there have been a whole lot of issues about the lead contamination through the Fremantle port. We saw what it did in the Esperance port when a whole lot of birds fell from the sky because of the contamination that had been caused there.

Just recently in an article in the *Australian* newspaper we read that the company Toro Energy, which is about to mine uranium in Western Australia, was going to have to truck its uranium either to a South Australian port or to Darwin to be able to export it. The member for Brand, Gary Gray, whose electorate also adjoins both the James Point port and the electorate of Fremantle, has said that he does not believe that they should have to go to another port somewhere else in Australia because they cannot ship uranium oxide through Fremantle; he is on the record as saying that they could. But I am sure the member for Brand would see the opportunity for an alternative port which was not in a built-up residential area like the city of Fremantle so that they could export this uranium oxide through a port like James Point port.

I understand that BGC are not just going to lie down and take this, because they met the same sorts of problems when they tried to build a brickworks in Western Australia and were thwarted at every level. Eventually they did build their brickworks, and the effect was to bring down the price of bricks in Western Australia by bringing competition into the market. The beneficiaries were the Western Australian people, particularly first home buyers who were trying to build a new home. So, on the same analogy: competition brought lower costs with bricks; competition bringing lower costs through an alternative, low-cost port is something that should be advocated here, and I strongly urge the Premier to take on board the opportunity to do this as soon as he can and while the company is still interested in building this private port.

Finally, on this bill, when the minister announced the package in September, he stressed the importance of the compact between shippers and unions. Traditionally, Australia's shipping industry has been
uncompetitive internationally. We recall all the events that had to be gone through to bring competition to the ports. The higher costs of running an Australian vessel as opposed to a foreign flagged vessel has been prohibitive. In March, when the minister introduced this package, he said:

The final element of the reform package is labour productivity.

We are committed to aligning Australian productivity practices with the best in the world.

To do this, we will need a compact between industry and unions.

This compact must include changes to work practices, a review of safe manning levels and the use of riding gangs on coastal vessels.

This compact is essential to the reform agenda.

As I said, we are opposing this bill because we believe that it should go to the Productivity Commission and it does not achieve the objectives it set out to achieve.

(Time expired)

DISTINGUISHED VISITORS

The DEPUTY SPEAKER (Mr KJ Thomson) (11:33): I have been advised that we have in the public gallery the BackTrack Boys from Armidale in their bright red shirts. On behalf of the parliament I wish them and their sheepdogs all the best.

Honourable members: Hear, hear!

BILLS

Shipping Reform (Tax Incentives) Bill 2012

Shipping Registration Amendment (Australian International Shipping Register) Bill 2012

Coastal Trading (Revitalising Australian Shipping) Bill 2012

Coastal Trading (Revitalising Australian Shipping) (Consequential Amendments and Transitional Provisions) Bill 2012

Tax Laws Amendment (Shipping Reform) Bill 2012

Second Reading

Cognate debate.

Debate resumed on the motion:

That this bill be now read a second time.

to which the following amendment was moved:

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

"the House declines to give this bill and associated bills a second reading until the bills have been referred to the Productivity Commission to:

(1) assess the Government's proposed 'shipping reform package' for both international and coastal trades with reference to the current and historical arrangements;

(2) measure and discuss the economic and environmental impacts of reducing or increasing regulation of Australia's coastal shipping services to Australian manufacturing and industry dependent on coastal shipping services, the wider economy and Australia's coastal trading fleet, including passenger services;

(3) provide recommendations on policy options that would achieve the Government's objective for a viable, competitive shipping service in Australia for both coastal and international shipping that is in the national interest, lead to productivity gains and will not disaffect Australian manufacturing, industry and tourism; and

(4) report on or before 31 December 2012."

Ms GRIERSON (Newcastle) (11:34): I rise to speak on the Shipping Reform (Tax Incentives) Bill 2012 and associated cognate bills—a suite of legislation that will be greatly welcomed in my electorate of Newcastle, where maritime activities have
always been central to our economy, the activities of our port and of course to exactly the people we are. I am very proud to stand here today, the niece of two wharfies—two MUA waterside workers—who, sadly, are no longer with us. One of them, Tom Lockett, particularly is missed by my staff for the wonderful voluntary work he did for us. But fortunately we also have the benefit in my office of a young man from a very well-known MUA family in Newcastle, Matt Murray. So it is very much part of who we are.

On any given day, there are dozens of bulk carriers off the coast of Newcastle waiting to enter the port and to transport cargo around the world. What is lesser known is that, whilst Newcastle is no stranger to Australian shipping or to shipbuilding, our national fleet has shrunk over the past decade from 55 to 21 ships, with only four of these operating on international routes. The vast majority of carriers entering and leaving the port in my electorate are foreign ships with foreign workers.

I looked back today at a 2004 newsletter which I sent around my electorate and I will repeat the sentence that caught my eye: 'In a bid to obtain the cheapest priced shipping services by assisting foreign ships to gain continuous and single voyage permits, the Howard government put Australian ports and borders at risk.' Well, that is exactly what did happen. Finally, this legislation before the House attempts to redress this situation.

Whilst Australia does not currently lack a shipbuilding industry altogether, it very well could in the near future if our situation does not improve. There has been a 40 per cent decline in Australia's national maritime fleet over the past decade. As well, our fleet is ageing. The average age of Australia's fleet is around 20 years compared to the global average of 12 years. Our country moves 99.9 per cent of our trade via cargo ships, with just half of one per cent of our maritime trade carried out on Australian flagged ships. The time is long overdue to act to ensure that the Australian shipping industry does not further flounder and become a distant memory.

This package of bills is a major step towards revitalising our shipping industry. It is part of the Stronger Shipping for a Stronger Economy package—the same package we took to the 2010 election. The federal Labor government is now delivering on that commitment. We are a government that keeps its promises. We are a government that believes in our nation's future.

As part of this package of legislation, the tax incentives bill that our government will introduce a zero tax rate for Australian shipping companies. We are introducing provisions for: accelerated depreciation of vessels through a cap of 10 years, down from 20 years, to the effective life of the ship; roll-over tax relief on the sale of shipping vessels; employer refundable tax offsets in relation to seafarers; and exemptions from royalty withholding tax for payments made for the lease of shipping vessels. We are also introducing a generous income tax exemption for core shipping activities, allowing flexibility and increased competitiveness on the global stage.

As the Australian Financial Review noted on 8 March 2012, the opposition were initially behind our recommended tax changes in 2008, but in 2012 have turned their backs on this important measure. It is a shame that the opposition do not support these tax incentives; it really does seem that there is not a tax cut that they would not say no to.

The Australian Shipowners Association has welcomed these bills, saying that the
legislation will level the playing field. The association, which represents BlueScope Steel, Caltex Australia, Rio Tinto Marine, BP Shipping, Newcastle Port Corporation, Toll Marine Logistics and ANL Container Lines, has estimated that these tax changes could trigger up to $4 billion worth of investment as local shipowners look to add to the 21 Australian operated ships. This is investment into Australia, investment into local industry and investment into local job creation. With almost 800,000 jobs created by this federal Labor government, we know that to continue this employment growth we must keep introducing the necessary reforms to sustain our competitiveness, sustain our local industry and retain the capacity to build diversity in our economy.

Other measures in these bills include the shipping registration amendment component, which will establish a new Australian International Shipping Register and Australian General Shipping Register. The bill sets out the operation, administration and associated employment conditions. This new national body will oversee our participation in international trade, facilitate growth within the local industry and promote the viability and enhancement of our maritime skills base. Importantly, the bill will provide employment terms and conditions that are consistent with the ILO’s Maritime Labour Convention. The bill will set employment conditions in accordance with the Maritime Labour Convention and other relevant ILO treaties to which Australia is a signatory. I welcome that measure.

In April this year, the vessel MCP Kopenhagen was floating off the coast of Newcastle, temporarily storing 3,000 tonnes of ammonium nitrate for chemical company Orica to service the region’s mines. By all accounts, the conditions for the Filipino seafarers aboard were abysmal. I have boarded flag of convenience ships in the port of Newcastle in the past, with Dean Summers from the ITF, and on several occasions I expressed my concerns regarding the management of dangerous cargoes as well as conditions on ships. I know that when our local MUA judges a ship or the welfare of its crew to be substandard then action does have to be taken. I am pleased that in this case the shipowners came through and signed an agreement with the International Transport Workers Federation, ensuring the workers’ pay rise and that their wellbeing would be maintained on board.

But we must ask: why does it always have to come to a point where an inspector has to intervene and board a ship? Quality standards and conditions should be made a priority around the clock, but what we continue to see is a quest to keep prices down by neglecting responsibilities to crews, to safe practice and to the maintenance of an acceptable condition of ships. The stronger shipping bills will certainly go a long way towards addressing these concerns, concerns that the MUA has had the integrity to keep raising with governments for many years.

I cannot mention ‘ships of shame’ without acknowledging the former member for Shortland and minister for transport under the Hawke government, the Hon. Peter Morris, who, I am pleased to report to the House, was awarded an Order of Australia Medal this year. Peter chaired the International Commission on Shipping and headed the Ships of shame inquiry in the 1990s, an inquiry that found significant problems occurring within the maritime industry—from unseaworthy ships to ships being operated by seafarers with false qualifications. It was a very well deserved award. Peter is also the President of the Newcastle Maritime Centre, which this year commemorates the 70th anniversary of the Newcastle submarine attack, which saw a Japanese assault on merchant ships within
the port, as well as the anniversary of the sinking of the Iron Chieftain on 3 June 1942, killing 12 crew members. The Iron Chieftain was one of the big iron ships of BHP, sailing from Newcastle to Whyalla. BHP's second ship, the Iron Crown, was also attacked the following day, with only five of the ship's 43 crew surviving. Those were the days when Australian merchant mariners prevailed, and they worked hard for our nation during times of peace and times of conflict. Sadly, you can count the iron fleet on one hand today.

I would also like to mention to the House that the Merchant Mariners Memorial Service will be held in Newcastle's foreshore park on 2 June, this coming weekend, to commemorate the most invaluable contributions made by our merchant mariners and the waterside workers who supported them.

Other measures in the bill include the three-tier licensing system which will increase efficiency within our national shipping system. A general licence for general register vessels will provide unrestricted access to engage in coastal trading within our waters. A temporary licence will provide access to coastal trading, limited in time and voyages, authorised by this licence. Emergency licences will also provide access to Australian waters for coastal trading purposes, with such licences granted within three business days for emergency situations such as natural disasters. We also recognise that change cannot happen overnight, and this legislation puts in place transitional arrangements through a transitional general licence, which will authorise foreign flagged ships operating under existing licences to continue their operations for up to five years. It is fair legislation and it certainly carries through on our belief that if you are working in Australian waters, you should have Australian regulation on your side.

The MUA's Paddy Crumlin says these changes will be a vital economic boost, stating in the Financial Review on 10 September 2011: 'It will be massive.' Citing London as an example of a successful shipping industry, he said: 'It's got 500 ships on its register. It's got no iron ore, no coal, no LNG.' And that is very true. He is absolutely correct. Why shouldn't Australia take advantage of its resources, of its capacity, of its strengths, to support our local industry and our primary resource industries with local ships, local jobs and fair working conditions? This is a Labor package that has been developed with no half measures. It will bring good news for our local shipping, keep our local industry afloat and deliver prosperity in Australia's maritime sector for many years to come. In conclusion, I note the AMWU's video 'Aussie Shipbuilders' Message to Clive Palmer. I recommend that everyone has a look at it. It is certainly doing the rounds online and in my city. It features Newcastle's Forgacs, who, of course, build ships. We still do build ships, Mr Palmer, and now we have a real change to make sure we can build the shipping industry of the future. I commend the bills to the House.

Mr KATTER (Kennedy) (11:45): This is one of the very few times in my 17 or 18 years in this place that I have been able to get up and actually praise a minister and an initiative. For the first time in 18 years there is actually a minister moving to protect Australian industry. When we use the word 'protection' in this place, we are looked at as some sort of foreign insect that has invaded Australia. Once upon a time, we were very proud to be able to say that we believed in seeing that our industries were protected.

I will give you an idea of what other countries do in respect of such issues as this. I represent what may be the biggest beef-producing area in Australia. Six thousand tonnes of beef—which may be 12,000
cattle—is all that is allowed into the European Union. So do not let the EU preach to us about free markets. They are the most protected market on earth. Do not let China preach to us about free trade. Not one single kilogram of Australian beef is allowed into China, which has the biggest population on earth. Do not let China preach to us about free trade. Not one single kilogram of Australian beef is allowed into China, which has the biggest population on earth. Do not let the Brazilians talk to us about free markets. The Brazilians simply took all the debt of their sugar industry—$6 billion—and wrote it off. The government took over their debt. The farmers owe no debt, the millers owe no debt and the people of Brazil have a debt of $6 billion. They did not stop there. They then said the industry had to be profitable. How do you make it profitable? Ethanol. They said: 'We've got dirty cities. Listen to us because this will clean up our cities.' Of course, ethanol gave them $440 a tonne for their sugar whereas the world price was $270 a tonne. As for the United States, in shipping, if your ship's hull was not been built in the United States you do not get into the United States.

That is free trade. Every other country proudly waves a flag that says: 'Don't come here, Buster Brown! We protect our people.' This government and the last government did not protect their people. But today we are actually seeing a minister—I do not know how he has got away with it, but God bless him; and I hope he replicates it—bravely saying, 'Yes, I believe that we should not send our champion into the arena with just a sword.' But every other minister who has sat here since I have been a member of parliament has said that we should send our champion into the arena with just a sword—in the Keating ministry, in the Howard ministry and, I regret to say, in the current ministry. Every single one of them has said: 'No, you don't go into that arena with a helmet and a shield. You go down there with just a sword.' Our champion says: 'Hold on a minute, mate! The other bloke has got a shield and a helmet.' They say, 'If you fight unprotected, without the shield and the helmet, it will make you tough.' Our champion says: 'Make me tough, mate? It's going to make me dead!'

That is what it is going to do. But no-one here can see that. They constantly come in here and preach to us about the marvels of free trade and removing all protection. Well, let us have a look at the marvellous outcomes. Cattle numbers are down by 30 per cent. Wool, our greatest industry—in 1990 it was the biggest export earner for this country—is down by 60 per cent. It will never come back. It was destroyed completely by Mr Keating's free-market policy. The sugar policy is down by 60 per cent, thanks to the free-market policies of the Howard government. They were entirely responsible for the crash in the sugar industry. And there has been the reluctance of successive governments to go into ethanol—which, I might add, would deliver cheaper petrol to us as well. But let me focus on agriculture. Cattle is down 25 per cent—I said 30 per cent before, but it is actually 25 per cent. Sugar is down by 30 per cent. The dairy herd is down by 30 per cent. The sheep herd is down by 60 per cent. Within three years this country will be a net importer of food, thanks to these stupid free-market policies.

We can say that Mr Albanese is right and all the other governments and ministers in recent Australia history were wrong. But let us compare Mr Albanese's performance with that of the rest of the world. I mean, no country on earth does anything like free trading—absolutely nothing remotely like it. To show the contrast: with the ideological approaches of the LNP-ALP junta, which runs Australia and every state in Australia, within three years this nation will be a net importer of food. As for our industrial and manufacturing base, it has been completely
destroyed. We do not produce an electric motor in this country. We do not produce a motor car tyre in this country. Yes, I am well aware of the doctrine of comparative advantage. I did go to university and I did do a doctorate on comparative advantage. But not a single country on earth subscribes to this policy. Mr Costello and Mr Keating used to get up in this place and skite about how the high dollar was a judgment by the world's investors of how marvellous they were. In fact, it was a judgment on their incredible towering stupidity at having interest rates 400 per cent higher than the rest of the world. That is what it was a reflection upon; that is what it really disclosed. In the meantime, whilst Mr Keating and Mr Costello were skiting about how wonderful the high dollar is and how it demonstrates what a wonderful government you are, China and America were almost firing bombs at each other, both accusing each other—quite rightly, I might add—of holding down their currencies.

So here were the two greatest economies on earth both cheating on their currencies, but here was Australia saying, 'Oh, geez, it's a reflection upon how clever we are.' I disagree diametrically. It was a brilliant speech by the Prime Minister last night, I pay her great tribute, but I disagree diametrically with her saying to us that we have a wonderful economy because of the high dollar. We have a high dollar because we have interest rates 500 per cent higher than the European Union and 1,000 per cent higher than Japan and the United States. That is the only reason we have a high dollar.

Every industry, the Prime Minister said, has the Dutch disease. I will tell you one country that is riddled with it: it is our country. The Dutch had a high-flying currency because of North Sea oil, but they did nothing about it except skite about how they had a high currency because they had a wonderful economy. Of course, the North Sea oil is now running out and there is no industry left in Holland at all. Do I know of another country that has no industry left at all? Oh, yes! Australia. We have a coalmining quarry and an iron ore quarry—and there is nothing else left. When Mr Keating started this rubbish, 72 per cent of the cars in Australia were proudly Australian made. This year, it looks as if 12 per cent will be Australian made. A wonderful success story! Congratulations, Nick Minchin! Congratulations, Peter Costello! Congratulations, Paul Keating!

Today we see a minister with the courage to stand against the tide. In 1996 we had 55 Australian ships with a crew of maybe 30 or 40 on each of them; because you have to have standby crews, it might have been 100. So there might have been 5,000 jobs there. Today there are only 22 ships, so there are only 2,000 jobs and 3,000 Australian jobs have vanished. So today I pay the minister the highest of tributes. He has shown a lot of courage. He is swimming against the flow. That is how you get yourself in the history books—and I just wrote one; it is very successful—not by doing what the mob says is the right thing to do and leading your country down over the precipice. It is when you stand up. When Winston Churchill said, 'This Hitler bloke is bad,' everyone said, 'You dirty, filthy warmonger; you dangerous person.' Two years later, on their bended knees, they asked him to take over running the country. You might be in with a bit of a show there, Albo! When you stand against the tide, that is when you really deserve the accolades. If you are just drifting with the mob you do not deserve them.

There are 400 ships servicing 55 Australian ports internally, from Australian port to Australian port, but there are 400 ships servicing our ports and taking goods overseas or bringing them in. Less than five
per cent of those ships are Australian owned. In America, by law they have to be 100 per cent owned. Either America is stupid and Australia is very clever or else we are very stupid and America is very clever. I tell you what, they get American ships carrying their goods and this country is losing $5,000 million a year because all those ships are foreign owned. That $5,000 million a year will only be recouped if ministers have the courage to do the right thing.

In my book on Australian history there is a statement in it that Ben Chifley is the Prime Minister without peer. There is no Prime Minister that has even got remotely close to Ben Chifley. He is the Prime Minister who had tuberculosis abolished in Australia, had a telephone put in every house in Australia, had 26,000 houses built after the war, gave us the Snowy Mountains scheme and gave us the wheat stabilisation scheme—the complete antithesis of free markets. He is in every history book because he introduced the wheat stabilisation scheme to Australia. That is what made him famous. That is why we say, 'What a great man' Chifley had delivered to Australia the Holden motor car. There was no free market then. If we had had free markets then, we would never have had Holden motor cars or an Australian motor vehicle industry.

I spit upon free markets. We are here to protect our people. We are here to take our people forward, and to do that we have to have a comprehensive, wide-ranging economy. I have a very big picture of the great John McEwen on a wall in my parliamentary office. I quote him in my book. He said:

The third reason for tariffs, but you are too young to appreciate this—

and he had a faraway look in his eyes—

is that I will never see my country placed in another war without the ability to build a main battletank.

Today, we cannot build a tyre; we cannot build an electric motor, let alone building a main battletank. We have no technology because the stupidity of the Dutch disease has contaminated virtually every single person in state—with the obvious exception of the minister for transport, God bless him—and has left the people of Australia without the heart and fight to go on.

Every single person who has tried to open a manufacturing business has just said: 'What's the use? I am up against the Chinese, who work for $5,000 a year. I am up against the Filipinos, who work for $4 a day.' Our farmers have said: 'What's the use? I can't compete. Even if I could, Woolworths and Coles are not going to pay me anything anyway.' So the free market has been the greatest disaster. Just read my book, Mr Deputy Speaker—it is only $39—and you will see the dimensions of the disaster. You are in a country now without any manufacturing, a country nearly without any agriculture—it has not reached quite that far yet but it is getting pretty close to it—and a country that cannot produce an electric motor or a tyre. That is the country that we live in. Except for the iron ore quarrying and the coal quarrying—not mining; quarrying—there is nothing left in our country. It has been completely destroyed and the iron ore will run out and the coal will run out—

(Time expired)

Mr MARLES (Corio—Parliamentary Secretary for Pacific Island Affairs and Parliamentary Secretary for Foreign Affairs) (12:00): I would like to add my voice to the member for Kennedy's in commending the Minister for Transport and Infrastructure for his efforts and, like the member for Kennedy, I too say, 'God bless Albo'. I am here to support this package of reforms, in
particular the Shipping Registration Amendment (Australian International Shipping Register) Bill 2012, which establishes an Australian international register—which will be a genuine and quality national register that upholds an appropriate standard of ships, robust regulations, decent labour standards and good safety.

The AISR provides for the establishment of a high-quality register under the regulation of the Australian Maritime Safety Authority, which is internationally regarded as a leading-edge regulator in international shipping. The bill establishes a strong regime for the employment of seafarers, recognising that to be internationally competitive with other quality shipping registers, such as Singapore, Denmark and the UK, the Fair Work Act and related Australian workers compensation standards cannot apply. Instead, the bill provides a framework for the establishment of labour relation standards that are comparable with better quality international registers, like those in Europe and the UK, based around the ILO Maritime Labour Convention and International Transport Workers Federation standards.

In that context, the bill allows for mixed crews on ships on the AISR, requiring a minimum of two Australian resident crew members, ideally the master and the chief engineer. The remainder of the crew can be non-nationals. Minister Albanese in his second reading speech acknowledged the opportunity for those non-nationals to be drawn from the near region—from seafarer nations of the Pacific and from Timor Leste. I fully support that objective and will work with the Australian stakeholders and regional nations to ensure that our regional neighbours are provided with the opportunity to participate in Australian shipping reform.

Australia understands labour mobility is critical to the economic sustainability of the Pacific region. In Kiribati, remittances—mainly from merchant seamen—represented around seven per cent of GDP in 2009. In Tuvalu last year, remittances—again mostly from locally-trained merchant seamen—were worth around six per cent of GDP. Our commitment to increasing opportunities for labour mobility was demonstrated last year when this government expanded the Pacific Seasonal Workers Scheme to nine countries across the Pacific and East Timor. This aspect of Australian shipping reform creates a new employment stream for the graduates of Pacific maritime institutes, a number of which are already delivering outcomes to IMO standards. It also creates opportunities to build the standing and standards of those regional maritime training institutes so they can also supply internationally recognised seafarers to other nations which encourage investment in shipping.

Of course, all of this will provide a new source of remittances for the nations of the Pacific. We know, as I have stated, that in some Pacific nations remittances from seafarers are a substantial part of the national economy. Such an outcome fits well with the existing development assistance objectives around education and training and the creation of genuine employment streams in quality and sustainable industries. For Australia, there will be an opportunity for our high-quality seafarer training institutes, such as the Australian Maritime College or the Great Barrier Reef International Maritime College, to deliver top-up training to meet the requirements of the new IMO International Convention on Standards of Training, Certification and Watchkeeping, known as the 2010 Manila amendments, which create globally an international integrated rating.
The creation of a genuine regional seafarer labour market will help smooth out the peaks and troughs of the domestic seafarer labour market, driven by the demands of the offshore oil and gas industry. I am committed and I know AusAID is committed to fostering these opportunities. This will create economic benefit for Australia and for regional nations who come on board. This is one aspect of the shipping reform bills where Australia can show regional, and indeed global, leadership in a partnership with domestic stakeholders and regional nations.

The regional employment and training opportunities demonstrate how Labor has structured this package as an integrated package of bills that delivers positive benefits for Australia, for seafaring families and for the nations in the region. I commend the minister for his foresight in developing these bills. I will be providing my support to see that workers from Pacific and neighbouring countries have the opportunity to be part of high-quality seafaring crews under the AISR. I commend the bills, and in particular the Shipping Registration Amendment (Australian International Shipping Register) Bill 2012, to the House.

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (12:05): I thank all members of parliament for their contribution to the debate on these five bills that comprise the government’s Stronger Shipping for a Stronger Economy legislative reforms. These bills represent the most significant overhaul of the Australian coastal trading arrangements since these arrangements were put in place in the 1920s. These reforms address the 40 per cent decline in the Australian fleet over the last decade by encouraging investment in Australian shipping and levelling the playing field for Australian flagged ships so they can better compete.

The Coastal Trading (Revitalising Australian Shipping) Bill sets out the new licensing arrangements to enable vessels to engage in coastal trading in Australian waters. Australian vessels paying Australian wages and providing jobs to Australians will be given preference to carry Australian goods on the Australian coast. However, as I have said previously, the new licensing arrangements do not close the coast to foreign ships.

The government recognises the legitimate role foreign-registered vessels have in our domestic shipping industry, and they will continue to have access to the coast, subject to Australian vessels being given the opportunity to compete for the job. The bill provides for an open and transparent decision-making process when deciding who gets that job. The bill also provides for sufficient flexibility to enable variations to existing licences. We have introduced government amendments to address concerns that have been raised by the major oil companies. Expedited variations may be made to temporary licences to enable fuel carriers to respond quickly to special energy related situations.

The Coastal Trading (Revitalising Australian Shipping) (Consequential Amendments and Transitional Provisions) Bill will provide for a smooth transition from the current coasting trade arrangements to the new regulatory framework to ensure the supply chain will continue to operate while the new regulatory regime is being bedded down. As I have said previously, we have only four Australian vessels participating solely in international trade. It is time that we take action to increase Australian participation in the international trades.
One way of achieving this is the creation of an Australian International Shipping Register through the Shipping Registration Amendment (Australian International Shipping Register) Bill. Over the last 20 years, international registers have been embraced by many advanced maritime nations to address loss of tonnage to open registers. Most of these countries have now established international registers, which provide financial and taxation incentives to increase the competitiveness of their fleets. The Australian International Shipping Register is not, however, a flag of convenience. Companies wishing to register on the Australian International Shipping Register will need to have strong links to Australia. This will ensure that our maritime safety regulator, the Australian Maritime Safety Authority, has the regulatory reach to ensure compliance with our safety, environmental and occupational health and safety standards.

Importantly, we have the Shipping Reform (Tax Incentives) Bill and the Tax Laws Amendment (Shipping Reform) Bill, which provide for tax and other fiscal incentives to ship operators. The major concessions provided through the tax bills are a zero tax rate for ship operators and a seafarers' tax exemption, measures that reduce the cost of Australian shipping operations. The tax bills also enable shipowners to depreciate the cost of their ships over 10 years instead of the average 20 years, along with roll-over relief on sale of a ship. Finally, an exemption from royalty withholding tax reduces the cost for Australian ship operators to secure foreign vessels. We have also introduced a minor government amendment to this arrangement to ensure the exemption from royalty withholding tax will not have the unintended consequence of creating an income tax liability for the foreign lessor in lieu of the royalty withholding tax.

When I introduced these bills I stated that the industry had to do its bit to reduce the costs of Australian shipping. I can advise the House that the shipping industry and unions have reached an agreement on an industry compact—something that the shadow minister said would not happen. It has happened and here it is: the bluewater Shipping Reform Labour Relations Compact, signed by Paddy Crumlin, the National Secretary of the Maritime Union of Australia; Fred Ross on behalf of the AMOU Executive Council; and Theresa Lloyd, the Executive Director of the bluewater employers' Australian Shipowners Association.

Here we have a historic agreement. I congratulate both industry and unions on getting together in the interests of our nation, putting aside sectional interest for the national interest. That is why this legislation should be supported by everyone in this House. It is extraordinary that you have a position whereby industry and unions are as one in urging support for this legislation; yet those opposite cannot bring themselves to support this legislation, even though it is consistent with the policy adopted at the National Party conference just a short time ago.

What the amendment before the House does is ask for another review lasting six months. We have had a House of Representatives committee inquiry, of which the member for Hinkler was the deputy chair. It produced unanimous recommendations. We then had a discussion paper released. We had a shipping advisory task force, comprising groups including the National Farmers Federation, people who use the ships, as well as the Australian Shipping Association and the unions. We
then had another process where you had three groups: one looking at taxation, chaired by Treasury; one looking at regulatory reform; and one looking at workforce development. In this, groups across the sector were involved in the development of this legislation. We then had exposure drafts of the legislation released for people to comment on. We then had another House of Representatives inquiry into these bills. We have produced amendments as a result of some of the submissions to that inquiry. And what do they say over there? They say, 'Let's have another inquiry.'

We had 55 ships when this mob came to office in 1996, and we are now down to less than half of that. You reach a tipping point whereby there is no industry at all. We either do this today and get it done or the industry is done—there will be no Australian flag on our coast. The consequences of that not just for our economy but also for our national security and for our environment are dire indeed. We as an island continent with the fourth-largest shipping task in the world simply cannot walk away from our responsibility to take action. That is what I am urging here today—supported by industry and supported by unions.

I congratulate the delivery of key productivity reform in this agreement. Productivity and efficiency gains, a process to review minimum manning levels and the introduction of riding gangs in coastal trades are all included. In addition, the compact contains many other desirable clauses, such as a dispute resolution clause with a continuity of work commitment; a commitment to review the Seacare scheme, with the objective of protection and indemnity insurance clubs re-entering the market; and setting the crew to berth ratio at two to one. These reforms will benefit Australian shipping companies and establish a solid platform for investment in Australian shipping. More importantly, the revitalisation of the Australian shipping industry will build the maritime cluster and benefit the Australian economy as a whole. These legislative reforms are a product of a long and thorough process of review and industry consultations beginning back in 2007.

We simply cannot afford to continue to do nothing about these issues. In fact, a number of significant industry groups—Teekay Shipping and other shipping operators—have written to members of the opposition asking them to support this vital legislation. So I encourage the opposition to listen to Australian industry and think about the future prosperity of the nation. These reforms are long overdue. The country cannot afford any further inaction on this important issue. We are an island continent. We must be a shipping nation, not just a shipper nation. We have had the courage to take action. I encourage members of this House to do the same.

There are people up there in the public gallery—and I want to particularly single out Teresa Lloyd and Paddy Crumlin—who have had the courage to not get their ambit claims up in this process. They have not got everything that they want. They have had the courage to step away and to make decisions to make sure this reform can happen and that you have a movement forward on these issues. I commend the bills to the House and ask the House to reject the amendment moved by Leader of the National Party to set up yet another inquiry.

The DEPUTY SPEAKER (Mr KJ Thomson): The question is that the amendment be agreed to.
The House divided. [12:21]

(Deputy Speaker—Ms AE Burke)

Ayes....................69
Noes....................71
Majority................2

AYES

Alexander, JG
Andrews, KL
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Cobb, JK
Crook, AJ
Entsch, WG
Frydenberg, JA
Griggs, NL
Hartseyker, L
Hockey, JB
Irons, SJ
Jones, ET
Kelly, C
Ley, SP
Marino, NB
Matheson, RG
Mirabella, S
Moylan, JE
O'Dowd, KD
Prentice, J
Ramsey, RE
Robb, AJ
Roy, WB
Schultz, AJ
Secker, PD (teller)
Smith, ADH
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Washer, MJ
Wyatt, KG

NOES

Elliot, MJ
Ferguson, LDT
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jenkins, HA
Katter, RC
King, CF
Levermore, KF
Macklin, JL
McClelland, RB
Mitchell, RG
Neumann, SK
O'Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Vamvakinou, M
Zappia, A

NOES

Ellis, KM
Fitzgibbon, JA
Georganas, S
Gillard, JE
Grierson, SJ
Hall, JG (teller)
Husic, EN (teller)
Jones, SP
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Melham, D
Murphy, JP
Oakeshott, RJM
O'Neil, DM
Parke, M
Pibersek, TJ
Rishworth, AL
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Thomson, KJ
Wilkie, AD

PAIRS

Abbott, AJ
Baldwin, RC
Forrest, JA
Gash, J

Question negatived.

Original question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by—leave—taken as a whole.

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (12:26): by leave—I present a supplementary explanatory memorandum and move government amendments (1) to (5) as circulated together:

(1) Clause 5, page 3 (after line 9), after the definition of constitutional corporation, insert:
excluded vessel has the meaning given by subsections 10(4) and (5).

(2) Clause 10, page 10 (line 6), omit "of a kind set out in subsection (4)", substitute "an excluded vessel".

(3) Clause 10, page 10 (line 19), omit "The excluded kinds of vessels are as follows", substitute "The following are excluded vessels".

(4) Clause 10, page 10 (line 32), at the end of subclause (4), add:

; (k) vessels of a kind specified under paragraph (5)(a).

(5) Clause 10, page 10 (after line 32), at the end of the clause, add:

(5) The Minister may, by legislative instrument, specify:

(a) kinds of vessels that are to be excluded vessels; and

(b) kinds of vessels that are not to be excluded vessels.

Despite subsection (4), a vessel of a kind specified under paragraph (b) is not an excluded vessel.

I move that an amendment be made to the Shipping Reform (Tax Incentives) Bill 2012 to enable the minister to make a determination under subclause 10(5) that further clarifies which vessel should be eligible for the tax concessions. Clause 10 of the bill sets out which vessels are eligible for the tax concessions. Vessels will need to be over 500 gross tonnes and registered under either the Australian General Shipping Register or the Australian International Shipping Register. Additionally, vessels may not be eligible if they fall within the list of excluded vessels in subclause 10(4). The list aims to confine the concession to the so-called 'blue water fleet'. Due to the broad nature of the definitions contained in this list, the amendment to the bill allows for the minister to make a determination under subclause 10(5) that further clarifies which vessels should be eligible for the tax concessions.

I commend the bill, as amended, to the House.

Mr KATTER (Kennedy) (12:28): I want to add to what the minister has said. The argument is that the cost of intercoastal shipping will increase because of this bill, but just the opposite is true. The ships that are plying now are half empty. If this bill goes through, they will be full and the cost per unit will come down, not up. In any event, ever since Australia has been Australia, it has been a spurious argument that has been applied, and is being applied, to argue against protecting Australian industry.

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (12:29): by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

Shipping Registration Amendment (Australian International Shipping Register) Bill 2012

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Consideration in Detail

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (12:30): by leave—I present a supplementary explanatory memorandum to the bill and move government amendments (1) to (9) together:

(1) Schedule 1, item 25, page 9 (lines 26 to 28), omit paragraphs 15F(2)(b) and (c), substitute:
(b) any information contained in the ship's port state control inspection records in relation to the period prescribed by the regulations; and
(c) the ship's classification society records in relation to the period prescribed by the regulations; and
(2) Schedule 2, item 13, page 28 (line 15), omit the heading to Division 1, substitute:
Division 1—Application of other laws to International Register ships
(3) Schedule 2, item 13, page 28 (line 16), omit the heading to section 61AA, substitute:
61AA Application of other laws to International Register ships
(4) Schedule 2, item 13, page 28 (lines 18 to 22), omit paragraphs 61AA(a) and (b), substitute:
(a) the Fair Work Act 2009 does not apply in relation to when the ship is used to engage in international trading; and
(b) the Seafarers Rehabilitation and Compensation Act 1992 does not apply in relation to the ship at any time; and
(5) Schedule 2, item 13, page 28 (lines 26 and 27), omit "when the ship is used to engage in international trading", substitute "the ship at any time".
(6) Schedule 2, item 13, page 29 (line 30), after "this Division", insert "when the ship is used to engage in international trading".
(7) Schedule 2, item 13, page 35 (lines 8 and 9), omit "when it was engaged in international trading".
(8) Schedule 2, item 13, page 35 (line 17), omit "when it was engaged in international trading".
(9) Schedule 4, item 7, page 56 (lines 5 to 10), omit the definition of owner, substitute:
owner of a ship means one or more of the following:
(a) a person who has a legal or beneficial interest in the ship;
(b) a person with overall general control and management of the ship;
(c) a person who has assumed responsibility for the ship from a person referred to in paragraph (a) or (b).

For the purposes of paragraphs (b) and (c), a person is not taken to have overall general control and management of a ship, or to have assumed responsibility for a ship, merely because he or she is the master or pilot of the ship.

I move that amendments be made to the Shipping Registration Amendment (Australian International Shipping Register) Bill 2012. The amendments to this bill ensure that one of the core objectives of the international register is fully met—that is, that international registered ships are able to compete on a level playing field with their foreign registered counterparts. The amendments provide that the Seafarers Rehabilitation and Compensation Act 1992, as well as state and territory workers compensation legislation, do not apply to ships registered in the international register. This reduces the regulatory burden and allows the operating costs for these ships to align more closely with those of foreign flagged competitors. In order to ensure that seafarers on these vessels are adequately protected, the amendments also require shipowners to have insurance or indemnity policies that meet the minimum requirements outlined in the bill at all times wherever the ship is located.

Other amendments are largely technical in nature to clarify certain issues and to ensure consistency between related legislation. I commend the amendments to the House.

Mr TRUSS (Wide Bay—Leader of The Nationals) (12:32): The government is introducing quite a large number of amendments, it seems, to all of the bills and we have not had a lot of opportunity to examine those amendments. However, from what discussions we have been able to have with industry, they seem to make improvements to what is a flawed package. The government has responded to some of the concerns that have been raised by industry but not all. Among those issues
which have been raised are issues in relation to workers compensation, and they are being dealt with at least to some extent in this set of amendments. For instance, in my speech in the second reading debate I referred to Allianz, who had identified limitations in the workers compensation available for seafarers on Australian International Shipping Register vessels while engaged in the coastal trade. The department at the time acknowledged that there were flaws there and I can only assume that these amendments deal with that issue and hope that they deal with them in a satisfactory way.

A number of other issues have been raised concerning the detail of the package. I welcome the fact that the government has at least been prepared to consider some of those issues and therefore remove some of the measures that were of particular concern to industry, especially the very livelihood of both the domestic and, for that matter, the international shipping industries in our country.

I will make a brief reference also to the compact, which the minister referred to earlier. It was a key part of the government's package—the unions would agree to productivity reform in return for the government providing taxation concessions and a range of protective measures for the domestic shipping industry. However, on what little information we have about the compact, it does not seem to me to be any kind of significant productivity breakthrough. There is not going to be any reduction in manning numbers, for instance; in fact, manning numbers are likely to go up. There are no changes in productivity that I can see. There are going to be shipboard management committees. No doubt we will have the Maritime Union sitting alongside the captain and deciding whether to go forwards or backwards. It does not seem to me as though you can have an arrangement which effectively has everybody stopping and sitting down for a committee meeting about what sorts of decisions are going to be made onboard. It mandates union involvement in decision-making processes. I am concerned also about the proposed 11-hour day on duty. That clearly means that there will be a guarantee of overtime having to be built into it to man the ship for the full period of time. For attempts to resolve disputes, again, this is essentially mandating a massive new role for the union to be involved in all of these sorts of things. On crewing levels, it enshrines the one-for-two crews and, in effect, guarantees the six months on, six months off arrangements.

These are things that have made our industry uncompetitive. Tax concessions and other things are not going to make a difference unless there is a genuine improvement in productivity on board our vessels. The minister has said he wants genuine productivity. If in fact this productivity is being built around the so-called compact, I do not believe it actually delivers the kinds of changes that are going to be necessary. It concerns me that we are not going to get the genuine productivity gains and for that reason this bill will not result in there being a stronger Australian domestic shipping industry. In addition, as I said before, I have serious concerns that one job saved in the shipping industry may well cost 100 jobs on shore. That does not really make much sense. There does need to be flexibility. These amendments, and some of the other amendments to other bills that the government is proposing, will make an improvement. I accept that. But I still do not think that the government has a package in front of us that is going to make a real difference for the domestic shipping industry. But what I know for certain is that it is going to be much more difficult for us to
get the lowest price for moving goods around Australian ports. This objective needs to be about doing a better freight job— (Time expired)

Question agreed to.
Bill, as amended, agreed to.

Third Reading

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (12:37): by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

Coastal Trading (Revitalising Australian Shipping) Bill 2012

Second Reading
Debate resumed on the motion:
That this bill be now read a second time.
Question agreed to.
Bill read a second time.
Message from the Governor-General recommending appropriation announced.

Consideration in Detail
Bill—by leave—taken as a whole.

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (12:39): by leave—I present a supplementary explanatory memorandum to the Coastal Trading (Revitalising Australian Shipping) Bill 2012. I move government amendments (1) to (19) as circulated together:

(1) Clause 6, page 6 (after line 18), after the definition of energy licence, insert:

energy security situation: see subsection (1A).

(2) Clause 6, page 7 (after line 26), after the definition of licence, insert:

liquid fuel product means any of the following:

(a) biodiesel (within the meaning of paragraph (a) of the definition of that expression in the Energy Grants (Cleaner Fuels) Scheme Act 2004);
(b) liquid fuel (within the meaning of the Liquid Fuel Emergency Act 1984);
(c) liquid petrochemical (within the meaning of that Act);
(d) liquid petroleum (within the meaning of that Act);
(e) liquid petroleum product (within the meaning of that Act);
(f) petrochemical (within the meaning of that Act);
(g) petroleum (within the meaning of that Act);
(h) petroleum product (within the meaning of that Act);
(i) refined liquid petroleum product (within the meaning of that Act).

(3) Clause 6, page 8 (lines 5 to 12), omit the definition of owner, substitute:

owner of a vessel means one or more of the following:

(a) a person who has a legal or beneficial interest in the vessel, other than as a mortgagee;
(b) a person with overall general control and management of the vessel;
(c) a person who has assumed responsibility for the vessel from a person referred to in paragraph (a) or (b).

For the purposes of paragraphs (b) and (c), a person is not taken to have overall general control and management of a vessel, or to have assumed responsibility for a vessel, merely because he or she is the master or pilot of the vessel.

(4) Clause 6, page 9 (after line 15), after subclause (1), insert:

(1A) For the purposes of this Act, an energy security situation exists if:

(a) a vessel is used to undertake a voyage authorised by a temporary licence; and
(b) the vessel is carrying a liquid fuel product; and
(c) there are special circumstances, of a kind prescribed by the regulations, requiring the vessel to load or unload a liquid fuel product at a port that is not authorised by the licence.
(5) Clause 28, page 22 (after line 17), after paragraph (2)(e), insert:

(ea) the name of the vessel (if known);

(6) Clause 34, page 25 (after line 21), after paragraph (b), insert:

(ba) if the application relates to cargo and a vessel registered in the Australian International Shipping Register—both:

(i) whether the applicant owns the cargo and the vessel; and
(ii) whether the cargo is to be carried on the vessel;

(7) Clause 34, page 26 (lines 4 and 5), omit "in a timely manner", substitute "on the expected loading dates or within 5 days before or after the relevant date".

(8) Clause 40, page 29 (line 10), before "the holder", insert "subject to paragraph (ca)".

(9) Clause 40, page 29 (after line 11), after paragraph (c), insert:

(ca) if a voyage authorised by the licence is not going to be undertaken—the holder of the licence must notify the Secretary, in writing, of that fact and the reasons why the voyage is not going to be undertaken;

(10) Clause 43, page 30 (line 8), at the end of subclause (1), add "other than a matter authorising a voyage that the Secretary has been notified is not going to be undertaken".

(11) Clause 43, page 30 (after line 14), after paragraph (2)(b), insert:

(ba) if the application relates to an energy security situation—be accompanied by a statutory declaration giving details of the special circumstances; and

(12) Clause 43, page 30 (after line 16), at the end of the clause, add:

(iii) An application relating to a voyage authorised by a temporary licence may be made:

(a) in the case of an energy security situation—at any time:

(i) after the notification requirements under section 61 for the voyage have been complied with; and

(ii) before the end of the voyage; and

(b) in any other case—before the notification requirements under section 61 for the voyage have been complied with.

(13) Clause 45, page 30 (line 24), after "section 43", insert "(other than an application relating to an energy security situation)".

(14) Clause 46, page 31 (lines 30 to 32), omit subclause (4), substitute:

(4) The Minister must decide an application for variation of a temporary licence:

(a) in the case of an application relating to an energy security situation—within 24 hours of receiving the application; and

(b) in any other case—within 2 business days after the day the application is made.

(15) Page 32 (after line 4), after clause 47, insert:

47A Application taken to be granted in certain circumstances

If the Minister has not decided an application relating to an energy security situation by the end of the period within which a decision is required under section 46, then, at the end of that period, the Minister is taken to have:

(a) granted the application; and

(b) determined that the matters specified in the application are authorised by the licence.

(16) Clause 61, page 37 (after line 9), after paragraph (b), insert:

(ba) the date of the voyage;

(17) Clause 72, page 44 (after line 5), after paragraph (c), insert:

(ca) the holder of the licence must comply with the notification requirements under section 74A;

(18) Page 44 (after line 26), after clause 74, insert:

Subdivision C—Miscellaneous

74A Voyage notification requirements for emergency licences

The holder of an emergency licence must, at least 2 days before the actual loading date for a voyage to be undertaken under the licence, notify the Minister, in writing, of the following:

(a) the vessel to be used to undertake the voyage;

CHAMBER
(b) the date of the voyage;
(c) the number of passengers to be carried during the voyage (if any);
(d) the kind and volume of cargo to be carried during the voyage (if any);
(e) the ports at which the passengers or cargo will be taken on board;
(f) the ports at which the passengers will disembark or the cargo will be unloaded.

Civil penalty:
(a) for an individual—50 penalty units; and
(b) for a body corporate—250 penalty units.

(19) Clause 75, page 45 (line 15), omit "each voyage undertaken under", substitute "the period of".

On 22 March 2012, the selection committee of the House of Representatives referred the shipping reform suite of bills to the House of Representatives Standing Committee on Infrastructure and Communications. These bills were also referred to the Senate Economics Legislation Committee. The House of Representatives Committee on Infrastructure and Communications received 30 submissions, one supplementary submission and one exhibit to its inquiry and the committee tabled its report on 24 May 2012. The amendments to the bills are in response to issues raised by stakeholders during the parliamentary inquiries and also address other minor and technical matters.

In relation to the Coastal Trading (Revitalising Australian Shipping) Bill 2012, one substantial amendment is in response to representations made by the oil companies and the Australian Institute of Petroleum. They have proposed to amend provisions in the Coastal Trading (Revitalising Australian Shipping) Bill 2012 to enable fuel carriers to respond to urgent situations where there is a threat to Australia's energy security. To address this legitimate concern, the government is moving to amend the bill to include an expedited variation process for temporary licences in circumstances in which a vessel is loaded and about to sail or has already sailed and is required due to a defined energy incident to load or unload a liquid fuel product at a port not authorised by the licence. The variation will be decided within 24 hours from receipt of the application and would only apply in special circumstances to be prescribed in the regulations. These circumstances would include incidents such as unscheduled refinery outages.

To address issues raised by the sugar industry we are also making an amendment to clause 34 that will enable consideration to be given as to whether the applicant owns the cargo and owns a vessel registered in the Australian international shipping register which will be used to carry the cargo. This will encourage investment in vessels on the Australian international shipping register and support increased participation by Australian flagged vessels in the triangular trades.

Another amendment will replace the definition of 'owner' to make the definition in this bill consistent with the Navigation Amendment Bill 2012 that I introduced into the parliament just this week. To remove unnecessary regulatory burdens, the bill is also being amended to streamline the requirements relating to unused voyages and the reporting requirement for emergency licences. To remove any ambiguity, the bill will be amended to ensure that a variation of a temporary licence cannot be made after a voyage notification is provided. This provides certainty for the temporary licence holder. I commend the bill, as amended, to the House.

Mr TRUSS (Wide Bay—Leader of The Nationals) (12:43): The government has produced 19 amendments that overall make a significant improvement to the Coastal Trading (Revitalising Australian Shipping)
Bill 2012 and get rid of, or at least mitigate, some of the really serious objections that there were to this legislation. There was genuine concern about the inability of some freight forwarders to be able to deliver on their task at all. For instance, Sugar Australia said that they had a number of concerns about these sorts of issues and the loss of a capacity to use Australian sugar in markets in other parts of the country. For instance, it is cheaper to take sugar from Thailand to Perth, even now, than it is to take Australian sugar to Perth. But under the legislation that was proposed by the government—it would have been almost impossible to move Australian sugar anywhere around our coast, and so it would have been cheaper to bring it on from overseas to Melbourne rather than take Mackay sugar to Melbourne. There are still some barriers here and I will refer to them when I get to the amendments that the coalition intends to move.

One example is the movement of ethanol from place to place. Again, there are occasional shipments that are required. The government has put in place a bureaucratic process which seems to be designed to prevent anyone from getting a single-permit voyage. In fact, you cannot get them anymore; you can only get the permits five at a time. Those sorts of issues were causing concern. The government has mitigated that to some extent but I have to say that I am not convinced that there is a genuine capacity for all Australian domestic shipping operations to take advantage of this method of shipping, even when there is no alternative available.

We readily agree that if there is a suitable Australian vessel available at approximately the right time they should be given priority for the voyage, but some of the restrictions that are in place would seem to mean that if there were no Australian vessel available the only other option would be to not undertake the task at all. I will be referring to that a little bit more later on, as well.

I have to say I have been very surprised by the attitude of the member for Kennedy. He clearly has not listened to the sugar growers that he often seeks to defend. He has not listened to them, because he is putting in place and agreeing to mechanisms that are going to make it much more difficult for the Australian sugar industry to compete on the Australian market. In essence, it will be more effective to take Australian sugar overseas and use an international vessel and ship it back than it would be to take it from one port to another.

That is the kind of nonsense that is likely to occur under the arrangements that the government has put in place. I acknowledge that there are amendments here, which we will not be opposing. I hope that they will mitigate these concerns but I certainly give notice that we will be looking very closely at the operation of these measures over the years and months ahead. And if they do not work—if they do not deliver—we will be making changes.

Question agreed to.

**Shipping Registration Amendment (Australian International Shipping Register) Bill 2012**

**Explanatory Memorandum**

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (12:47): I present the correction to the explanatory memorandum to the Shipping Registration Amendment (Australian International Shipping Register) Bill 2012.

**Coastal Trading (Revitalising Australian Shipping) Bill 2012**

**Consideration in Detail**

Mr TRUSS (Wide Bay—Leader of The Nationals) (12:47): I have five amendments
that I wish to move. I think it might suit the convenience of the House if we deal with the first one alone and then maybe the others in a separate question. I move:

(1) Clause 3, page 2 (line 11), at the end of subclause 3(1), add:

; and (e) promotes competition in coastal trading; and

(f) ensures efficient movement of passengers and cargo between Australian ports.

This amendment is to the objectives of the Coastal Trading (Revitalising Australian Shipping) Bill 2012. Clause 3(1) of the bill lists the objectives of the bill. It says:

(1) The object of this Act is to provide a regulatory framework for coastal trading in Australia that:

(a) promotes a viable shipping industry that contributes to the broader Australian economy; and

(b) facilitates the long term growth of the Australian shipping industry; and

(c) enhances the efficiency and reliability of Australian shipping as part of the national transport system; and

(d) maximises the use of vessels registered in the Australian General Shipping Register in coastal trading.

The amendments that I propose are that two additional objectives be added, one promoting competition in coastal trading and the other ensuring the efficient movement of passengers and cargo between Australian ports.

The coalition believes that these two additional clauses to the objectives will make it clear that Australia has no intention of closing its coast and supports competition in shipping to promote the efficient and cost-effective movement of freight. The minister has clearly stated, earlier and again today, that it is not his intention to close the coast to foreign flagged vessels, yet the prescriptive requirements to obtain a temporary licence could be interpreted as an attempt, at the very least, to discourage international participation.

This amendment to the objects of the act makes it clear that in addition to supporting the Australian shipping industry and Australian flagged vessels, Australia's coastal trade must be efficient and internationally competitive. It should be noted that clause 34(2)(f) of the Coastal Trading (Revitalising Australian Shipping) Bill 2012 states that the minister may have regard to the objects of the act when determining whether or not to grant a temporary licence. Additionally, clause 63(2) gives the minister the power to issue a 'show cause' notice if a temporary licence is being used in a way that circumvents the objectives of the act.

The coalition amendment will make it clear that our coastal shipping industry should be competitive and efficient. It makes it evident that both foreign and Australian flagged vessels have a role to play. There were many submissions to the House and Senate committee inquiries on this point. The Australian Logistics Council, for instance, said that 'as important a policy goal as maintaining an Australian coastal fleet is, the efficient movement of cargo should also be a key national goal.' And the Business Council of Australia said:

A broader set of objectives is needed to ensure the subsequent reforms do not lessen the competitiveness of the market, negatively impact the interests of shipping users or result in lower employment and GDP outcomes for the wider Australian community.

That was the element that the opposition were keen to pursue through a Productivity Commission inquiry. We wanted it to look particularly at the impact of this bill on other industries so that there were not jobs lost in other industries as a result of this bill. The House has voted that that will not happen, so
I think balancing the objectives will certainly make it easier for there to be confidence that coastal shipping will not be closed and that there will be opportunities for permits and that therefore we can have a competitive and efficient industry. On top of that, where there are specific tasks that require a specialist vessel, the door will not be closed to them.

The minister will still have to take into account the importance of promoting the Australian shipping industry and giving our own industry the opportunity to undertake these tasks but it puts some balance into the objectives, and I commend the amendment to the House.

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (12:51): The government will be supporting this amendment. The amendment goes to two issues: promoting competition in coastal trading—the government supports that—and ensuring efficient movement of passengers and cargo between Australian ports. The government supports that.

What these reforms are all about is creating competition. At the moment there is no competition because Australian ships are disadvantaged against foreign ships. The position that they are arguing here on competition is like arguing on the Enterprise Migration Agreements that any foreign worker should have the right to come in and do any work in Australia with no limitations whatsoever. But guess what? There would be no Australians working in the resources sector or in other sectors if that were the case. Extraordinary positions have been put during this debate, and I have had the same positions put to me in my office. It says, 'The problem with what you're doing here is that we won't be able to pay people less'—that is, that it will not be possible to pay a different wage to an Australian worker from that paid to a foreign worker. But we do not want to compete in a race to the bottom by paying people a dollar an hour. We do not want situations where people who work on flags of convenience ships crash those ships into the Great Barrier Reef because they have not been to sleep for more than 24 hours. That is why we need to ensure—and through the Fair Work Act we have ensured—that people who work on ships operating around the Australian coast do have to comply with Australian wages. The whole cost differential argument that has been put is a nonsense.

We support competition; we do not support competition whereby Australian ships are unable to compete. That is why we have produced a zero rate of taxation for Australian shipping. The Leader of the National Party has said to industry, 'Gee, I wish I could've got that; I couldn't get that through Treasury.' I have delivered it; why don't you just vote for it? That is all I am asking you to do. It is easy—you do not even have to move; just sit there and vote for it.

We support this amendment but we do not think it is necessary in terms of the object of the bill, because the whole package is about having a stronger, more competitive, more efficient industry. We just happen to think that Australians can do it. The compact between industry and unions was so readily dismissed by the Leader of the National Party. I'll tell you what: I will listen to the people who actually run ships and work on ships—the employer organisation and the employee organisation—before I will listen to any politician about the realities of the shipping industry. But we do support the amendment.

The reforms in the bill will restore the level playing field and promote competition. A competitive shipping market will ensure that we can achieve efficiencies and that shipping regains its share of the transport...
One of the great advantages of promoting shipping is that the blue highway is free. There will be a real cost benefit in maximising the use of the blue highway as opposed to using our bitumen highways. There will be real benefits in economic productivity and real benefits in safety as well. But we need to get it right—and, if there is no Australian industry, the skills and workforce that can run our ports, our harbours and our logistics tasks will not be created. Shipping is essential for an island continent. We support amendment (1), moved by the Leader of the National Party.

Mr KATTER (Kennedy) (12:56): In speaking to this amendment I cannot help but praise highly certain people. I have seldom met such genuine individuals, with such fierce determination to represent their people, as Terry Snee, the Federal President of the Australian Institute of Marine and Power Engineers, Henning Christensen or Michael Bakhaazi. They have been absolutely relentless in pursuing the objectives embodied in this bill. I also pay tribute to Paddy Crumlin and his union, but the first three people I mentioned have been absolutely relentless on this.

One of their points which had very great traction with me and which pertains to this amendment is the fact that as late as two weeks ago a ship went adrift and smashed into the Barrier Reef because its engines were not working and because it had an incompetent crew who did not know how to fix an engine. It was a very big boat. I apologise to the House because I do not have the name of the boat with me at present. These foreign vessels can just come in, cross our reef any time they feel like it, lose their motors and smash through. Some of these ships have incompetent captains. Some of them are drunk some of the time and some of them have enormous difficulty reading charts that are written in English or communicating on the radio because they have very limited ability in English.

We North Queenslanders have not raised the issue of the Barrier Reef, but we are sick and tired of seeing boats leaking oil all over the Barrier Reef, smashing through the Barrier Reef and losing their engines and just drifting, as that ship did two weeks ago. I draw attention to the honourable opposition spokesman, who obviously thinks it funny—he is laughing—that the Barrier Reef is being destroyed under laws that his party introduced into this place and that they would like to keep. But we do not; we want competent people answerable to the people of Australia running the vessels backwards and forwards.

Almost all the bauxite from Queensland has to come down the coast for processing at Gladstone, and this means that all of our coal—and I mean all of it—has to go out through the Barrier Reef. So it is absolutely imperative to us that we have some knowledge, security and control and that we ensure that the people running the ships are Australians who are responsible to Australian laws, to Australian standards and to Australian conditions and that they have to face the Australian people if they smash the Barrier Reef, one of our nation's greatest assets, to pieces. I again pay a great tribute to the Australian Institute of Marine and Power Engineers, those three people I referred to before, and also Paddy Crumlin and his union, who have worked so terribly hard to bring attention to bear on this issue. I do not always agree with the unions—sometimes I have had to take very hostile positions—but in this case they had an argument that carried weight with me.

It is with deep regret that I watch my old party being the champion of free trade when they were the party who protected and built our industries. Now they are the party that
are blowing up the walls of our fortresses and letting the vandals in—and the vandals came in the form of a ship that ago had no engine and smashed through the Barrier Reef in North Queensland two weeks ago. We had to meet the cost of going and picking up that vessel and towing it into port, where it could be fixed up.

This is good legislation. I praise the minister as one of the first people in this place in my time in here who has actually moved with courage, resolution and intelligence to protect and take forward Australian industry. There is $178,000 million a year going out of this country to foreign shipping. The Americans will not allow one dollar. The great champions of free markets? Not one dollar. I am sure if you tried to get away with this in Europe they would laugh at you. But the great champions of the free market in here today stand by themselves. You stand by yourself, LNP. There is not another country on earth that agrees with your policies. God bless the minister on this one. (Time expired)

Question agreed to.

Mr TRUSS (Wide Bay—Leader of The Nationals) (13:01): by leave—I move opposition amendments (2) to (5):

(2) Clause 28, page 22 (line 10), after "specify", insert ", to the extent known."

(3) Clause 28, page 22 (line 11), omit ", which must be 5 or more,".

(4) Clause 51, page 32 (line 25), after "specify", insert ", to the extent known."

(5) Clause 51, page 32 (line 26), omit ", which must be 5 or more,".

Amendments (3) and (5) remove the requirement that an application for a temporary licence must have at least five voyages in a 12-month period. As I noted in my speech on the second reading debate, one of the exposure drafts of the Coastal Trading (Revitalising Australian Shipping) Bill set the minimum number of voyages at 10 in a 12-month period. As noted in the explanatory memorandum, there was a broad consensus from industry that many operators could not provide sufficient detail for 10 voyages and that five voyages was more practical. However, I would argue that the same objections from industry that applied to the 10-voyage minimum threshold also apply to the five-voyage threshold.

While it is true that most industry participants that would be applying for a temporary licence do engage in five or more voyages per year, it is not the case for everyone. The bill in its present form would see these smaller operators unable to comply with the new regulatory arrangements. There is almost universal agreement in the industry that this requirement should be removed. As Caltex noted in their submission to the House committee inquiry:

Implementing a minimum voyage requirement on [Temporary Licence] applications is not practical or reasonable. The requirement places unnecessary restrictions on shippers who undertake less than five voyages in a 12 month period and disadvantages these stakeholders whose trade is not likely to encourage investment on the coast due to their variable needs and low demand.

The prospect of temporary licence holders making up fictitious or spurious voyages to meet the five-voyage minimum is discussed in many of the submissions to the House and Senate inquiries. A regulatory system is obviously deficient and clearly does not meet its objectives if, in order to comply, applicants are forced to make up fictitious voyages. Not only will this undermine the integrity of the system; it will waste industry and department time and resources processing applications for voyages that will never occur.

Additionally, general licence holders who are given the option of objecting to a
particular voyage listed on a temporary licence if they believe they are able to take the cargo or passengers may needlessly spend time objecting to voyages that a temporary licence holder has no intention of undertaking but is just making up to get to the numbers for this five-voyage limit. Shipping Australia comments on the five-voyage limit in their submission, stating:

... the minimum of five voyages, which in our view, discriminates against the smaller coastal shipper who may, for example, have two or three voyages per year ...  

The department states in its supplementary submission to the House committee inquiry in response to the industry's concerns about the five-voyage limit that the vast majority of shippers undertake in excess of five voyages per year so would qualify under the new temporary licence. I accept that. But then they go on to acknowledge:

For the small number of operators requiring fewer than five voyages, the new arrangements may require some reconsideration of their operating requirements.

If they only want to conduct one or two voyages, how on earth can they reconsider their operating requirements to meet this five-voyage limit? There does not seem to be any logic in requiring five, seven, 10 or any other number. Surely, if they wanted to undertake a voyage—even if it is only one—that ought to be available for assessment. It does not mean it would be granted, but they ought to be able to apply for it. The smaller operators will not be able to operate in the Australian coastal trade, because they really cannot change their operations.

Additionally, the five-voyage minimum will also stifle the ability of start-up routes for new entrants into the market who are not on the Australian register. You will not be able to test a market to see whether there is demand for a particular route if you are unable to commit to five voyages in a 12-month period. One such example is raised by Sucrogen in their submission to the House inquiry. They explain:

The bioethanol business was recently re-structured to provide only fuel grade ethanol into the Queensland market with industrial markets served by product imported to the Port of Melbourne. Ships for this product also have to meet certain product specific requirements. Under recently changed market conditions, Sucrogen Bioethanol will re-start coastal transfers of ethanol from North Queensland to Melbourne displacing imports.

However, Sucrogen believes this is made more difficult because of this bill. They say:

It might be that from time to time depending on the market situation the business needs to only move one cargo. It may be that it needs to move four and this cannot be predicted over a 12 month period. Thus the business is beholden to this Act .... At present the differentials for moving cargo from North Queensland versus imports from Brazil are marginal.

(Extension of time granted). The bill, if successful, will make moving bioethanol from Queensland to Melbourne harder not easier.

There are one-off cargoes requiring a specialist vessel for a single or a couple of journeys. These tasks could not be undertaken under the restrictive legislation as it currently stands as there is no provision for tasks requiring less than five voyages in the temporary licence arrangements. The Australian Logistics Council states in their submission to the House inquiry:

In the absence of an explanation why the arbitrary figure of five voyages was picked, ALC would recommend the five voyage threshold to eligibility to apply for a temporary licence be removed from the legislation.

The coalition agrees, and that is why we have proposed the amendment.

The second amendment of this group is to remove the five-voyage minimum for
applications to vary the temporary licence. You have to amend five at a time, or if you want to add two voyages to your five-voyage application you simply cannot do it. That does not make any sense. Often there is no option to send it by road or rail; the reality is that the task cannot occur and that just does seem to be a very curious requirement.

The coalition believes that this amendment is sensible and would assist in making the temporary licence system more workable for the industry. If a temporary licence has been granted and a temporary licence holder wishes to add extra voyages not contemplated when the temporary licence was first applied for they should be able to do so without impediment.

Amendments (2) to (4) insert the words 'to the extent known for applications for a temporary licence and variation to a temporary licence'. The amendments make it clear that only the information that is actually known at the time of the application must be submitted. It will address some of the industry's concerns about the prescriptive nature of applying for a temporary licence. Frequently, you do not know all of these details this far in advance. It is reasonable, therefore, that they only be required to provide information that they actually know about. It is certainly reasonable. The government has in the bill, and particularly in its amendments, in some circumstances allowed for only information that the applicant knows about to be required in their application. But why is this not universal to all of the requirements that an applicant needs to provide to the minister when making the original application? To say that some things do not have to be provided if the applicant does not know about them but that others do, even if they do not know about them, does not seem to me to be logical at all.

The explanatory memorandum for the Coastal Trading (Revitalising Australian Shipping) Bill says on page 23 that a temporary licence will be issued for:

... only those voyages where the required information is known (including expected loading dates, loading and discharge ports and cargo type and volumes) …

So the minister really is not able to waive this requirement, even though the applicant does not know what the information is at the time. He is obliged to approve these applications only when all of this information is known.

The rationale for the 12-month period for a temporary licence as opposed to continuing voyage permits, which last for three months, has been explained by the department as providing holders of these licences with a greater certainty regarding their shipping arrangements. However, this does not take into account the commercial reality in many parts of the shipping industry where a 12-month schedule is not possible to predict. Shipping Australia says in its submission that it is impossible to forecast the movement of such cargoes over a 12-month period. That is particularly true of break-bulk and the bulk industries. You do not know how big the sugar crop is going to be at the beginning of the year, or who the eventual purchaser will be. So why are these restrictive requirements being included in the application for temporary licences?

A number of the major users have certainly backed the changes proposed by the coalition, including Caltex. Shell backs up the assertion, saying:

Overall the Temporary Licence system appears more complicated and burdensome to both the oil industry and the Department than the existing Permit system, and in our opinion, will fail to deliver any of the objectives of the Act in respect to the oil tanker segment of the Australian shipping industry.
So this amendment will clarify the existing provision, reduce the regulatory burden on the shipping industry and ensure that the self-evident logical occurrence would be that if the information is not available it does not have to be provided. *(Time expired)*

**Mr ALBANESE** (Grayndler—Leader of the House and Minister for Infrastructure and Transport) *(13:12)*: The government will not be supporting these amendments. These amendments would indeed undermine the very intent of the legislation.

Last year there were 1,400 single-voyage permits issued. Part of the problem in the ability of Australian ships to compete around the coast is about transparency and information. That is how the bill has been constructed, so that Australian ships can compete in full knowledge of what the circumstances are of what jobs are available. I find it astonishing that the House would consider there to be something inappropriate about that transparency and about giving Australian ships the right to compete. That is simply what these provisions are there for.

The shadow minister said earlier that he supported Australian ships getting jobs around the coast where that was possible, and he confirms that that is his position now. That is why the bill was constructed this way. I commend the bill to the House, and I ask the House to reject these amendments moved by the Leader of the National Party.

**The DEPUTY SPEAKER (Ms AE Burke):** The question is that the amendments be agreed to.

The House divided. *(13:18)*

(The Deputy Speaker—Ms AE Burke)

Ayes...............69
Noes...............71
Majority.........2

CHAMBER

AYES


NOES

The question negatived.

The DEPUTY SPEAKER (Ms AE Burke) (13:22): The question now is that the bill, as amended, be agreed to.

The House divided. [13:23]

(The Deputy Speaker–Ms AE Burke)

Ayes....................71
Noes......................68
Majority................3

AYES

Hayes, CP
Jenkins, HA
Katter, RC
King, CF
Livermore, KF
Macklin, JL
McClelland, RB
Mitchell, RG
Neumann, SK
O'Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Vamvakinou, M
Zappia, A

Husic, EN (teller)
Jones, SP
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Melham, D
Murphy, JP
Oakeshott, RJM
O'Neil, DM
Parke, M
Pilbersek, TJ
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Thomson, KJ
Wilkie, AD

AYES

Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jenkins, HA
Katter, RC
King, CF
Livermore, KF
Macklin, JL
McClelland, RB
Neumann, SK
O'Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Vamvakinou, M
Zappia, A

Georganas, S
Gillard, JE
Grierson, SJ
Hall, JG (teller)
Husic, EN (teller)
Jones, SP
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Melham, D
Oakeshott, RJM
O'Neil, DM
Parke, M
Pilbersek, TJ
Rishworth, AL
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Thomson, KJ
Wilkie, AD

NOES

Abbott, AJ
Baldwin, RC
Forrest, JA
Gash, J
Ferguson, MJ
Emerson, CA
Danby, M
Rowland, MA

Alexander, JG
Andrews, KL
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Cobb, JK
Crook, AJ
Entsch, WG
Frydenberg, JA
Griggs, NL
Hartson, L
Hockey, JB
Irons, SJ
Jones, ET
Kelly, C
Ley, SP
Marino, NB
Matheson, RG
Mirabella, S
Moylan, JE
O'Dowd, KD
Prentice, J
Ramsey, RE
Robb, AJ

Andrews, KJ
Billson, BF
Bishop, JI
Broadbent, RE
Chester, D
Ciobo, SM
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Gambharo, T
Haase, BW
Hawke, AG
Hunt, GA
Jensen, DG
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O'Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR

PAIRS

Abbott, AJ
Baldwin, RC
Forrest, JA
Gash, J
Ferguson, MJ
Emerson, CA
Danby, M
Rowland, MA

Question negatived.
Question agreed to.
Bill, as amended, agreed to.

Third Reading

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (13:28): by leave—I move:
That this bill be now read a third time.

Question agreed to.
Bill read a third time.

Coastal Trading (Revitalising Australian Shipping) (Consequential Amendments and Transitional Provisions) Bill 2012

Second Reading

Debate resumed on the motion:
That this bill be now read a second time.

Question agreed to.
Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (13:29): by leave—I present a supplementary explanatory memorandum to the bill and a correction to the explanatory memorandum and I move government amendments (1) to (4) as circulated together:

(1) Schedule 1, page 6 (after line 2), after item 19, insert:

19A At the end of subsection 19(1)
Add:

Note: This Act does not apply if a prescribed ship is a ship registered in the Australian International Shipping Register, see paragraph 61AA(b) of the Shipping Registration Act 1981.

(2) Schedule 1, item 20, page 6 (lines 5 to 8), omit subsection 19(1AA).

(3) Schedule 1, item 20, page 6 (line 9), omit "(1AB)", substitute "(1AA)".

(4) Schedule 2, item 3, page 9 (line 2), omit "permit", substitute "licence".

These are technical amendments to be made to the Coastal Trading (Revitalising Australian Shipping) (Consequential Amendments and Transitional Provision) Bill 2012. A technical correction is being made to item 3 of part 2, schedule 2, of the bill to replace 'permit' with 'licence'. Further, a redundant provision is being deleted in view of the insertion of a provision in the Shipping Registration Amendment (Australian International Shipping Register) Bill 2012 which effectively provides that the Seafarers Rehabilitation and Compensation Act 1992 does not apply in relation to a vessel registered in the Australian International Shipping Register. To aid users of the seafarers act a note is inserted after subsection 19(1) of that act to alert readers to the non-application of the seafarers act to vessels registered in the Australian International Shipping Register.

I commend the bill, as amended, to the House.

Mr TRUSS (Wide Bay—Leader of The Nationals) (13:30): Mr Deputy Speaker Scott, the coalition will not be opposing these amendments and, for that matter, the other amendments that the minister is
proposing to move. I make one observation, and that is that this process has been a shambles. The fact that there are such significant amendments, large numbers of amendments, being made at the last moment and that there is a new explanatory memorandum, and then corrections to the explanatory memorandum, just demonstrate that this process has been a shambles. Having said that, we think that most of the amendments are probably an improvement and, therefore, we are not going to oppose them. The final point I make is that, while the coalition are opposed to the package, we will not be calling 10 divisions, to suit the convenience of the House.

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (13:31): by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

Tax Laws Amendment (Shipping Reform) Bill 2012

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (13:33): by leave—I present a supplementary explanatory memorandum to the bill and move government amendment (1) on sheet CJ242 as circulated:

(1) Schedule 4, item 1, page 17 (lines 11 and 12), omit "of a kind set out in subsection 10(4) of the Shipping Reform (Tax Incentives) Act 2012", substitute "an excluded vessel (within the meaning of the Shipping Reform (Tax Incentives) Act 2012)".

I also move government amendments (1) and (2) on sheet CC236 as circulated:

(1) Schedule 4, page 17 (after line 18), after item 1, insert:

1A Section 128D

Omit "or (jb)", substitute ", (jb) or (m)".

(2) Schedule 4, item 2, page 17 (line 20), omit "amendment made by this Schedule applies", substitute "amendments made by this Schedule apply".

The amendments ensure royalties for bareboat charters are exempt from withholding tax and not subject to income tax instead. The royalty withholding tax exemption for non-resident lessors or bareboat charters is designed to encourage the use of bareboat charters by Australian shipping operators. Royalty withholding tax makes it more expensive to secure foreign vessels on a bareboat basis—that is, without a captain and crew—when compared to leasing vessels fully supplied with a captain and crew. These do not attract withholding tax. This amendment follows representations from industry that the royalty withholding tax exemption had the unintended effect of subjecting lessors to income tax instead. This could defeat the policy intent.

The amendments also ensure that the bill aligns with the revised meaning of 'excluded vessels' in the Shipping Reform (Tax Incentives) Bill 2012. I commend the bill, as amended, to the House.

Question agreed to.

Bill, as amended, agreed to.
Third Reading

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (13:35): by leave—I commend this historic legislation across these five bills to the House and move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

National Health Reform Amendment (Administrator and National Health Funding Body) Bill 2012

Consideration in Detail

Bill—by leave—taken as a whole.

The DEPUTY SPEAKER (Hon. BC Scott) (13:36): The question is that the amendments moved by the Minister for Health and Ageing be agreed to.

Bill, as amended, agreed to.

Third Reading

Ms PLIBERSEK (Sydney—Minister for Health) (13:38): I move:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Federal Financial Relations Amendment (National Health Reform) Bill 2012

Second Reading

Ms PLIBERSEK (Sydney—Minister for Health) (13:38): I move:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

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

Consideration in Detail

Bill—by leave—taken as a whole.

Ms PLIBERSEK (Sydney—Minister for Health) (13:39): I present a supplementary memorandum to the bill and I ask leave of the House to move government amendments (1) to (3) as circulated together.

Leave granted.

Ms PLIBERSEK: I move government amendments (1) to (3):

(1) Clause 2, page 2 (table items 2 and 3), omit the table items, substitute:

2. Schedule 1, item 1

The day after this Act receives the Royal Assent.

2A. Schedule 1, item 2

The day this Act receives the Royal Assent.

2B. Schedule 1, items 3 and 4

The day after this Act receives the Royal Assent.

2C. Schedule 1, items 5 and 6

The day this Act receives the Royal Assent.

3. Schedule 2

The day this Act receives the Royal Assent.

(2) Schedule 1, item 5, page 3 (line 19), after “13”, insert “or 15A”.

(3) Schedule 2, item 5, page 4 (lines 28 and 29), omit the item.

The Federal Financial Relations Amendment (National Health Reform) Bill 2012 is being amended to change the date of effect, from 1 July 2012, to the day the act receives royal assent. The amendments are being made to ensure that there is greater flexibility to make payments to some or all of the parties ahead of 1 July 2012.

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Ms PLIBERSEK (Sydney—Minister for Health) (13:40): by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.
Thursday, 31 May 2012

BUSINESS

Orders of the Day

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (13:40):

I move:

That Federation Chamber, private Members’ business, orders of the day No. 11 motion relating to the Family law and child support system, No. 13 the Health Insurance (Dental Services) Bill 2012, No. 17 the Migration Legislation Amendment (The Bali Process) Bill 2012, and No. 24 motion relating to Same-sex marriage be returned to the House for further consideration.

Question agreed to.

Rearrangement

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (13:41): I move:

That standing order 43 be suspended for this sitting.

Question agreed to.

Rearrangement

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (13:42): by leave—I move:

That so much of the standing and sessional orders be suspended as would prevent the following orders of the day, private Members’ business, being called on, and considered immediately in the following order:

Motion relating to the Family law and child support system;
Motion relating to Same-sex marriage;
No. 20 – Solar Hot Water Rebate Bill 2012;
Health Insurance (Dental Services) Bill 2012; and

Question agreed to.

PRIVATE MEMBERS' BUSINESS

Family Law and Child Support System

Debate resumed on motion by Mr Wilkie:

That this House:
(1) acknowledges the large number of mothers and fathers with serious grievances with family law and the child support system;
(2) notes that there has not been a comprehensive review of the child support system since the 2005 review In the Best Interests of Children - Reforming the Child Support Scheme;
(3) calls on the Government to undertake a comprehensive review of family law and the child support system; and
(4) recommends that the Terms of Reference of this review be formulated to ensure that the safety and well being of children are paramount.

Question agreed to.

Same-Sex Marriage

Debate resumed on motion by Mr Wilkie:

That this House agrees that should the Marriage Act 1961 be amended to allow for the marriage of same-sex couples, any such amendment should ensure that the Act imposes no obligation on any church or religious minister to perform such a marriage.

Question agreed to.

Solar Hot Water Rebate Bill 2012 [No. 2]

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

The DEPUTY SPEAKER (Hon. BC Scott): The question is that this bill be now read a second time.

The House divided. [13:48]

(The Deputy Speaker—Ms AE Burke)

Ayes .................68
Noes .................70
Majority.............2
AYES

Alexander, JG
Andrews, KL
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Cobb, JK
Crock, AJ
Entsch, WG
Frydenberg, JA
Griggs, NL
Hartley, L
Hockey, JB
Irwin, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McConnell, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Robb, AJ
Roy, WB
Schultz, AJ
Secker, PD (teller)
Smith, ADH
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Washer, MJ

NOES

Jenkins, HA
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Melham, D
Murphy, JP
O’Keeffe, RJM
O’Neill, DM
Parke, M
Pilibar, T
Richmond, AL
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vamvakinou, M
Windsor, AHC

Jones, SP
King, CF
Livermore, KF
Macklin, JL
McClelland, RB
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Parret, GD
Ripoll, BF
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD
Zappia, A

PAIRS

Abbott, AJ
Baldwin, RC
Forrest, JA
Gash, J
Ferguson, MJ
Emerson, CA
Danby, M
Rowland, MA

Question negatived.

Health Insurance (Dental Services)

Bill 2012

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

The DEPUTY SPEAKER (Ms AE Burke) (13:53): The question is that the bill be now read a second time.

The House divided. [13:55]

(The Deputy Speaker—Hon. AE Burke)

Ayes ..................67
Noes ..................70
Majority ...............3

AYES

Alexander, JG
Andrews, KL
Bishop, BK
Briggs, JE
Buchholz, S

Andrews, KJ
Billson, BF
Bishop, JL
Broadbent, RE
Chester, D (teller)

Hayes, CP
Thursday, 31 May 2012  HOUSE OF REPRESENTATIVES  6531

AYES


NOES

Adams, DGH  Bandt, AP  Bowen, CE  Brodmann, G  Butler, MC  Champion, ND  Clare, JD  Combet, GI  D'Attilio, NM  Elliot, MJ  Ferguson, LDT  Garrett, PR  Gibbons, SW  Gray, G  Griffin, AP  Hayes, CP  Jenkins, HA  Kelly, MJ  Leigh, AK  Lyons, GR  Marles, RD

Albanese, AN  Bird, SL  Bradbury, DJ  Burke, AS  Byrne, AM  Cheeseman, DL  Collins, JM  Crean, PF  Dreyfus, MA  Ellis, KM  Fitzgibbon, JA  Georginas, S  Gillard, JE  Gonski, RJ  Hall, JG (teller)  Harris, EN (teller)  Jones, SP  King, CF  Livermore, KF  Macklin, JL  McClelland, RB

Melham, D  Murphy, JP  Oakeshott, RMJ  O'Neil, DP  Parke, M  Plibersek, TJ  Rishworth, AL  Rudd, KM  Shorten, WR  Smith, SF  Snowdon, WE  Symon, MS  Van Velden, M  Windsor, AHC

Mitchell, RG  Neumann, SK  O'Connor, BPJ  Owens, J  Perrett, JD  Ripoll, BF  Roxon, NL  Sidebottom, PS  Smyth, L  Swan, WM  Thomson, CR  Wilkie, AD  Zappia, A

PAIRS

Abbott, AJ  Baldwin, RC  Forrest, JA  Gash, J  Ferguson, MJ  Emerson, CA  Danby, M  Rowland, MA

Question negatived.

Migration Legislation Amendment (The Bali Process) Bill 2012

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Mr OAKESHOTT (Lyne) (13:56): I present a statement of compatibility with human rights.

The DEPUTY SPEAKER (Ms AE Burke) (13:56): The question is that the bill be now read a second time.

The House divided. [13:58]

Ayes .................. 70
Noes .................. 70
Majority ............. 0

AYES

Adams, DGH  Bandt, AP  Bowen, CE  Brodmann, G  Burke, AS  Byrne, AM  Cheeseman, DL

Albanese, AN  Bird, SL  Bradbury, DJ  Brodmann, G  Butler, MC  Champion, ND  Clare, JD

CHAMBER
AYES

Collins, JM
Crean, SF
Dreyfus, MA
Ellis, KM
Fitzgibbon, JA
Georganas, S
Gillard, JE
Gryison, SJ
Hall, JG (teller)
Husic, EN (teller)
Jones, SP
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Mellham, D
Murphy, JP
Oakeshott, RJM
O'Neil, DM
Parke, M
Plibersek, TJ
Rishworth, AL
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Thomson, KJ
Windsor, AHC

NOES

Neville, PC
O'Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Somlyay, AM
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX
Wilkie, AD

NOES

Alexander, JG
Andrews, KL
Billson, BF
Bishop, JI
Broadbent, RE
Chester, D
Ciobo, SM
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Gambharo, T
Haase, BW
Hawke, AG
Hunt, GA
Jensen, DG
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ

NOES

Andrews, KJ
Bandt, AP
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Cobb, JK
Crook, AJ
Entsch, WG
Frydenberg, JA
Griggs, NL
Hartley, L
Hockey, JB
Irions, SJ
Jones, ET
Kelly, C
Ley, SP
Marino, NB
Matheson, RG
Mirabella, S
Moylan, JE

NOES

O'Dowd, KD
Prentice, J
Ramsey, RE
Robb, AJ
Roy, WB
Schultz, AJ
Secker, PD (teller)
Smith, ADH
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Washer, MJ
Wyatt, KG

PAIRS

Danby, M
Emerson, CA
Ferguson, MJ
Rowland, MA

The numbers for the ayes and the noes being equal, the Deputy Speaker gave her casting vote with the ayes, noting that she did so in accordance with the principal that the casting vote should allow further consideration.

Question agreed to.

Bill read a second time.

The DEPUTY SPEAKER (Ms AE Burke) (14:03): In accordance with standing order 41(e) further consideration of this bill shall be accorded priority over other private members business and the Selection Committee shall determine times for consideration of the remaining stages.

Debate interrupted.

STATEMENTS ON INDULGENCE

20th Anniversary of the Mabo Native Title Decision

Ms GILLARD (Lalor—Prime Minister) (14:03): This coming Sunday, 3 June, marks the 20th anniversary of the Mabo judgment, a sublime moment in the life of our nation. This was a judgment of the High Court at its
finest, led by the brilliant Justice Mason, having a case brought by one of the most remarkable plaintiffs ever to grace a court room, the late Eddie Mabo, someone whose story is very well known, and becoming increasingly well known as a result of the recent film *Mabo*. The case brought in his name was no dry legal or constitutional argument but went to the core of our identity and integrity as a nation. Mabo fundamentally readjusted the terms upon which black Australians and white Australians share this land, reaching across two centuries to erase our nation's founding lie, the lie of terra nullius. Instead, Mabo acknowledged and affirmed in law what Indigenous Australians always knew: this land was not empty and vacant, but occupied by a proud and ancient people who maintained the oldest culture on earth.

My distinguished predecessor Paul Keating recognised Mabo for what it was: not a burden or a problem, but an opportunity. It was an opportunity to take the principles of the High Court judgment and inscribe them in Australian law forever. It was an act of courage and conviction for which Mr Keating will be lastingly honoured. It was also a reminder that the big things, the great things, in Australian politics never come easily and are always purchased at a high price but a price worth paying.

Of all the millions of words written and said about Mabo, the best were those spoken by Pat Dodson when he remarked that the judgment should be received in a spirit of joy and celebration. The fear and division abroad in 1992 meant that our nation did not have the chance to receive Mabo in such a spirit at that time. Perhaps now, 20 years later, when we see that the dire predictions have not come to pass and native title is a routine and accepted part of our legal machinery, we do have the perspective that enables joy and celebration. We should celebrate with proud and generous hearts the fact that Mabo righted a grave injustice and set our nation ever more firmly on the path of reconciliation, a path upon which we will continue with the work of healing—and more healing has to be done. I commend this anniversary to the House.

Mr ABBOTT (Warringah—Leader of the Opposition) (14:07): I rise to join the Prime Minister in acknowledging the 20th anniversary of the Mabo decision, which really created native title in Australia. I also acknowledge that it was not universally welcomed at the time, but it is now seen by everyone, including former critics, as a very important milestone in the recognition of the first Australians. The challenge for us now is to ensure that land is not just a spiritual asset for Aboriginal people but an economic asset too. There is a long road still to travel towards ensuring that home ownership is available to Indigenous people on native title land. I have to say that as we travel that road it is good that we in this place will be assisted by the first Indigenous member of the House of Representatives, and it is good that we do have an Indigenous member of this House here with us today as we mark this important 20th anniversary.

Ms MACKLIN (Jagajaga—Minister for Families, Community Services and Indigenous Affairs and Minister for Disability Reform) (14:08): I am very pleased to be able to add to the remarks of the Prime Minister, the Leader of the Opposition and the Attorney-General in her statement this morning to commemorate the achievements of Eddie Koiki Mabo and the achievements of a people who fought for and won recognition of their rights over the lands that they had cared for for thousands and thousands of years.

Twenty years ago, former Prime Minister Paul Keating said:
It begins, I think, with an act of recognition.
Recognition has allowed us to see beyond the falsehood of terra nullius and to the future. We must continue to labour together to turn this legal recognition into a reality—to build the houses and schools, and to see local economies grow and businesses prosper.

Today we remember the achievement of a man and his people. Today we recognise that his achievement changed us. We recognise the truth that changed Australia.

Mr Wyatt (Hasluck) (14:10): I also rise, and I concur with the comments of the Prime Minister, the Leader of the Opposition and the Minister for Families, Community Services and Indigenous Affairs. The Mabo decision was a welcome decision across this nation to the Aboriginal and Torres Strait Islander communities who saw the merit and the value of the changing relationship between Australians and that the dreams and aspirations that arise from the Mabo decision could become the reality that we have often aspired to. The Mabo decision has changed the relationship between Aboriginal and Torres Strait Islander people and other Australians who make this country the great nation it is, so that there is strength in the partnership. I hope that we build on those opportunities that have prevailed from that—the achievements that have been gained—but plan into a future in which home ownership, education, employment opportunities and our ability to walk together as one nation of people is realised and develops the nation in a way that makes us a great country within this world.

Reference to Federation Chamber
20th Anniversary of the Mabo Native Title Decision

Mr Albanese (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (14:11): by leave—I move:

That further statements on indulgence on 20th anniversary of the Mabo native title decision be referred to the Federation Chamber.

Question agreed to.

Statements on Indulgence
Queen Elizabeth II: Diamond Jubilee

Mr Abbott (Warringah—Leader of the Opposition) (14:12): I am grateful to be given these few moments to note that before the parliament next meets Her Majesty the Queen will have celebrated her diamond jubilee. I think it is worth recalling today the words of Prime Minister Ben Chifley when noting in this parliament many, many years ago the marriage between Princess Elizabeth and Phillip Mountbatten. Prime Minister Chifley said:

The members of this Parliament would wish to be associated directly with the general rejoicing throughout the Empire on the occasion …

He went on to say:
… all Australians regard with deep affection this charming girl, whose natural dignity, intelligence and nobility of mind so well equip her to become the ruler of the British Commonwealth of Nations.

That charming girl has become a gracious and dutiful monarch who has served this country and many others for 60 eventful years. We are indeed lucky as Australians to have had her as our Queen, and the whole world is lucky to have had such an exemplar of duty and service. May I conclude with the words of the royal hymn, which I hope will be widely sung in this jubilee year: May God save our Queen, and may she long reign over us.
MINISTERIAL ARRANGEMENTS

Ms GILLARD (Lalor—Prime Minister) (14:13): I inform the House that the Minister for Resources and Energy and Minister for Tourism will be absent from question time today as he is attending the World Economic Forum on East Asia in Bangkok on my behalf. The Minister for Regional Australia, Regional Development and Local Government and Minister for the Arts will answer questions on his behalf.

STATEMENTS ON INDULGENCE

Queen Elizabeth II: Diamond Jubilee

Ms GILLARD (Lalor—Prime Minister) (14:14): On indulgence, I was very pleased to move on 7 February this year a formal address from the Australian Parliament to Her Majesty the Queen on the diamond jubilee. This is a year-long celebration with many events but, as the Leader of the Opposition has noted, this is a particular weekend of celebration in Great Britain and beyond, and Australia will be represented at that celebration by the Governor-General.

QUESTIONS WITHOUT NOTICE

Gambling

Mr ABBOTT (Warringah—Leader of the Opposition) (14:14): My question is to the Prime Minister. I refer the Prime Minister to a government report released this week that recommends that Australia now permit online gambling. Will the Prime Minister rule out changing the law to permit this dangerous extension of gambling to the internet, iPads and smartphones?

Ms GILLARD (Lalor—Prime Minister) (14:15): Can I say to the Leader of the Opposition: rather than theorising about a draft report that is out for consultation, if he has got the slightest concern about problem gambling in our nation, he can approach the dispatch box now and we will give him leave and give him an opportunity to say he will back this government's reforms on problem gambling. We will give him an opportunity to say that he will pledge the Liberal and National parties to do something to address the scourge of poker machines around the country and the fact that so many Australian families actually have their budgets and their families broken by poker machine gambling. If he is really serious, I trust he is doing that now.

Mr Abbott: On a point of order, Madam Deputy Speaker. I asked the Prime Minister about a new scourge, not an old one, and I believe she should be directly relevant to the question.

The DEPUTY SPEAKER: The Prime Minister to address the question before the chair.

Ms GILLARD: I say to the Leader of the Opposition: if he is prepared to use the terminology of 'old scourge', why is he not prepared to do anything about it? Why is he so hypocritical that he will not today pledge the Liberal and National parties to support this legislation that the government wants to bring to this parliament to address poker machine reform and problem gambling? The Leader of the Opposition in his press conference a little bit earlier today was asked about this and said, 'That's not what we're here to talk about today', and then just shut down his press conference. Running and hiding is not good enough from this Leader of the Opposition. If he is going to have a pretence of caring about problem gambling, then he should pledge today, he should pledge now, his support for poker machine reform. Otherwise he will not be taken seriously. On interactive gambling there is a draft report out for consultation. If the Leader of the Opposition has views, I suggest he involve himself in the process, but no-one is going to take him seriously.
unless he says, 'Yes, I support poker machine reform'.

**Economy**

Mr LYONS (Bass) (14:17): My question is to the Prime Minister. What do capital investment figures out today show about the strength of our economy and the importance of making sure it is managed in the interests of working people?

Ms GILLARD (Lalor—Prime Minister) (14:17): I thank the member for Bass for his question and I know that he is centrally concerned about economic questions for the people of his electorate and the people of Tasmania. He has been a continuous advocate to me about the needs of the Tasmanian economy, particularly whilst its economy is in the kind of transition that we are seeing now. We will continue to work with the member for Bass and our Tasmanian members to address issues in the Tasmanian economy.

We do have new figures today that showcase the strength of our economy. Capital expenditure figures have shown a strong increase in the March quarter, up 6.1 per cent to be at 28.6 per cent higher than a year ago. This reflects the huge pipeline of resources investment flowing into our nation, nearly $½ trillion. While we should always be very cautious about quarterly figures, the year-on-year figures also show an increase in manufacturing investment. These figures today show the fundamentals of our economy are strong, an economy that has grown by 8.8 per cent since we came to office. While much of the world went backwards or at the very best stagnated, we have leapt forward by 8.8 per cent. What that means is that we are a government dedicated to managing the economy in the interests of working people and sharing the benefits of a strong economy and the current resources boom.

I had the opportunity to speak to the Minerals Council of Australia about that last night. I recognise that people work hard in mining and take big risks, but I also recognise that people in hospitals, people in schools, people in factories, people in shops work hard too and they are entitled to see a fair share of the resources boom. We will continue to be focused on spreading the benefits of that resources boom and we will not be prevented by the aggressive negativity of the Leader of the Opposition from getting that done. Despite today's figures of strong investment in the resources sector we have heard the Leader of the Opposition predict the death of the coal industry, the collapse of the mining industry, the end of manufacturing and entire towns being wiped off the map. I know many of his colleagues are worried that this aggressive negativity is reaching the point of no return, when on 1 July each of these claims is shown to be part of just fear mongering in the Australian community against the Australian national interest. Whilst the Leader of the Opposition continues with that reckless scare campaign, we will continue with the job of growing the economy in the interests of working people.

**Economy**

Mr ABBOTT (Warringah—Leader of the Opposition) (14:20): My question is to the Prime Minister. I remind the Prime Minister that Australia has slipped 10 places in the past two years to 15th in world competitiveness rankings with the Global competitiveness report listing industrial action, red tape and poor government decision making as the reasons for this decline. Why is the government now hitting our economy with the world's biggest carbon tax that will further erode our competitiveness?

Ms GILLARD (Lalor—Prime Minister) (14:21): As usual the Leader of the
Opposition is twisting things, talking down the Australian economy and twisting things. The one thing he has not gone to, that he did not want people to hear or know, is that the report he refers to deals with questions like the strength of the Australian dollar. Of course, the strength of the Australian dollar is bringing a transformation to our economy. It is a reflection of the strength of mining and the resources boom and in that sense, because we welcome the investment of the resources boom, we welcome the jobs, we welcome the opportunity for prosperity and we welcome sharing it around the nation. A high Australian dollar is a good thing. It also means in the eyes of the world that everything we earn and everything we own is worth more than it was before, and many Australians are benefiting from that by going overseas—some of them for the first time—because of the strength of the Australian dollar. But at the same time the strength of the Australian dollar is bringing changes to our economy, a patchwork effect in our economy, and the Leader of the Opposition has refused to indicate that factor in his question to me, preferring instead to continue his relentless fear campaign on carbon pricing.

Despite the Leader of the Opposition's relentlessly campaign, the facts cannot be denied, and the facts are that the fundamentals of our economy are strong—unemployment is low, the inflation rate is within the Reserve Bank's band and we have strong public finances. We have an economy that is the envy of the world. We will continue to nurture this economy and grow this economy in the interests of working people, by continuing our investments in infrastructure, roads, rail, ports and the National Broadband Network; by continuing our investments in skills, now at almost double what we inherited from the neglect of those opposite, including the Leader of the Opposition; by ensuring that we cut red tape, working with the business community and through a productive process through the Council of Australian Governments; by continuing to work hard to keep our economy strong so that Australians have got the benefits of jobs.

The problem for the Leader of the Opposition is that every time he raises his voice and asks people to cry out in fear, he thumps his head into an inconvenient fact, and that thumping will be at its loudest on 1 July when the recklessly fear campaigns of closed-down industries, towns wiped off the map, astronomical price increases and power increases of 30 per cent are shown to be the untruths they always were. (Time expired)

Economy

Ms O'NEILL (Robertson) (14:24): My question is to the Treasurer. Will the Treasurer update the House on today's capital expenditure numbers? What do these say about the importance of spreading the benefits of the mining boom?

Mr SWAN (Lilley—Deputy Prime Minister and Treasurer) (14:24): I thank the member for Robertson for the question, because today's capital expenditure figures are great news. They do reaffirm the fundamental strength of the Australian economy and they are a resounding vote of confidence in the future of our economy. This is especially so given the amount of global uncertainty that is around. To see planned business investment going from strength to strength is a very big vote of confidence in our economy—businesses putting hard cash on the table to drive the productive base of our economy, to secure growth and to secure jobs.

The figures are simply stunning. Total capital expenditure is expected to increase from a staggering $158 billion this financial year to a record $173 billion next financial
year. In mining alone, business is planning to invest a staggeringly $119 billion in 2012-13. That is over 150 per cent higher than its level of just two years before and 13 times the level of investment before the first phase of the boom. So this is a very strong investment pipeline. We saw it again in the figures that came out last week, where we have this half trillion dollar pipeline of investment in resources alone. These figures are a reminder of the strength of our economy and they demonstrate that we are in a league of our own, because business is prepared to put cash on the table to drive jobs.

So it is really difficult to understand why those opposite continuously come into this House and talk our economy down and then turnaround and bemoan the fact that confidence might be down. They go out recklessly talking down our economy day in, day out. We on this side of the House are really proud of our nation's economic performance. What motivates each and every one of us is to ensure that the prosperity and growth that we have is spread right across our community—that every Australian has a say and a stake in our future prosperity. That is of course why we are delivering tax cuts, increases in family payments, providing assistance to families in terms of education costs and so on. It is also why we are bringing our budget back to surplus, because this sends a really strong and clear message to the world about the strength of our economy.

Today's data should be welcomed by everyone in this chamber. It is certainly welcomed by everybody over here, but never welcomed by anybody on the other side of the chamber. The Leader of the Opposition ought to put down his mud bucket and come out and welcome this great news for Australia.

Ms O'NEILL (Robertson) (14:27): Madam Deputy Speaker, I ask a supplementary question of the Treasurer. Treasurer, you have spoken about spreading the benefits of the boom and returning the budget to surplus. Could you outline the importance of doing this and what it means for families in my electorate, the seat of Robertson?

Mr SWAN (Lilley—Deputy Prime Minister and Treasurer) (14:28): It is very important to bring our budget back to surplus because this gives maximum flexibility to the Reserve Bank to take decisions on interest rates into the future, providing inflation is contained. If we have a look at rates at the moment, official interest rates are lower now than at any time under those opposite. Someone with a $300,000 mortgage is paying almost $3,500 a year less than they were paying when those opposite were in government. That means a lot to a lot of people in Robertson and right around this country. That is one of the benefits of bringing this budget back to surplus and building surpluses for the future.

Of course, to do this you need to be able to put in place a responsible budget. I am delighted that the Parliamentary Budget Office has now been established, because now it has been established it removes any excuse those opposite might want to put forward about how their policies should not be costed under the Charter of Budget Honesty. So we will want to see some honesty from them when it comes to their election costings so they do not run away from public scrutiny when it comes to their budget bottom line, because they have currently got a $70-billion crater in their budget bottom line. The Parliamentary Budget Office is one way for them to try to demonstrate what they going to do about it.
Carbon Pricing

Mr HOCKEY (North Sydney) (14:29): My question is to the Prime Minister. I remind the Prime Minister of the most recent World Bank report which showed Australia's ease of doing business ranking had fallen from eighth in the world to 15th in the world since Labor was elected in 2007. Why is the Prime Minister hitting our economy with the world's largest carbon tax that will only make business in Australia harder and not easier?

Ms GILLARD (Lalor—Prime Minister) (14:29): I say to the member for North Sydney, first, as usual, the question from the opposition contains a misrepresentation about the Australian carbon pricing scheme and the description of it as the 'world's largest'. That is a misrepresentation constantly restated by the opposition. I suggest to them that perhaps they get in contact with some of their sister political parties around the world, including the British Conservative Party, and have a discussion about things like putting a price on carbon. I suspect they should talk to them about what is happening in Europe and around the rest of the world rather than come in here and fearmonger in the way in which they do.

On the ease of doing business in our economy, we continue to work to make sure that businesses large and small can prosper in our nation. We are working with small businesses through the instant asset write-off, something the opposition has repudiated because it would prefer the big mining companies to have the money, to give them back the minerals resource rent tax. We are working through the Council of Australian Governments to reduce red tape, through the seamless national economy initiatives—things that were too hard, left undone, neglected, and left by the wayside under those opposite when they were in government—and things like national occupational health and safety laws, which was something that was always too hard and too difficult for the opposition. We continue too to add to the ease of doing business through infrastructure investments, including very importantly the National Broadband Network, with a clear productivity benefit for businesses large and small and for our nation overall—something repudiated by those opposite; something that they would rip out of the ground and take away the associated productivity benefits.

The Leader of the Opposition and the member for North Sydney continue their carbon pricing fear campaign, but I bet neither of them will come to the dispatch box today and guarantee that the claims that they have made will come true on 1 July—guarantee that the coal industry will shut down on 1 July; guarantee that the cement industry will shut down on 1 July; and guarantee that price rises will be astronomical on 1 July; guarantee that their claims about electricity pricing will come true on 1 July. In my last answer, the member for Bowman said, 'It is not about 1 July'—another clear sign that the opposition knows that its aggressive negativity is going to fall foul of the facts on 1 July and many members of goodwill opposite know that too. (Time expired)

Mr ABBOTT (Warringah—Leader of the Opposition) (14:32): Madam Deputy Speaker, I have a supplementary question to the Prime Minister. I ask the Prime Minister, in the light of the answer she has just given, to name a single country—any one anywhere in the world will do; just one country—that has a bigger carbon tax than the one she is proposing to introduce in defiance of her guarantee before the last election that 'There will be no carbon tax under a government I lead'?
The DEPUTY SPEAKER (Ms AE Burke): Order! The last part of the question was out of order.

Government members interjecting—

Ms GILLARD (Lalor—Prime Minister) (14:37): I am getting some help from the members of the government bench, who are of course referring to nations like Norway and Sweden. I ask the Leader of the Opposition to direct his attention to what is happening in Europe, what is happening in the UK, what is happening in South Korea and what is happening in provinces in China. I ask him to direct his attention to that. I also ask him to explain—because I do not believe he ever has—why he stood alongside Prime Minister John Howard during the 2007 election when Prime Minister Howard promised one of the most comprehensive carbon pricing schemes in the world. Was that a different Tony Abbott or the same Tony Abbott? Was he telling the truth then or is he telling the truth now or is he just a political opportunist always?

The DEPUTY SPEAKER: Is the Leader of the Opposition seeking the call?

Mr Abbott: Madam Deputy Speaker, I would love to table the Productivity Commission report, which stated that no country—

The DEPUTY SPEAKER: Order! The Leader of the Opposition will resume his seat. I did advise the House yesterday not to abuse points of order. That was an absolute abuse.

Assange, Mr Julian

Mr BANDT (Melbourne) (14:34): My question is to the Prime Minister. Senior figures in the United States have called for Julian Assange to be hunted down and in the US courts he may face the death penalty. Has the government sought an assurance from the United States that he will not be prosecuted. What steps has the government taken, or will the government take, to prevent Julian Assange being taken to the United States? Will the government put the interests of Washington ahead of the liberty of an Australian citizen and the freedom of the press?

Ms GILLARD (Lalor—Prime Minister) (14:35): I thank the member for Melbourne for his question. I know that he is raising an issue that is on the minds of many Australians as result of the recent news about the decision in the UK on the extradition matter involving Mr Assange. Can I assure the House of the following: the Australian government is providing full consular assistance to Mr Assange, as it does for all Australian citizens. I am advised that Australian consular officials visited Mr Assange on a number of occasions during his period of detention in London and raised several matters of concern with prison authorities on his behalf. Australian consular officials have attended all of Mr Assange's court appearances, including yesterday's hearing.

Since Mr Assange was released on bail, Australian officials have repeatedly conveyed offers of consular assistance through his lawyers, with whom they were most recently in contact yesterday. Swedish authorities have confirmed that any legal action against Mr Assange will be conducted in accordance with due process. As the Minister for Foreign Affairs has said today, at this stage we do not have any advice from the United States that there is an indictment against Mr Assange or that the United States has decided to seek his extradition. If at any stage in the future Mr Assange faces legal proceedings from the United States we would, for Mr Assange—as we would for any other Australian citizen—seek assurances from the United States in relation
to due process. The Australian government cannot interfere in the judicial processes of other countries, but of course we will continue to closely monitor proceedings against Mr Assange and continue to provide full consular assistance to him.

**Carbon Pricing**

Ms HALL (Shortland—Government Whip) (14:37): My question is to the Minister for Climate Change and Energy Efficiency, and Minister for Industry and Innovation. Will the minister update the House on the economic outlook for the minerals industry with the introduction of the carbon price? Will the minister also advise the House: are there any recent investment decisions that the House should be aware of? Why is it important that facts drive the debate about the future of the industry?

Mr COMBET (Charlton—Minister for Industry and Innovation and Minister for Climate Change and Energy Efficiency) (14:38): I thank my colleague from Lake Macquarie and the Hunter region, the member for Shortland, for her question, because we represent an area that is very important in the resources sector, and the fact of the matter is that the resources sector, the minerals industry, is set to prosper under the carbon price.

Last night I had the opportunity at the Minerals Council dinner to sit next to an executive of Peabody Coal, who updated me on the company's $5 billion takeover of Macarthur Coal. That is the takeover that humiliates the opposition leader, because it was announced the day after he visited a Peabody coalmine and declared that carbon pricing would destroy the coal industry. The very next day Peabody announced a $5 billion takeover. His precise words about the future of the industry were: 'A carbon tax means death to the coal industry.' Yet the trouble is, the coal and minerals industries are experiencing record growth. The Bureau of Resources and Energy Economics has reported that there is over $500 billion worth of capital expenditure in the investment pipeline.

Since the carbon price was announced, we have seen multibillion dollar takeovers, massive investment and new mine approvals. It is not just big companies that are investing; it is also many small investors—

Mr Dutton interjecting—

The DEPUTY SPEAKER (Ms AE Burke): The member for Dickson is warned!

Mr COMBET: including many members of parliament who have a lot of confidence in the future of the industry. In fact, since the carbon price was announced last February, and the start of the opposition leader's people's revolt started, many coalition MPs have actually bought shares in the industry. Now, the member for Wentworth is amongst them, but we would respect that because he knows the campaign run by the opposition leader is complete and utter rubbish, nonsense, false, a fraud and a fabrication. But it does include the members for Brisbane, Flynn, Stirling, Fadden, Bennelong and Kooyong. Not only that, when you have a look at the register, all up about 30 per cent of the members of the coalition are investors in the minerals industry. That is quite a few. We are sure of one thing: it does not show much faith in the member for Warringah's investment advice, does it?

Publicly, their leader talks mining stocks down; privately, they snap up the investments. There might be a little insider trading strategy going on, but it demonstrates hypocrisy. If there were a TV reality show, *Australia's Greatest Hypocrites*, they would be the winners.
Ms JULIE BISHOP (Curtin—Deputy Leader of the Opposition) (14:41): My question is to the Prime Minister. Did the Prime Minister have any knowledge of the Roy Hill enterprise migration agreement before she received a detailed briefing on the matter last Wednesday?

Ms GILLARD (Lalor—Prime Minister) (14:42): Now, of course, we see revealed that the opposition cannot possibly sustain a debate on the economy—apparently cannot even sustain a debate on carbon pricing. They packed that in because they are doing so badly with their fear campaign in here because of the absurdity of it. They cannot ask another question about carbon pricing when the depth of their investment in the resources sector has been revealed.

The DEPUTY SPEAKER: Order! The Prime Minister will come to the question. The Prime Minister needs to be relevant to the question she has been asked.

Ms GILLARD: Madam Deputy Speaker, it is just striking me as somewhat amusing that we are already here—with carbon pricing fear campaigning. In answer to the deputy opposition leader's question, as I have stated on a number of occasions in this parliament, I was fully briefed on this matter when I came back from Chicago. Until I had received all of that information, I was not in a position to assess this matter. I assessed it following that briefing.

Ms JULIE BISHOP (Curtin—Deputy Leader of the Opposition) (14:43): Madam Deputy Speaker, I ask a supplementary question. As the Prime Minister has now indicated that she learned of the Roy Hill agreement when she received the detailed briefing on Wednesday, how can she explain her cabinet keeping her in the dark about such an important issue?

Mr Pyne: Madam Deputy Speaker, I ask that the Leader of the House withdraw that remark, which I regard as bullying of the Deputy Leader of the Opposition.

The DEPUTY SPEAKER: As I did not hear the remark, given the amount of noise in the chamber and that I was concentrating on the question, I am going to give the call to the Prime Minister.

Mr Albanese: I withdraw whatever it was.

The DEPUTY SPEAKER: The Leader of the House will withdraw without condition.

Mr Albanese: I withdraw.

The DEPUTY SPEAKER: I thank the Leader of the House. Could I just remind members that the amount of noise does make it very difficult.

Ms GILLARD (Lalor—Prime Minister) (14:44): The question from the Deputy Leader of the Opposition goes to the same misrepresentation she was engaging in yesterday. She is misrepresenting the words of the Minister for Immigration and Citizenship—

The DEPUTY SPEAKER: The Prime Minister will resume her seat.

Ms Julie Bishop: Madam Deputy Speaker, yesterday the Prime Minister said that I misquoted the Minister for Immigration and Citizenship—

Government members: That's a point of order!

The DEPUTY SPEAKER: Order!

Ms Julie Bishop: which I did not, and she said I misled the parliament. If this is another accusation of misleading the parliament, I ask the Prime Minister to withdraw it.

Honourable members interjecting—
The DEPUTY SPEAKER: Order! The Deputy Leader of the Opposition will resume her seat. The Prime Minister has the call.

Ms GILLARD: Thank you very much, and in order to—

Honourable members interjecting—

The DEPUTY SPEAKER: Order! The Prime Minister will resume her seat.

Mr Pyne: Madam Deputy Speaker, I rise on a point of order. It is not in order for the Prime Minister to stand up and claim a member has misrepresented something when they have not, and if the member has asked for it to be withdrawn, it should be withdrawn!

The DEPUTY SPEAKER: The Manager of Opposition Business will resume his seat. The Deputy Leader of the Opposition is well aware that there are other forms of the House to address the issue. An issue to withdraw goes to unparliamentary language and this is an issue that cannot be dealt with at this time.

Ms Julie Bishop: Madam Deputy Speaker, I made a personal explanation yesterday because the Prime Minister had misrepresented what I said, and she does it again—does she not learn from her mistakes?

Honourable members interjecting—

The DEPUTY SPEAKER: Order! The Deputy Leader of the Opposition will resume her seat. There are opportunities at other times in the House to have the matter addressed.

Ms GILLARD: To refer to the actual words of the immigration minister, he did say in parliament, in answer to a question from the opposition, 'I have discussed with and updated informally the productivity committee of the cabinet'—

Ms Julie Bishop: No, that's not what he said!

Ms GILLARD: Madam Deputy Speaker, I just read the quote.

Ms Julie Bishop: No, you did not!

The DEPUTY SPEAKER: The Prime Minister will resume her seat. The Deputy Leader of the Opposition will resume her seat. This is not the time for debate. This is question time. Unless there is an issue of direct relevance, there is no other point of order, so the Deputy Leader of the Opposition can use other forms of the House.

Ms Julie Bishop: Direct relevance.

The DEPUTY SPEAKER: The Deputy Leader of the Opposition has stated her point of order. She will resume her seat. The Prime Minister has the call.

Ms GILLARD: Thank you very much, Madam Deputy Speaker, and I am endeavouring to answer the question from the Deputy Leader of the Opposition. What I am saying to the Deputy Leader of the Opposition, as I said yesterday, is that cabinet is confidential. I refer her to the direct remarks of the Minister for Immigration and Citizenship. Whilst I understand that the Deputy Leader of the Opposition has now been reduced to hurling abuse, nothing changes the facts of this matter—

The DEPUTY SPEAKER: The Prime Minister is not being relevant and this is not appropriate to the question.

Ms GILLARD: The facts of this matter are: I was fully briefed on my return from Chicago, as I have said on a number of occasions now.

Mr Abbott: Madam Deputy Speaker, I rise on a point of order. I have been listening carefully to proceedings in this parliament, and the Deputy Leader of the Opposition is certainly not the one hurling abuse. The Prime Minister should withdraw that statement.
The DEPUTY SPEAKER: The Leader of the Opposition will resume his seat.

Carbon Pricing

The DEPUTY SPEAKER: The member for McEwen has the call.

Mr MITCHELL (McEwen) (14:48): Thank you, Madam Deputy Speaker—I didn't think they wanted to hear my question! My question is to—

Mr Pyne: Madam Deputy Speaker, I rise on a point of order. It has become a habit of the Prime Minister—and other senior frontbenchers—to completely misrepresent what is going on in the House, and she should be pulled up on it. Nobody has been hurling abuse. She should withdraw that misstatement.

The DEPUTY SPEAKER: The Manager of Opposition Business is fully aware that there are other forms of the House to address these concerns and, whilst the opposition may be frustrated, I am operating within the standing orders.

Ms Julie Bishop: Madam Deputy Speaker, I am offended by the words the Prime Minister used and I ask that she withdraw them. I am offended by her false accusation that—

The DEPUTY SPEAKER: The Deputy Leader of the Opposition will resume her seat. For the civility of the House, I am going to ask the Prime Minister to withdraw so we can proceed with question time.

Ms Gillard: Madam Deputy Speaker, I withdraw.

Mr Pyne interjecting—

The DEPUTY SPEAKER: The member for Sturt is not assisting. I think it is a bit of a two-way street here, if people are concerned about the conduct of the House.

Mr MITCHELL: I will try again. My question is to the Minister for Climate Change and Energy Efficiency and the Minister for Industry and Innovation. Minister, what are the facts about Australia's transition to a clean energy economy, and how is the government supporting households and businesses through its transition?

Mr COMBET (Charlton—Minister for Industry and Innovation and Minister for Climate Change and Energy Efficiency) (14:50): I thank the member for McEwen for his question, because the facts are extremely important. We have heard how, in private, many of those opposite understand the facts and they make investments—they put their money where they really think things are going. They do not listen to the investment advice from the Leader of the Opposition.

The facts are that under a carbon price Australia's economy will continue to grow, and it will continue to grow strongly. There will be 1.6 million extra jobs over the next eight years, and income per person will increase by $9,000—all with a carbon price in place, all as we are helping nine out of 10 households with assistance through our household assistance package, and all while we are supporting jobs and the competitiveness of the economy with the program we have put in place to support businesses in the emissions-intensive and trade-exposed part of the economy.

But of course, some people in this place still prefer a world of fiction. The Leader of the Opposition has been running around the country with his own special horror story, predicting doom and gloom. He has predicted the death of Gladstone, the death of the Latrobe Valley, the death of Portland, the death of the Hunter region—Illawarra, Kwinana, Whyalla, and the story goes on.

A government member: He's been everywhere, man!
Mr COMBET: It reminds you a bit of the old Lucky Starr song from the 1960s, *I've Been Everywhere*. You know, 'Cabramatta, Parramatta, Wangaratta, Coolangatta'—but the punchline is, 'everywhere is doomed, man'. That is what he is—getting around, Lucky Starr, 'everywhere is doomed', it has all gone. But the fact of the matter is interest rates are coming down, unemployment is under five per cent, inflation is under control, private investment is at record levels, we have a AAA credit rating, a low debt-to-GDP ratio, budget surpluses across the forward estimates. But this does not stop the Leader of the Opposition.

He predicts the death of manufacturing, the death of the auto industry, the death of mining, the death of the nickel industry, unimaginable cost increases, unimaginable power price increases, apples, fruit, mincemeat, chops, T-bone steaks—all out of reach; there is no way anyone will be able to buy anything. There is doom for families, doom for pensioners, older people, younger people, babies, the middle-aged—they are all doomed. And none of it is true. No-one over on that side of the House believes him either. They put their money where they think the markets are really going. His whole campaign is a complete fraud. As 1 July approaches he is going to get more and more desperate, because he will have no credibility left.

Ms GILLARD (Lalor—Prime Minister) (14:54): I ask that Leader of the Opposition to address himself to some of the facts that I know he finds uncomfortable. He walks around making claims about carbon pricing: Norway's carbon tax on petrol, $64; Switzerland fossil fuels, $37; Sweden on heating fuels, $145; Ireland a carbon tax of around $24; Finland taxes on—

Mr Abbott: Madam Deputy Speaker, on a point of order: to answer the question, she needs to indicate that these are bigger than Australia's carbon tax and none of them are.

Ms GILLARD: In Canada, the province of British Columbia's carbon tax is around A$28. Those are the facts for the Leader of the Opposition. Of course, what he does not want people to recognise is that in South Korea they have just legislated to have an emissions trading scheme. California is moving to an emissions trading scheme. He does not want any of those facts recognised, because he wants to play his fear campaign. What he does not want recognised as well is that he stood alongside Prime Minister Howard in the 2007 election, when Prime Minister Howard promised that the emissions trading scheme that the Leader of the Opposition believed in then would be a world-class emissions trading scheme—more comprehensive, more rigorously grounded in economics and with better governance than anything in Europe—the platform he went to the 2007 election on.

Since then, what the Leader of the Opposition has done is to decide that his
narrow political interest is best served by fear campaigning. The problem for the Leader of the Opposition is that whilst it has been easy to run around the country making all of these huge claims about carbon pricing, it is not going to be sustained when it happens on 1 July. When the sun sets on 1 July and people are still digging coal, when the sun sets on 1 July and the prices in the shops are not astronomical, when the sun sets on 1 July and power prices have not gone up by 30 per cent, when the sun sets on 1 July and you can happily walk down the streets of Whyalla, what is the Leader of the Opposition going to say? He will have been exposed before the whole Australian community as someone who has been on a campaign of deceit for month after month just in his naked political interest.

Opposition members interjecting—

Mrs Mirabella: You've been exposed as a liar!

Ms GILLARD: No amount of screaming or squealing by the opposition frontbench changes that simple truth. On 1 July every Australian will know—

The DEPUTY SPEAKER: Order! The member for Indi will withdraw without qualification.

Mrs Mirabella: I withdraw.

Mr Mitchell interjecting—

The DEPUTY SPEAKER: The member for McEwen is warned.

Ms GILLARD: If the Leader of the Opposition believed any of these reckless claims, he would be guaranteeing them today and members of his team would not be investing in the mining industry. (Time expired)

Budget

Mr MELHAM (Banks) (14:58): My question is to the Minister for Families, Community Services and Indigenous Affairs and the Minister for Disability Reform. Will the minister update the House on the government's policies in the budget to help Australian families make ends meet. What obstacles are there to this support?

Ms MACKLIN (Jagajaga—Minister for Families, Community Services and Indigenous Affairs and Minister for Disability Reform) (14:58): I thank the member for Banks very much for his question, because this Labor government does understand that families have a lot on their plates and can do with every extra bit of help possible. That is why we are delivering extra assistance through our household assistance package. I can inform the House that 1.6 million families have already received additional assistance in the last fortnight to help them with their bills now and their bills in the coming months. We know that every single one of those people on the other side of the House wants to claw that back from every single family—1.6 million families you want to claw it off. That is also why this side of the House wants to deliver another increase to family payments, put in this year's budget by our Treasurer, to make sure that we deliver extra help to Australian families. This was once more opposed by each and every person on that side of the parliament. Of course, it is why this side of the House is also delivering the schoolkids bonus. Extraordinarily this week the member for Menzies has said that he thinks it is not that difficult, actually, to collect all your receipts. It just demonstrates how completely out of touch all of the people over there are. Listen to the families who complain about how difficult it is to collect their receipts, the one million families who are missing out because of the previous system. This side of the parliament will make sure that those one million families get the extra money they need and that they get
it when they need it. That is what this side of parliament will do.

Mr Christensen interjecting—

The DEPUTY SPEAKER: Order! The member for Dawson is warned.

Ms MACKLIN: We know that this Leader of the Opposition has failed Australian families and is going to claw back the money that they have just received in the last fortnight. He opposes the schoolkids bonus and is going to take that off them. He is going to take the family payments off them. He has failed the leadership test for Australian families.

Mr MELHAM (Banks) (15:00): Madam Deputy Speaker, my supplementary question to the minister is: how will these policies help families in my electorate of Banks?

Honourable members interjecting—

The DEPUTY SPEAKER: The minister has the call and will be heard in silence.

Ms MACKLIN (Jagajaga—Minister for Families, Community Services and Indigenous Affairs and Minister for Disability Reform) (15:01): Once again, I thank the member for Banks and for all the work that he does for his families in his electorate. In fact there will be 7,000 families in the electorate of Banks who will receive—

Mr Hockey interjecting—

The DEPUTY SPEAKER: Order!

Ms MACKLIN: 7,000 families in Banks who will receive the schoolkids bonus and, of course, the member for North Sydney just thinks this is a big joke. He thinks it is a big joke that these 7,000 families are going to get this extra money as a result of our schoolkids bonus. The member for Banks will be able to go and tell every single one of those families that their children will miss out because of opposition policies and opposition to the schoolkids bonus. They want to rip the schoolkids bonus off the

7,000 families in Banks who have received that money.

Carbon Pricing

Mr CHESTER (Gippsland) (15:02): My question is to the Prime Minister. I refer the Prime Minister to a letter from Angelo Gaudiano, a blue-collar worker at Energy Brix in my electorate who writes:

Once the carbon tax comes into effect … the business will be unviable. It will have to shut. Over 200 workers will lose their jobs and the community will be greatly affected with families leaving the area.

… … …

All I want is a job to go to so I can support my family.

Prime Minister, what is the point of sending people like Angelo Gaudiano a cash cheque when what he really wants is to keep his job?

Ms GILLARD (Lalor—Prime Minister) (15:02): To the member who asked the question, jobs will grow under carbon pricing. I refer him to the Treasury modelling. Jobs will grow under carbon pricing. He may have listened to the Leader of the Opposition's fear campaigning. He may have swallowed the line that whole towns will be wiped off the map, that there will not be coal mined anymore, that everybody will apparently be living in a cave with no electricity, unable to afford food—and the ridiculous stuff just goes on and on and on and on. The member may have swallowed the Leader of the Opposition's fear campaign, he may have done that, but it does not equal the facts.

To the member who raises this question, I do understand that there is concern in his region about carbon pricing. I genuinely understand that. He would also understand that, as a government, we are working with his region, working through the implications and we are very determined that, unlike the time when the state Liberal government
forced his region into a transition with no assistance and no support, we will be there working with the community because we want to see people having the benefit of jobs. If you look at the whole of the carbon pricing package you see jobs continuing to grow and you also see us working with specific industries and with specific regions.

As we leave this parliamentary session we are moving towards a time where the truth about putting a price on carbon will become increasingly clearly, where people will see—

The DEPUTY SPEAKER: The Prime Minister will resume her seat. The member for Gippsland on a point of order.

Mr Chester: Thank you, Madam Deputy Speaker, I rise on a point of order of direct relevance. Blue-collar workers like Angelo Gaudiano stand to lose their jobs under the contract for closure policy—

The DEPUTY SPEAKER: The member for Gippsland will resume his seat. The Leader of the House.

Mr Albanese: Madam Deputy Speaker, on a point of order: every single question today has seen points of order from those opposite.

Mr Robb interjecting—

The DEPUTY SPEAKER: Order! The member for Goldstein. The Leader of the House has the call.

Mr Broadbent interjecting—

The DEPUTY SPEAKER: Order! The member for McMillan should understand the standing orders by now. The Leader of the House has the call.

Mr Albanese: Thank you, Madam Deputy Speaker. It is grossly disorderly, it is an abuse and it is something that you drew the attention of members opposite to just yesterday. If question time is going to proceed in an orderly fashion it should be possible for a question to be asked and answered without—

The DEPUTY SPEAKER: The Leader of the House will resume his seat. The member for Mackellar on the point of order from the Leader of the House.

Mrs Bronwyn Bishop: Thank you, Madam Deputy Speaker. I refer you to page 527 of the Practice and point out that the Practice makes continually the point that points of order may be used as a legitimate way of bringing the House back to the question at issue. It says specifically:

… the use of Question Time for its political impact, the opportunity given to Members to raise topical or urgent issues is invaluable. Ministers accept the fact that they must be informed through a check of press, television or other sources of possible questions that may be asked of them in order that they may provide satisfactory answers.

The problem with this government, Madam Deputy Speaker, is there are no satisfactory answers.

The DEPUTY SPEAKER: The member for Mackellar will resume her seat. As numerous occupiers of this chair have noted from time to time, eliciting the answers and the questions that either side wants is not the role of the chair. The role of the chair is to uphold the standing orders. The Prime Minister has the call.

Ms Gillard: Thank you very much, Madam Deputy Speaker, and I note that the younger members of the opposition backbench really like that point of order. In answer to member's question—

Mr Pyne: Madam Deputy Speaker, I rise on a point of order. The Prime Minister is now making ageist and offensive remarks, not just bullying but ageist remarks and I would ask—

The DEPUTY SPEAKER: The Prime Minister has the call and will be heard.
Mrs Markus: Madam Deputy Speaker, on a point of order: I would like the member to withdraw. That was deeply offensive.

Mrs Bronwyn Bishop: Madam Deputy Speaker, on a point of order: we have been down this route before and I acknowledge that the Prime Minister wins by a nose.

The DEPUTY SPEAKER: I think it is about even-steven and the Prime Minister has the call.

Ms Gillard: Thank you, Madam Deputy Speaker. To the member who asked this question: it was clear from his point of order that in fact he is making some assumptions about what may or may not flow from a tender process that is underway. I would say to the member that he cannot make assumptions about what might flow from that tender process. But what he can safely assume, what he can always assume, is that this government will support jobs, this government will work with his region to support jobs, this government will work to keep growing the economy so that there are more jobs and, at the same time, we will be there providing households with assistance, because we understand that they are under cost-of-living pressure.

We will leave to the opposition the fear campaigning, all of the game playing, the running around, the stunts—all the other kinds of trite and silly performances that we have seen in parliament over the last week—and we will get on with the job of running the economy in the interests of working people, something that the Leader of the Opposition and his team will never understand.

Workplace Bullying

Mr Champion (Wakefield) (15:09): My question is to the Minister for Employment and Workplace Relations, and the Minister for Financial Services and Superannuation. What is the government doing to encourage fair workplaces that are free from workplace bullying?

Mr Shorten (Maribyrnong—Minister for Financial Services and Superannuation and Minister for Employment and Workplace Relations) (15:09): I thank the member for Wakefield for his question and his commitment to health and safety. On Saturday past, the Prime Minister and I had the privilege to stand alongside the Panlock family, Damian and Rae Panlock. People in this House may be familiar with what they have had to go through. Their daughter, Brodie, had a job at a cafe in Glenferrie Road, Hawthorn, and for a long period was the victim of sustained workplace bullying. The sad part of their story is that it became so much for Brodie that, in the end, she took her own life. This matter has been the subject of a coronial inquest and it has been the subject of good work done by both sides of Victorian politics in framing the law, which was passed recently, called Brodie's law, which makes our bullying fall within the definition of 'stalking' under the Crimes Act.

The Prime Minister announced on Saturday another important development to stamp out the scourge of workplace bullying. We know that people have a right to go home from work in just the same shape as they went to work. We know that not all injuries which occur at work are traumatic injuries or physical injuries; they can be mental health injuries. Bullying, and malicious bullying certainly, is a scourge in our community. The Productivity Commission has said that workplace bullying costs somewhere between $6 billion and $36 billion annually. Workplace bullying is not just isolated to the tragic case of Brodie Panlock.

The Prime Minister announced that, chaired by the member for Kingston, the House of Representatives Standing
Committee on Education and Employment will report, by 30 November, on what can be done to improve the situation and stamp out the scourge of workplace bullying. It will examine the prevalence of it. We have asked for the committee to call for public submissions and evidence so that we can teach people that they can speak up about workplace bullying and that they should not feel ashamed if they are the victims of malice, gossip, harassment and treatment which is completely undeserved.

Indeed, this committee will also be asked to look at what are the best educative mechanisms and whether the laws of Australia are adequate. We have no doubt—and we promised the Panlocks—that there will be a bipartisan approach to this question. But it is very clear that vulnerability and anxiety in the workplace create circumstances where people can be bullied. Bullying can occur in all sorts of workplaces to all sorts of people. We know that it does not just happen to new and young workers; it can happen to people whatever their age or status. That is one reason why this government was able to say to the Panlocks: one thing we have already done to make sure that we stamp out workplace bullying is to remove some of the vulnerability and anxiety of workers. That is why we always need fair workplace laws which ensure that, at least, people have one less cause for anxiety and vulnerability in the Australian workplace.

(Time expired)

Mr ABBOTT (Warringah—Leader of the Opposition) (15:13): Madam Deputy Speaker, on indulgence, the opposition, like the minister who has just spoken, fully accepts that this is a very important subject. It is a dreadful scourge and we entirely support the reference to the committee.

Ms Gillard: I ask that further questions be placed on the Notice Paper.
Mr TRUSS (Wide Bay—Leader of The Nationals) (15:14): Madam Deputy Speaker, I wish to make a personal explanation.

The DEPUTY SPEAKER (Ms AE Burke): Does the honourable member claim to have been misrepresented?

Mr TRUSS: Yes.

The DEPUTY SPEAKER: Please proceed.

Mr TRUSS: The minister in the statement he just made is confusing the difference between the national highway Network 1, which this road was not a part of, and the general AusLink program. Therefore his explanation is completely misleading. It was the minister himself on the day when the Nation Building Program was announced who put it on the national Network 1.

AUDITOR-GENERAL'S REPORTS


Ordered that the report be made a parliamentary paper.

COMMITTEES

Selection Committee

Report

The DEPUTY SPEAKER (Ms AE Burke) (15:15): I present report No. 55 of the Selection Committee, relating to the consideration of bills. The report will be printed in the Hansard for today. Copies of the report have been placed on the table.

The report read as follows—

Report relating to the consideration of bills introduced 28 to 30 May 2012

1. The committee met in private session on 30 May 2012.

2. The committee determined that the following referrals of bills to committees be made, with reasons provided by the member selecting the bill for referral—

Standing Committee on Climate Change, Environment and the Arts:

• Greenhouse and Energy Minimum Standards Bill 2012; and

• Greenhouse and Energy Minimum Standards (Registration Fees) Bill 2012.

REASONS FOR REFERRAL/PRINCIPAL ISSUES FOR CONSIDERATION: Concern that the scheme may increase costs and green tape for those involved.

Standing Committee on Social Policy and Legal Affairs:

• Crimes Legislation Amendment (Slavery, Slavery-like Conditions and People Trafficking) Bill 2012.

REASONS FOR REFERRAL/PRINCIPAL ISSUES FOR CONSIDERATION: To ensure that new criminal provisions are appropriately drafted and do not unintentionally capture non-criminal conduct, and for the consideration of the proportionality of penalties and sentences.

• Maritime Powers Bill 2012; and

• Maritime Powers (Consequential Amendments) Bill 2012.

REASONS FOR REFERRAL/PRINCIPAL ISSUES FOR CONSIDERATION: To ensure that:

(a) coverage is comprehensive; and
(b) powers to be conferred under the bill are adequate and commensurate with existing powers.

• National Integrity Commissioner Bill 2012.

REASONS FOR REFERRAL/PRINCIPAL ISSUES FOR CONSIDERATION: In accordance with the Speaker's ruling on 2 June 2011, this bill is in fact an appropriation bill contravening standing orders 179 and 180 and therefore cannot proceed in its current form. Further, the proposed powers are very wide-ranging and need further investigation.

Report

The DEPUTY SPEAKER (Ms AE Burke) (15:15): I also present report No. 56 of the Selection Committee, relating to the consideration of committee and delegation
business and of private members' business on Monday, 18 June 2012. The report will be printed in the Hansard for today. Copies of the report have been placed on the table. The committee's determination may appear on the Notice Paper for Monday, 18 June.

The report read as follows—

Report relating to the consideration of committee and delegation business and of private Members' business
1. The committee met in private session on Thursday, 31 May 2012.
2. The committee decided to amend its determinations in respect of private Members' business for the Federation Chamber on Monday, 18 June 2012, from 6.30pm to 9pm as reported to the House on Wednesday, 30 May 2012, as follows:

Items for Federation Chamber (6.30 to 9 pm)
PRIVATE MEMBERS’ BUSINESS

Notices — continued

DR LEIGH: To move:

That this House:
(1) notes that:
(a) by historical standards, unemployment, inflation and interest rates are at very low levels;
(b) for the first time in Australian history, Australia has a AAA rating from all three major credit rating agencies;
(c) Australia's debt levels, despite the hit to revenues from the global financial crisis, are around one tenth the level of major advanced economies;
(d) OECD Economic Outlook 91 confirms that the Australian economy will significantly outperform OECD economies as a whole over this year and next; and
(e) the IMF has said of Australia: 'we welcome the authorities' commitment to return to a budget surplus by 2012-13 to rebuild fiscal buffers, putting Commonwealth government finances in a stronger position'; and
(2) calls upon all Members to approach economic debates with facts rather than fear, and to put the national interest first when discussing the strong Australian economy. (Notice given 24 May 2012)

Time allotted — 30 minutes
Speech time limits —
   All Members — 5 minutes each.

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

The Committee determined that consideration of this matter should continue on a future day.

4 MR BUCHHOLZ: To move:

That this House:
(1) notes that:
(a) serious allegations have been made surrounding the misappropriation of union members' funds by union leaders;
(b) Australian Council of Trade Unions Secretary, Dave Oliver, has said that every union member has the right to know that their money is going to be subject to good governance and good regulation; and
(c) Australian Workers Union National Secretary, Paul Howes, has said he supports bringing unions' accountability and transparency in line with the Corporations Act 2001; and
(2) calls on the Government to implement a plan that will expect the same standards of accountability and transparency of union leaders as are expected of Company Directors under the Corporations Act 2001. (Notice given 9 May 2012)

Time allotted — 60 minutes
Speech time limits —
   Mr Buchholz — 10 minutes.
   Next Member speaking — 10 minutes.
   Other Members — 5 minutes each.

[Minimum number of proposed Members speaking = 2 x 10 + 8 x 5 mins]

The Committee determined that consideration of this matter should continue on a future day.

5 MS SMYTH: To move:

That this House:
(1) reaffirms its commitment to the promotion of clean energy industries in Australia in order to
develop a sustainable, healthy and safe energy future for our country;
(2) recognises:
   (a) that the expansion of Australia’s wind energy industry is of critical importance in promoting Australia’s energy security while decreasing pollution;
   (b) the importance of the wind energy industry in ensuring, in the most cost effective manner, that 20 per cent of Australia’s electricity supply will come from renewable sources by 2020; and
   (c) the considerable opportunities for increased employment, industry and regional development which are, and will continue to be, generated by the Australian wind and general clean energy sector; and
(3) expresses its profound concern that, through the imposition of unreasonable planning restrictions on wind farm developments, State governments risk creating investment uncertainty for the wind energy sector and forfeiting the local jobs and industries that will be created as we move to a clean energy future. (Notice given 28 May 2012)

Time allotted — 30 minutes
Speech time limits —
   Ms Smyth — 10 minutes.
   Next Member speaking — 10 minutes.
   Other Members — 5 minutes each.

[Minimum number of proposed Members speaking = 2 x 10 + 2 x 5 mins]
The Committee determined that consideration of this matter should continue on a future day.

Orders of the day — continued
2 MARRIAGE AMENDMENT BILL 2012
(Mr S. P. Jones): Second reading — Resumption of debate (from 28 February 2012)

Time allotted — remaining private Members’ business time prior to 9 pm.
Speech time limits —
   All Members — 5 minutes each.

[Minimum number of proposed Members speaking = 6 x 5 mins]
The Committee determined that consideration of this matter should continue on a future day.

Mr FITZGIBBON (Hunter—Chief Government Whip) (15:16): by leave—I move:

That so much of standing and sessional orders be suspended as would prevent the Selection Committee’s determinations in respect of private Members’ business for the Federation Chamber on Monday, 18 June 2012, from 6.30 p.m. to 9 p.m. as reported to the House today, being adopted and shown on the Notice Paper for Monday, 18 June 2012.

Ms HALL: I second the motion.

Mr FITZGIBBON: I thank the House. I will quickly say what a wonderful thing it is that the Selection Committee is, these days, working so cooperatively; agreement on the motion I have just moved reflects that, and I want to thank the opposition for that. I think the parliament works best when the Selection Committee is working freely and well, and that has certainly been the case of late. This amendment was necessary because of a mistake on the part of the government—a minor mistake, but still one which had consequences—and the opposition very generously agreed to fix that problem.

On that note, I should offer my best wishes to the Chief Opposition Whip, who is today celebrating a birthday, and, of course, to the member for Reid, who is also celebrating a birthday today—they were born not only on the same day but indeed in the same year. I am sure all members will join with me in extending very warm wishes to both members.

The DEPUTY SPEAKER: Whilst I want to wish them many happy returns, I actually want to put the motion moved by the Chief Government Whip, that the Selection Committee’s report be referred to the Federation Chamber.

Question agreed to.
QUESTIONS TO THE SPEAKER

Electorate Offices

Ms JULIE BISHOP (Curtin—Deputy Leader of the Opposition) (15:18): Madam Deputy Speaker Burke, I have a question of you. It relates to entitlements and electorate offices. On Sydney radio today and online, on Twitter, it is claimed that there is a sign in a member's electorate office in Sydney that is offensive and abusive about the Leader of the Opposition. This is now on the airwaves. There are pictures of this sign that is said to be in the member for Sydney's Sydney office. I ask if you would make inquiries on this. I am offended by it. I assume that the Leader of the Opposition—

Mr Abbott: I certainly am.

Ms JULIE BISHOP: He has just confirmed that he is exceedingly offended by it. This is a sign that is said to be pinned up in the minister's office—in the member for Sydney's electorate office—and I would ask that you make inquiries on it.

The DEPUTY SPEAKER (Ms AE Burke) (15:19): The Deputy Leader of the Opposition has made her point. I will refer the matter to the Speaker.

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (15:19): If the Deputy Speaker is going to examine that, I would say that, also, she could examine, or the Speaker could examine, the footage of the demonstration outside my electorate office that included the member for Indi and a coffin, along with other offensive signs outside my electorate office.

The DEPUTY SPEAKER: The Leader of the House and the Deputy Leader of the Opposition will resume their seats.

Ms Julie Bishop: Madam Deputy Speaker—

The DEPUTY SPEAKER: The Deputy Leader of the Opposition will resume her seat. These matters are not for the House; these matters, on issues of our parliamentary offices, are for the department of administration and finance. It is not an issue that can be referred to the Speaker, and I would ask—

Mr Randall interjecting—

The DEPUTY SPEAKER: Order, the member for Canning!

Mr Albanese: I ask that the member for Canning withdraw that remark.

The DEPUTY SPEAKER: The member for Canning will withdraw.

Mr Randall: Madam Deputy Speaker, I do not know what is required to be withdrawn. I just said—

The DEPUTY SPEAKER: You just need to say you withdraw.

Mr Randall: Okay; I withdraw.

The DEPUTY SPEAKER: I thank the member for Canning. This issue is not for the House. It is for another department. The House does not have coverage of our electorate offices. The House has coverage of parliamentary offices inside the building. It does not have coverage of our electorate offices. That would be for the department of administration and finance, and I would direct the Deputy Leader of the Opposition to refer it there.

Mr Albanese: Madam Deputy Speaker, the member for Canning is continuing to pursue interjections across the chamber about whether I could fit into the coffin that was outside my office. It is offensive. He has kept it going for a number of minutes and he should withdraw.

The DEPUTY SPEAKER: The Leader of the House will resume his seat. It has been a very long week. The member for Canning?
Mr Randall: I withdraw.

The DEPUTY SPEAKER: I thank the member for Canning. The Deputy Leader of the Opposition?

Ms JULIE BISHOP (Curtin—Deputy Leader of the Opposition) (15:22): Given that this sign is said to be inside the member for Sydney’s electorate office, I ask whether it is a matter for the Speaker to refer it to the department of finance or can the Deputy Speaker refer it?

The DEPUTY SPEAKER: The Speaker has no authority over members’ electorate offices.

Mr SCHULTZ (Hume) (15:22): It has indeed been a very, very trying week. I rise to compliment you on the efficient way in which you returned vacant members’ car park spaces in the members car park.

The DEPUTY SPEAKER: I am glad I have had one success this week.

BILLS

National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2012

Report from Federation Chamber

Bill returned from Federation Chamber without amendment; certified copy of the bill presented.

Ordered that this bill be considered immediately.

Bill agreed to.

Third Reading

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (15:23): By leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

Corporations Amendment (Proxy Voting) Bill 2012

Report from Federation Chamber

Bill returned from Federation Chamber without amendment; certified copy of the bill presented.

Ordered that this bill be considered immediately.

Bill agreed to.

Third Reading

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (15:24): By leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

MATTERS OF PUBLIC IMPORTANCE

Economic Competitiveness

The DEPUTY SPEAKER (Ms AE Burke) (15:24): Mr Speaker has received a letter from the honourable the Leader of the Opposition proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The urgent need for consistent economic policy to address Australia’s declining economic competitiveness.

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 ABBOTT (Warringah—Leader of the Opposition) (15:24): On a day when we get the news that Australia’s international economic competitiveness has declined 10 places from fifth to 15th place in the world, we have a government in denial about the further damage to our competitiveness that
will be inflicted on the workers and the businesses of this country by the world's biggest carbon tax. This is a government in denial. So much is this government in denial that we had the sad and dispiriting spectacle of the Minister for Climate Change coming into this parliament at question time and singing a song. He mocked the plight of the workers of this country, who are threatened by a carbon tax, by coming into this parliament and singing a song. I wonder whether he sang that song to the workers at Kurri Kurri who are losing their jobs, in part, because of the impact of carbon tax. I wonder whether members opposite would have laughed as uproariously under those circumstances as they did in this parliament today.

This is a shameful government. It is a shameful parliament to be in denial about the impact of this carbon tax on the jobs of the people that it claims to represent. What we saw in parliament today was a shameful and embarrassing attempt by this government, including by the Prime Minister, to deny the obvious. We even had the Prime Minister today trying to claim, in the face of all the evidence to the contrary including a report by the respected Productivity Commission, that somewhere out there, somewhere in the world there was a place with a higher carbon tax than the one she is about to impose on the families, workers and businesses of Australia. She finally came up with British Columbia. I have news for the Prime Minister: British Columbia is not a country. I do not know what planet she is on but it is not a country; it is a province. I remind the Prime Minister of what the finance minister of British Columbia said earlier this year in his budget speech:

This is a good time to pause and examine how the carbon tax is affecting our economic competitiveness. To that end, we will carry out a comprehensive review, examining the tax's impact—both positive and negative—on every economic sector.

I am afraid that this Prime Minister is in total denial about the impact of the carbon tax on Australia's competitiveness and in total denial about the impact of the carbon tax on families cost of living and jobs.

But that is not all we have seen this week from this government when it comes to an assault on the economic competitiveness of our country. Last Friday there was an announcement that the Roy Hill Project should go ahead. This was unambiguous good news for our country: $10 billion worth of new investment, 50 years of production that would be exported to the benefit of our country and of the wider world, and 8,000 new jobs. But it takes a special genius unique to this government and this Prime Minister to turn a good news story like 8,000 new jobs into political disaster, but that is what this Prime Minister did. She turned 8,000 new jobs into another story about sovereign risk issues which now dog investment in this country because of this Prime Minister and this government. Yet again, it was another illustration of how this Prime Minister completely lacks judgment and another demonstration of how this is a government that is deeply ambivalent about business in general and particularly ambivalent about the role of the mining sector in this country.

What we saw in the wake of that announcement was an ugly brawl between the minister for immigration and the minister for resources on the one hand and the born-again socialists inside the caucus. And it was no surprise whose side the Prime Minister turned out to be on. What we saw last week was, first of all, the Minister for Employment and Workplace Relations, in an interesting development, tip off the unions about the enterprise migration agreement that they all knew was coming. The unions spooked the Prime Minister, the caucus rolled the cabinet,
and now the issue of sovereign risk is yet again front and centre for the people who we need to invest in this country. No-one quite knows what this new caucus oversight committee is going to do. But one thing we can be certain of is that enterprise migration agreements will henceforth be harder to negotiate, they will be more onerous and they will make it much harder for investment to take place and jobs to be created in this country.

This week we have seen again and again a Prime Minister shifty and evasive with this parliament, incapable of telling the complete truth. Again and again this week we have seen a desperate government trying to claw its way back into political relevance with an advertising blitz the like of which this country has never seen. They spent $36 million on a carbon tax which they will not even name—$36 million advertising that which dare not speak its name: the carbon tax. They spent $20 million advertising the National Broadband Network and they spent $12 million advertising the education cash splash. They are even sending letters to millions of Australians: 'Extra cash for you. You have just received some extra money from the Australian government. This advance is just the start. There is more to come. From the middle of next year you will get extra cash. Don't worry, you don't need to make a new claim. This assistance will come automatically just like the cash you have just had. PS: This is just part of the extra help the government is giving.' And they never mentioned the carbon tax! The last communication most people got like that was from the Nigerian lottery scammers!

It is all borrowed money. How dare this government come into this parliament and boast about Australia's economic performance when that sort of thing is taking place, all with borrowed money. This is a government which is in full retreat from the market capitalism which has been the basis of Australia's economic prosperity. If we look at the World Competitiveness Yearbook, which has just been released, Australia's overall economic competitiveness, in just two years, has fallen from fifth to 15th. But it gets worse. Our economic performance, in just two years, has fallen from seventh to 23rd. And this is a government that wants to boast about how brilliant its economic management is! We are being beaten by Qatar. But it is okay. We are still one place ahead of the United Arab Emirates!

Is it any wonder that further investments vital to the economic health of our country and the prosperity of Australians, like the Olympic Dam investment, are now at risk. This is a government which has damaged our productivity by, amongst other things, abolishing the Australian Building and Construction Commission. It has jeopardised our fiscal strength by blowing the hard-won surplus that Peter Costello and John Howard achieved. And now it has unleashed a class war, but it cannot even get that right. This mob are so hopeless they cannot even organise a class war properly. They cannot decide whether they are against 'bad Gina Rinehart', who opposes the mining tax, or in favour of 'good Gina Rinehart', who is creating 1,000 jobs for the long-term benefit of our country. This government just never understands, it just does not get it. You cannot have wealth distribution unless you have wealth creation first. That is what this government simply does not understand.

We had the enterprise migration agreements, which everyone opposite supported until the Prime Minister was spooked by the union movement. We have got a consistent preference for government over market, for government enterprise over private enterprise, from members opposite. There is the 'green bank'—$10 billion of borrowed money that is going to go out there
and pick losers, pick businesses that could not make money. We have got the National Broadband Network, $50 billion worth of spending to dig up the roads to 93 per cent of the houses in this country—whether or not people need it, want it or can afford to pay three times the price for their broadband services—even though the private sector can give us much better broadband much more quickly and much more affordably than this government telecommunications monopoly ever will.

Bizarrely, and perhaps the worst decision of all, in just the last few months they have chosen a government owned and operated freight intermodal hub at Moorebank over a private sector proposal that was vastly cheaper, vastly quicker to build and vastly more affordable. They always choose government, they always choose nationalisation, over the private businesses of this country. That is the problem with the born-again socialists of this country.

There is the mining tax, which, especially if increased, is going to kill the goose that has laid the golden egg for this country. And then of course there is the carbon tax—that wrecking ball that is about to swing right through the Australian economy from 1 July because this Prime Minister broke her solemn commitment: 'There will be no carbon tax under the government I lead.' There was the Prime Minister in question time today, shrilly demanding that I stand up and guarantee that I might do this and guarantee that I might do that. Well, I tell you what, at least my guarantees count. At least my guarantees can be trusted, unlike those of this Prime Minister, who never again can make a solemn pledge to the Australian people because of her grievous deception, the deception that will haunt her to her political grave—that 'there will be no carbon tax under the government I lead'.

It is the world's biggest carbon tax at the worst possible time. Already, a month before the tax begins, there are jobs gone in the steel industry and jobs gone in the aluminium industry. Prices are up and routes have gone in the airline industry. Rates are up in the local government sector. You just have to look at the government's own documents—its own carbon tax modelling. It says that there will be a 21 per cent decrease in steel and iron production in this country, a 61 per cent decrease in aluminium production in this country and, absent carbon capture and storage, coal generated power in this country will fall from 70 per cent to 10 per cent. That is why the carbon tax is the death of the coal industry. The whole point of a carbon tax is to make using coal and using gas more expensive—to expensive, in fact—for us to use as opposed to the alternative.

This is a country that is suffering because of an incompetent government that just cannot be trusted with the economic management of our great country. Every day this government does more damage to families' cost of living. It does more damage to job security. But there is a better way. This is a great country let down by a bad government. There is nothing wrong with Australia that a change of government would not improve.

Mr BRADBURY (Lindsay—Assistant Treasurer and Minister Assisting for Deregulation) (15:39): It is great to be able to contribute to this matter of public importance. Talk about the hypocrisy of the Leader of the Opposition, coming forward and talking about consistency when it comes to economic policy. When it comes to consistency on economic policy, the only thing he has consistently been is confused. He has been confused on just about every front when it comes to economic policy.
Opposition members interjecting—

The DEPUTY SPEAKER (Hon. BC Scott): The Assistant Treasurer will resume his seat for a moment. If there are members wanting to leave the chamber, would they do so quietly and quickly and not conduct secondary little conversations, standing out of their places.

Mr BRADBURY: Members might want to reflect upon the last time that they saw the Leader of the Opposition walk into this place and talk about the good news that exists about this economy, about one of the strongest economies in the developed world. As a member of this government, I am very proud of the record that we have. I am very proud, as a member of this country, as an Australian citizen, that we can stand tall and proud in having one of the strongest economies in the developed world.

Let us have a look at the strength of the economy, because you will not hear it from those opposite. They do not want to talk about it. Their approach is to talk the economy down. At every opportunity they want to talk it down because, to them, more important than economic success is political success, and they have equated political success with talking the Australian economy down. That is why at every opportunity they come into this place and they talk the economy down. Let us have a look at the fundamentals of this economy. Let us have a look at what every major institution has said about the Australian economy, whether it be the IMF, the OECD. They all say the same thing, and that is that we are standout performer on the world stage, that this is a strong economy. Not only is it a strong economy, but we as a government are determined to spread the benefits of that strength. That is the difference between us and them.

The Leader of the Opposition came in and he started talking about class warfare. He said, 'The problem is that the government want to conduct a class war; they are just not very good at it.' The truth of the matter is that the Leader of the Opposition wants to conduct a class war. In his budget reply speech he came forward and said that $150,000 is not a huge household income. Well, nobody is proposing to take an axe to any of the benefits or entitlements that people above that have. Nobody is proposing to do that. But the Leader of the Opposition is proposing to rip money away from people on incomes of less than $150,000. This is the class warfare that the Leader of the Opposition wants to wage—on anyone on low and middle incomes. And in fact we all know that, at the end of the day, he will sing to the tune that the piper plays. The piper, we all know, is Clive Palmer and Gina Rinehart—Clive Palmer because of his considerable contributions to the Liberal National Party. We know about those considerable contributions, and the donations that he makes are so important that they could not do without them and they have to put up with his crazy comments every now and again.

Let us look at the strength of the Australian economy. There is low unemployment, at 4.9 per cent.

Mr Frydenberg interjecting—

Mr BRADBURY: The member for Kooyong would not know an unemployed person if he tripped over them; that is his problem. He might have met one once. Well, I tell you what, we stand for those hardworking individuals out there that deserve the right to employment. That is why we fought hard to deliver support for the economy during the global financial crisis. Hundreds of thousands of Australian workers are only in a job or only stayed in a job
because we took some decisions to invest in and support those jobs. That is what we did. Those opposite voted against it. The Leader of the Opposition actually did not vote against it because he did not come into the chamber. Just to remind members, this was not one of those occasions where he came in and then tried to scurry out of the chamber; this was one of those occasions where he just fell asleep. The biggest global event since the Great Depression, and the man who wants to come and sit on this side of the chamber, who wants to get his hands on the Treasury benches—he fell asleep through it. He slept through the whole thing. He slept through the global financial crisis and certainly was not here to stand up for the people across this country that needed our support.

We stood up and we acted. It is not only about low unemployment. Have a look at contained inflation—it is well and truly within the band that the Reserve Bank looks at. We know that is so important to families and businesses all around this country. We do not want to put pressure on interest rates. They put lots of pressure on interest rates. Remember they were the party that were always going to keep interest rates at record lows. What about the 20 warnings that they got from the Reserve Bank to cut their expenditure, to address infrastructure bottlenecks, to address capacity constraints? They never did any of those things. They did not listen to the 20 warnings they got from the Reserve Bank, and interest rates went up and up and up—10 consecutive increases in interest rates.

Working families around this country and small businesses around this country will know that interest rates are lower today than when we came to office. A family that has a mortgage of $300,000 is paying about 3½ thousand dollars a year less. They come in and they talk about the carbon price impact. Let's wait and see. If you can find me a family that ends up getting slugged by that amount, then that will be really interesting to see. We have low unemployment, contained inflation, net government debt amongst the lowest in the world—

Mr Frydenberg interjecting—

Mr BRADBURY: Not growing, as the member for Kooyong protests, peaking this year amongst the lowest of all of our competitor economies—9.6 per cent net debt—and we are returning that figure lower and lower as time goes by. In addition to that, we have a record pipeline of investment coming into the resources sector. Members could be forgiven for thinking that most of that money was flowing in from the pockets of Liberal members, because they have all decided to invest in the resources sector. We have seen how confident they are in the success of the resources sector. Don't listen to what they say, but when they stick their hand in their pocket—the member for Kooyong knows; he is laughing. He is laughing because he is watching his stock prices go up, he is watching the strength of the resources sector and he is going out and investing more.

There is considerable investment in the resources sector that extends beyond the pockets of the Liberal Party members. Half a trillion dollars worth of investment is coming into the resources sector. So you have to ask a question. They said the mining tax was going to kill the resources sector. They say the carbon price it is going to kill the resources sector. If all of these things are going to kill the resources sector, firstly, why would they be investing in it? But, secondly, why would half a trillion dollars worth of global capital be flowing into this sector? It is because people have confidence in the strength of the resources sector and they know that the mining tax was always what
we said it was about, and that is just making sure that we get a reasonable return for the Australian people on the resources that we all own. Those opposite think that they are the preserve of the rich and the privileged, that because these people are investing the capital to extract it they should take all of the profit. They only get the opportunity to do that because the Australian people give them permission to extract the resources. In giving that permission, we think it is only fair that we secure a fair return for the Australian people. That is what we are doing.

If those people ever get the opportunity to come into this place as a government at some point in the future and they want to repeal the mining tax, that will be one of the most shameful public policy decisions this country has ever seen. To hand back a tax cut to some of the wealthiest entities in the world at a time when our economy is doing so well, but those particular sectors are doing particularly well, would be an absolute disgrace—and they know it. When they go around and talk to people in their communities, they hear the same message. There are plenty of people out there that are not experiencing the benefits of the mining boom. We want to make sure they get their fair share. That is why we are increasing family payments. That is why we have delivered a schoolkids bonus.

Mr Frydenberg interjecting—

Mr BRADBURY: The member for Kooyong walks right into it. He says, 'And cutting company tax.' He would be the first member for Kooyong in that seat's history to come into this place and oppose a tax cut for business. In fact, he should be disendorsed. How could any respectable member for Kooyong come into this place and oppose a business tax cut? You are a disgrace to your predecessors. Menzies would roll in his grave. Even the more dissenting members for Kooyong, those who on occasion took a more aberrant view, would have supported a tax cut for business. You are one out, and you did it because of the relentless and destructive negativity of the Leader of the Opposition. It does not matter what we propose, he will say no. This government could propose the canonisation of Mother Theresa and he would oppose it, because at the end of the day he says no to everything—except for a big fat tax cut to some of the wealthiest miners in this country.

On the question of consistency of economic policy message, we have heard from the others—they do not even know if they would deliver a surplus if they were in government. You listen to the member for North Sydney, you listen to the Leader of the Opposition, then you go and listen to the member for Goldstein or Senator Abetz, who said, 'We're not in the business of making any outlandish promises.' We are not making outlandish promises. We are delivering a surplus, and we are going to deliver increasing surpluses over the forward estimates. That is what we are going to do. The member for Kooyong points to the carbon price. If you are interested, we are delivering an emissions trading scheme with a three-year fixed price. They went to an election saying they wanted an emissions trading scheme. The member for North Sydney has come into this place and has said, 'Pricing carbon is inevitable.' Okay, so it is inevitable. So when are you going to do it? 'Not just now.' So when is the member for North Sydney proposing that we price carbon? When does he think is the best time to do that. John Howard, whose mantle they seek to try to cling to, already got there. He got over the line on this one. He decided that a carbon price, an emissions trading scheme, is what this country needed. He said very proudly at the time that if we want to maintain our competitiveness as an economy
in the future, these are the hard decisions that governments have to take. I do not know anyone out there that seriously thinks that in 50 years time this country will be able to rely on fossil fuels in the way it does today or has in the past. If you believe that, then you realise that the process of beginning the transformation towards less dependence on fossil fuels and greater reliance upon a clean energy future are the hard decisions that governments have to take. We are taking them. We are taking them in difficult circumstances through a minority government. The member for Cook might be lucky enough to come back into this place at some point in the future and actually have to make a concession—to confess that he got it wrong. In fact, he got it right when he went to the election in 2007 promising an emissions trading scheme. He got it right then. But he got it wrong this time. They have got it wrong.

This government is taking some hard decisions that will make the structural changes that our economy will need for the future. That is what we have done. They all know it. Governments in the past have taken those hard decisions, quite often with some political cost, but in the end we all enjoy the bounty of that today. That is why we have one of the strongest economies in the world. It will keep going from strength to strength.

The Leader of the Opposition comes into this place and says, 'We are all about wealth creation, not wealth redistribution.' I tell you what: no government in the advanced world, no developed economy, has been more about wealth creation since the global financial crisis than us. That is why our economy is seven per cent larger today than it was before the global financial crisis. No developed economy in the world has grown in that period to the extent that we have. The only reason we even get to have a debate in this country today about wealth redistribution is that we have created the wealth. Along with industry and the private sector, this government has created wealth. We helped to create that wealth by investing and supporting jobs through the global financial crisis. As for those opposite—and the Australian people will always remember this—when the tough times hit we were there to stand up and to support jobs, while they were asleep. And now we see that they just cannot wait to scurry away from the chamber at every opportunity, because they do not want to be here for the hard decisions.

Mr TRUSS (Wide Bay—Leader of The Nationals) (15:55): Now more than ever Australia needs a steady hand at the wheel, and they do not have one. Our economy, business and families alike, crave surety and a logical, consistent and predictable government that they can rely on, and they do not have one. Even this week's Labor infighting, as it gathered pace amongst the backbenchers, as they rolled the Prime Minister's control over vital resource sectors, just showed once again how this government has completely lost its way. It has no idea what kind of direction and course to set for our country. They follow the demands of the Greens. They follow the demands of the union heavies, knowing that they are already circling around the Prime Minister for the next time a leadership challenge happens.

The political intrigue that is paralysing Labor, though, not just has a cost for Labor; sadly, it has a cost for the whole of the country. It is a real cost. This instability at the top and the crisis of confidence in the Prime Minister's decision-making comes at a precarious time for all businesses, big and small across all sectors. Labor has pushed Australia to another economic crossroads, one we do not need to be facing. It has come at a time so soon after they inherited a strong and robust economy. They inherited
surpluses, they inherited savings—savings that could be used for the future. All that has been squandered, all of that has been lost, and this government continues on its endless path of destruction.

This government has eroded Australia’s great natural competitive advantages—the things that have made us great over the years, the reasons why companies and investors wanted to come to Australia, the reasons why Australians worked so hard to build their own country. All of these things now are being eroded by a government that has completely lost its way and lost a vision for our future. We have seen in the last couple of days practical evidence of that, as Australia has slid down the index of competitiveness, slid down the index of ease of doing business. This is an embarrassment and a humiliation to a once great country.

Let us look at some of those competitive advantages and what Labor has done to them. We once had low-cost electricity. That attracted mineral processors—smelters and refineries for aluminium, gold and copper. Energy-intensive manufacturers actually wanted to come to Australia because we had this natural advantage. But now what has Labor done to destroy this great advantage? They are buying Australia’s low-cost power stations and closing them down. They are closing down our big competitive assets. What they are doing is introducing a carbon tax that is going to massively add to the cost of electricity and make it so much less attractive to come to this country.

The Business Council of Australia has identified 240 federal and state energy and climate change policies which are adding to energy costs and eroding our competitive advantage. Is it any wonder that no new low-cost power stations are being built in this country? This government does not want them and therefore it does not want the jobs and the industries that would be attracted—and it does not want the jobs in the industries and factories that are currently closing. They have indeed lost their way and squandered one of our competitive advantages.

We as a nation have abundant resources of high quality that have been relatively accessible. Under this government the ease of doing business in Australia, according to the World Bank index, has slipped from eighth to 15th. These abundant resources are no longer easy to access. This government has made it harder to get there. They have done it through endless bureaucracy—bureaucracy that guarantees now it takes years to get an approval for any project. In question time yesterday we even heard the Minister for Sustainability, Environment, Water, Population and Communities, Tony Burke, trying to make a virtue out of taking years and years to make decisions about environmental approvals. He was embarrassed that the new Newman government, after only a few weeks in office, was able to give approval to projects, whereas he still has years of work to do to get through his environmental assessments. This is the kind of thing that discourages people from investing in this country. Then we have inadequate ports and railways, because the government has been unable to initiate the key projects that are necessary to service these industries.

One of the other major reasons industries came to Australia was that this was a country with low sovereign risk. The governments have traditionally been stable. They have been trustworthy, they have honoured their promises, they did not change the rules every second day. Now we have a government that does not control its own agenda. The Greens run the country and the unions run Labor. The reality is they cannot make the decisions that are necessary to deliver the kind of stable environment that would encourage
investment. They cannot manage themselves, let alone manage a successful economy. They stumble from one political disaster to another. There is no stability in the investment climate either. Remember the words, 'There will be no carbon tax under the government I lead.' That was a clear statement, a clear signal to the world's business community that you could come here and not get a carbon tax, you would not get this extra cost burden. The promise lasted just a matter of days and it was dishonoured.

Then we have the mining super tax. People invest in this country in mining schemes on the basis of an economic environment that has been passed into law through the legislation of the parliament, and Labor just simply changes it as though it has no substance. Their super tax on mining has damaged industry confidence to ever make an investment because they know the rules will be changed yet again. Labor has changed the withholding tax for investors on numerous occasions. There can be no certainty for an investment when this sort of thing is happening. The promised tax cuts have been abandoned altogether. Labor never cuts taxes; Labor only puts them up. That is just the kind of environment that sends investors to other parts of the world.

Then the Prime Minister promised everybody that they could have an EMA so they could get some of the workforce that they needed. She was quite happy to tell the mining companies that she supported EMAs, but then she told the unions precisely the opposite. She wants to walk away.

**An opposition member:** She is furious.

**Mr TRUSS:** Yes, she is furious about the idea that this might happen. Then there are the changes to the shipping industry. Legislation has gone through this House this morning on the transport industry, which gives control to the unions in key sectors of the industry and guarantees that the sovereign risk in coming to a country like Australia will continue to grow.

Another major advantage that we had in this country was the productive, skilled and reliable workforce. Once we were skilled with a reputation for productivity, even if our wages were a bit higher than those of other parts of the world. But that is also being lost. On the world competitive index Australia has slipped from fifth to 15th, and industrial lawlessness is one of the issues that is raising its head again and again. Jac Nasser, the head of BHP, reported just recently that the BMA consortium had experienced 3,200 industrial incidents in just one year in the Bowen Basin.

How can a company invest or make decisions for the future when it has to put up with 3,200 industrial incidents in a year? In many of these instances they use the Qantas strategy, where the unions call a strike and then call it off just at the last minute so they can keep their wages but the maximum disadvantage is done to their employer. Where are these unions coming from that believe they can actually achieve things for their members by destroying their employer? What is the sense of destroying the company, destroying the industry and destroying the competitiveness of our nation just in the name of some kind of industrial power and industrial lawlessness? Many of these unions now want to take control of the decision-making in their companies. How is anybody going to invest in those circumstances?

Labor is fond of boasting that there is $500 billion worth of projects in the pipeline. Yes, they are in the pipeline and they are stuck there. The pipeline is choked. It is blocked up by government red tape and green tape and black tape and it needs a good decent flush out. A clean-out is what is desperately needed and it is going to have to
go right to the top. This government must go if we are going to restore confidence in our country and restore our competitiveness so that we can deliver a decent lifestyle for all Australians.

Mr RIPOLL (Oxley—Parliamentary Secretary to the Treasurer) (16:05): Anyone listening to the debate in here would be questioning. They would really be thinking about the grim reaper's hand of death already on the shoulder of the Australian economy and on Australian business and Australian people. This could not be further from the truth. The opposition can wish it all they want. The opposition can wish for the end of business in Australia. They can wish for a bad economy. But they are not going to get their wish from this government. This government will continue to work hard to deliver a surplus budget, to deliver a strong economy, to deliver jobs for Australians, to invest in our schools, to help families with the cost of living, to do the things that governments are meant to do to assist not only the economy but also to make sure that ordinary people—people at home listening to this, people that go to work every day, people that educate their kids—get a hand-up, assistance and support from their government, not this negative claptrap that we hear from the opposition.

It does not get any more palpable when you come into this place at question time. Every word that is uttered by the opposition is about negativity. It is about bringing down the economy; it is about ramming down confidence. At the same time that they are talking down the economy, they are wishing for Australia to become like Greece. This is their wish because, in their minds, the faster that would happen the quicker they would get government. That is their strategy and their plan. It is to bring down the economy. Let us burn the place down because by doing that we will have proved something and we will get to government quicker. This government is not going to do that. We are not going to sit by idly. We going to do the tough things and the hard things. We are going to do the things that are necessary for this economy. And you might ask why. Why would we do this? There is a very simple answer: because people deserve to keep working. They deserve to have a job, and that is what we are doing. And I think it is pretty well reflected in the unemployment figures. Look anywhere in the world, pick a country and make a comparison with Australia. You cannot wish that away. You cannot wish the numbers away, because it is the same methodology that the Australian Bureau of Statistics have used for 30 years. That same set of statistics and data say that there is now only 4.9 per cent unemployment in this country, down from 5.1 per cent. That is a record that is better than when the Howard government was in, better than the golden years when the rivers of gold used to flow to Canberra. They had more money than they could ever budget for. They used to predict a surplus and it was always big, but they did not have a clue how much money was coming in to the economy. They were good days. The whole world was peaking. Tax was a lot higher; people paid more. It did not matter which measure you used, everyone paid more tax. In fact, people paid more for their mortgages as well; interest rates were higher.

But in tough economic conditions this government has been able to do the hard yards, the hard work—nose to the grindstone. Not for us the death hand of the grim reaper trying to choke the confidence of Australians, trying to choke small business, turning up at some poor small business and telling them that they have nothing for the future, that they should just lay everybody off and give up—when the next day those same businesses announce growth, they
announce new profits and good things happening. This is all that the other side look for. They look for the doom and the gloom. They wish it every day. I can see the Leader of the Opposition, Tony Abbott, kneeling down beside his bed at night and saying, 'God bless Mum, God bless dad, God bless Australia and, please God, wreck the Australian economy so I can become the Prime Minister,' because the quicker he thinks he can wreck this economy the quicker he believes that he personally will benefit and become the Prime Minister.

But nothing could be further from the truth, as you will see if you pick any report in the world—I am very confident about picking any report in the world. These guys are looking every single day and thinking, 'Can we just find one little bit of negative reporting on Australia?' They cannot turn to the rating agencies because for, the first time in our history, in over 100 years, this Australian economy under this Labor government has managed a AAA rating, the highest possible rating you can get across all three agencies. Where are the geniuses on the other side? Hang on, one of them just walked in. By the way, my offer is still on the table: if you want to run faster, I am happy to give you a few tips on how on this side we run the economy a little bit faster, how we speeding things up; how we get investment into the country; how we keep people in jobs and how we make a difference to people's lives. In the end there is a measure of difference. It is called 'people having a job'. It is called 'being able to pay the mortgage', which of course is cheaper under Labor, because people, on average, are paying at least $3,000 a year less.

The shadow Treasurer shakes his head. So what? He shakes his head at everything; it would not matter what I said. If I said, 'Do you want an ice cream?' he would say no. It does not matter what I say, he would shake his head so it does not worry me too much. The reality is that the data does not lie, nor does the economy, nor does business growth, nor does the half trillion dollars of confidence—dollars, investment, confidence. So while they are saying that the coal industry is dead, energy is dead, retail is dead, manufacturing is dead—you name it, everything is dead—and that on 1 July we will all wake up with a scorched earth and nothing left, of course, we all know that that is just hollow rhetoric designed to do one thing. And this is the sad part: small business people are out there trying to create more work, keep themselves and their workers employed and do something for their families—in fact, trying to do something for the economy. But every day they hear negativity from the Leader of the Opposition. He cannot run fast enough to get out of this place. He is banging into walls to get out of this place so he can talk down the economy.

I will tell you who has got some confidence in our economy. I will give you some idea. Every other country in the world looks at us and says, 'We'd hack off our right arms to have just a little piece of your good economy.' Who else has got confidence in our economy? We have on this side. We have confidence in our economy and we will keep working hard to grow it to make sure people have got jobs. Who else has got confidence in our economy? All of those people who have poured half a trillion dollars worth of their money into our economy based on one thing: they believe we are growing, they believe we have a bright future, they believe it is good. I will tell you what, there is another interesting group of people who think we have some opportunities, some good news, some growth. While the Leader of the Opposition sits here and talks down the end of the earth as we know it, Liberal National Party members on his side are out there buying the
very stocks and shares of the things he is talking—

Mr Symon: Follow the money.

Mr RIPOLL: Absolutely—follow the money. Put your money where your mouth is. While their leader tells everybody, tells the mums and dads, 'Oh, no; it's all over. There's nothing left in the Australian economy. There's no confidence,' what do his guys do? They go and put money on the table and say, 'I'll take a wager on that because I think things are going to go up.' You do not put money on the table unless you think there is a good, bright economy ahead, and that is exactly what there is—a strong economy despite—

Opposition members interjecting—

Mr RIPOLL: I love hearing from that side. They talk about the politics of envy. The worst politics of envy is this: they envy the Greek economy! That is what they want. That is the real politics of envy. 'Please, please give us a Greek economy.'

An opposition member: You're on your way!

Mr RIPOLL: If we are on our way, I am satisfied that we are well placed to survive the worst because we have done the hard work. We actually do our homework. On this side we have actually done the right things. In one of the toughest global economies that this planet has faced for a long, long time, we did the hard work to make sure we delivered a surplus. We made sure that we invested in schools. But the book burners over there, the antiscientists, the antiresearchers, have a plan to save money. They say, 'Get rid of teachers, that'll save a lot of money. Let's not have so many schools. Science and research is overrated, why would we waste money on things like that? Computers in schools—who needs them? Computers are overrated.'

Let me tell you about the success of investing in education. If we start talking about the Asian century then we have to do something about it. I heard the other day the shadow Treasurer talk about the Asian century, but he just said, 'Let's just run faster.' Which direction? To it or away from it, because all I can see on this side—

A government member: Out the door.

Mr RIPOLL: Out the door—that is exactly where they ran. They are scared of it. On this side we are not scared of it, because Australia is in the right place at the right time, with the right government and the right economy. We are the right government because when it comes to facilitating jobs we help that happen. When there are big projects in this country—you can look me in the eye—we help facilitate them.

Roy Hill is a fantastic example and one of the best news stories I have heard for a very long time. It shows that on this side we are prepared to help create and facilitate jobs and projects. It is just one of up to 30 new projects, part of the half-trillion dollar investment, and 6,500 new Australian jobs will be created just in that one project. (Time expired)

Mr HOCKEY (North Sydney) (16:15): Just before coming here I was reading an article that leads the Financial Times called 'Rush for havens as Euro fears rise.' It identifies that 'US benchmark borrowing costs have plunged to their lowest levels since 1946,' and UK interest rates have fallen to '1.64 per cent, the lowest since records for benchmark borrowing costs began in 1703.' US 10-year yields are down to 1.62 per cent, which is a level last reached just after World War II, and German two-year bond yields have fallen to zero for the first time, meaning that people are prepared to lend money to Germany for two years without any interest
rate, without any return, simply to get their money back.

If you believe the logic of this government when it talks about the cash rate in Australia falling, which we would encourage in a strong economy with lower funding costs, all of this is good news. But there is a rush to safe havens at the moment because there is growing uncertainty about where the Western world is heading. Europe is one great big Ponzi scheme at the moment. At every moment where there appears to be money lost or about to be lost they reach again for the debt lever. That is the challenge. Who is well placed?

Everywhere around the world people are trying to re-price sovereign risk. It is the single most significant challenge for the globe and for capital markets over the next 20 years: how to properly price sovereign risk. We are going through it again in Spain. It was Greece a few weeks ago and it continues to be Greece into the future, but it is not just Spain and Greece. It is France. It is the United States, with its near default on its loans. It is the Western world that is now being sized up for sovereign risk. Even though there is a rush to invest in places like the United States, the United Kingdom and Germany I would say it is because they are seen as safer havens than other jurisdictions.

This is an opportunity for Australia. Sure, there are significant inflows of money at the moment, and significant interest in buying Australian government bonds and state government semibonds, but there would be more interest and greater investment in Australia if we had a government that was consistent, predictable, reliable and trustworthy. CEDA has put out the World Competitiveness Yearbook results, which show us slipping from a nine ranking to 15 in the last 12 months. The government said this is all about the currency, but I see that Canada is well ahead of us and it has had a similar surge in the value of the Canadian dollar because, much like Australia, it has a vast amount of resources that are attractive. But in Australia there has been a relatively significant deterioration in labour regulation, transparency, labour relations, government decisions and the stability of those decisions, and environmental laws that made it all much harder. Those factors have played into our reduced competitiveness.

That follows on the back of other reports that identify that government decision making is having an impact. For example, even when we had solid results from the ABS about infrastructure investment, JP Morgan today put out in an Australian economic research paper that 'key project sponsors have complained about rising costs, labour and capital, of being strangled by worsening regulation and green tape, of lower commodity prices and slower growth in China'. These calamities, they argue, 'risk important projects being delayed or even scrapped'. The author recognises there may be some posturing by those companies, but the fact is the companies would not be saying it if they did not mean it because they rely on that investment. They rely on a stable, predictable investment environment, and how could it be stable and predictable in the face of initiatives like the carbon tax?

The Treasurer and Minister for Trade in Queensland, Tim Nicholls, released at nearly three o'clock today an analysis of the impact of the carbon tax. He identified: that it could see 21,000 Queenslanders lose their jobs; that real wages could be reduced by up to $2,940; and that Queensland's gross state product could take a hit of $9.6 billion as a result of this.

This is because the government is so uncommercial. It does not understand what sovereign risk is. At a time when the rest of
the world is unstable we should be stable. At a time when the rest of the world is uncertain we should be certain. At a time when there is a lack of confidence in other parts of the world we should be confident. Yet listen in the words of people who actually invest, like Ian Matheson, Chief Executive Officer of the Australasian Investor Relations Association, on a survey of the top 200 ASX companies, said:

"In the comments from corporates, obviously reflecting what is being told to them by international investors, there is absolutely no doubt there has been heightened concern about things such as the carbon tax, the MMRT (minerals resource rent tax), growing industrial dispute activity and sovereign risk generally. That has been going on for 12 months now."

I think that is a bit generous.

John Stanhope, former Telstra CFO, said on 17 May, 'So people looking outside of Australia think we are a sovereign risk because of the uncertainty created by policy fluctuation.' Bernie Ridgeaway, managing director of Imdex was quoted in the *West Australian*—these are all this month—saying:

"You're taking a previously blue chip jurisdiction for investment (Australia) and we're turning into something where we've got sovereign risk and uncertainty."

David Knox, chief executive of Santos and chairman of Australian Petroleum Production and Exploration Association, said:

"My clear message to the Australian Government is: do not create uncertainty."

Instead provide our investors with the confidence in Australia as a stable fiscal and regulatory region—allow us to stay competitive.

The list goes on, with Christoffe de Margerie, Total chairman and chief executive. Why do people say this? This is a list of Gillard government broken promises and changes to policy since the 2010 election—none larger than: 'There will be no carbon tax under a government that I lead.'

Everyone in Australia and around the world knows that was a solemn pledge from the Prime Minister and it has been broken. That is an example of sovereign risk writ large. There are others. The Prime Minister promised community consensus on taxing carbon and broke that promise. She promised to cut company tax and was going to stick with it, but broke that promise. She promised a $500 standard deduction on tax returns, broke that promise. She promised foreign aid increases, said they were absolutely committed to meeting those goals by 2015, and broke that promise. You would remember the 50 per cent discount on interest income, another broken promise. The green buildings tax break was changed. Increased defence spending, broken. Reinvesting defence budget savings, another broken promise. Sparing the Public Service from budget cuts, broken. Private health insurance rebate changes, broken. Gambling reform and the agreement with Andrew Wilkie, broken. Consulting clubs on gambling reforms, broken. A new era of openness and transparency, broken. Onshore processing generally, broken. Processing refugees at Curtin, broken. Processing refugees at RAAF Base Scherger, broken. An onshore processing centre on East Timor, broken. A citizens assembly, broken. Cash for clunkers, mining tax royalties, BER costings—all good recommendations, as is the solar credit scheme. Delay of the national curriculum, reform of health and hospitals, a tax summit by 30 June, asylum seekers to Malaysia, the Pacific solution hypocrisy, budget neutrality of the carbon tax—it goes on and on and on. I have another 30 broken promises.

You wonder why there is sovereign risk. You wonder why there is confusion out there. It is the words and deeds of this
government that are creating unnecessary sovereign risk for Australia. *(Time expired)*

**Dr LEIGH** (Fraser) *(16:25)*: It is a truism in politics that we get our own arguments but we do not get to have our own facts. Any discussion of the state of the Australian economy has to rest on basic facts. Let us start with a couple. Only rarely in the post-war era have unemployment, inflation and the cash rate all been below five per cent. We are in one of those moments right now.

Fact No. 2: not once in the Howard or Fraser governments, about 20 years in office, was there one single year where government spending was cut in real terms. Yet as Stephen Koukoulis has pointed out, Labor governments have cut real spending in five years since the mid-1980s.

Cutting real spending is not easy. It requires making some pretty tough decisions, but we have done it when the times have demanded it. We have also increased government spending when the times have demanded that. That is what Keynes taught us in the teeth of the Great Depression: when there is a big drop in private demand, governments should step in to fill the gap. But those opposite think that governments should never go into debt. They have an anti-debt strategy.

We have heard already in this debate about those opposite having a different attitude when it comes to their private affairs than they do in their public affairs. Privately those opposite are buying mining shares, while publicly they are talking about the collapse of the mining industry. Privately those opposite take on debt. They do so for a perfectly good reason. They take on mortgages early in their lives and pay them off later in their lives. As Richard Dennis pointed out in a column in today's *Australian Financial Review*, debt is not a villain and Australia's debt is among the lowest in the developed world.

Those opposite are playing a dangerous game with confidence. Business confidence is not created by government. Business confidence is the responsibility of all. It is the responsibility of business leaders—and I have to say that some business leaders could have exercised a little more responsibility over recent months in maintaining the business confidence that benefits them as well. Business confidence is also the responsibility of those opposite. All of us have a responsibility to speak in terms of facts when it comes to the Australian economy.

We are putting in place a carbon tax because we know that is the right way of taxing non-renewable resources that can only be taken out of the ground once. These resources are not owned by any individual, but are mined thanks to the agreement of the Australian people. We are putting in place a price on carbon pollution that will see Australia's emissions cut by five per cent by 2020. That cut could have been put in place two years earlier, had those opposite stuck with their then leader or had the Greens voted with those Liberal senators who defied their new leader and voted for the CPRS legislation. Yesterday in this House the member for Melbourne took issue with some facts that I had placed on the record, that by voting against the CPRS package the Greens were responsible for an extra 10 million tonnes of carbon pollution, the equivalent of annual emissions of two million cars. The member for Melbourne said that somehow my comments 'exercised gall' and such actions would not have resulted in a better outcome for the planet. But that is not the case. We have very clear modelling that had the Greens or the Liberals supported carbon pricing legislation two years earlier we would have gotten fewer emissions.
We have a price on carbon pollution now and it is a price we had to put on. We are acting early. Those opposite would have us put our heads in the sand on every economic reform. They would have us put our heads in the sand on the minerals resource rent tax, carbon pricing and good economic investments.

Debate interrupted.

**ADJOURNMENT**

The **DEPUTY SPEAKER (Ms AE Burke) (16:30):** Order! It being 4.30 pm, I propose the question:

That the House do now adjourn.

**Hinkler Electorate: Sugarcane Industry**

Mr **NEVILLE (Hinkler—The Nationals Deputy Whip) (16:30):** The sugarcane harvest is scheduled to begin in the Bundaberg and Childers districts in my electorate early in this coming month, and it is marked by more optimism than we have had around the sugar industry in more than a decade. Queensland produces 95 per cent of Australia's raw sugar, and around 85 per cent of Queensland's raw sugar is sold on the world market. The resurgence seen in the Australian sugarcane industry in recent years, driven by a burgeoning Asian market hungry for Australian sugar, is welcome news for an industry that has been belted from pillar to post by weather and poor prices in recent years.

The sugar industry is a cornerstone of many Queensland regional communities, none more so than in my electorate of Hinkler, which includes both the Millaquin and Bingera mills in Bundaberg and the Isis Central Sugar Mill at Childers. The Millaquin mill is scheduled to begin crushing on 17 or 18 June and anticipates crushing approximately 1.5 million tonnes over a 20-week period. This year the Bundaberg Sugar company has spent $15 million upgrading the facility located at East Bundaberg and has installed a new bagasse silo, a bagasse handling facility and a fifth mill train to enhance the crushing. The work has been undertaken as part of the final phase of Bundaberg Sugar's $40 million overhaul of its flagship processing plant.

Meanwhile, the Isis Central Sugar Mill is looking to create history this season by crushing a record tonnage, estimated to be 1.41 million tonnes, dependant, as always, on weather conditions. Crushing at the Isis mill is scheduled to begin on 13 June and will provide employment for the district's seasonal workers for 23 weeks. So, as you can see, there will be 20 weeks of activity at one mill and 23 weeks at the other—significant seasonal work in my electorate.

As mentioned before, the sugar industry has been battling adverse weather conditions. Last year, a lot of the sugar along the coast was knocked over in the cyclones. Other cane suffered excessive flooding. Some of it had wet feet for too long. Some of it was so soggy it could not be harvested. But this year, thankfully, especially around Bundaberg and Isis, we seem to be having better conditions all around. We have been able to handle fungal conditions over recent years. One particular disease, sugarcane smut, which was detected on a Childers farm in 2006, is now largely under control. Since then, farmers have worked hard to eradicate the disease and inhibit its return by planting smut resistant varieties of cane, including the very successful Q183 along with Q240, Q245 and Q242. The resilience of these varieties to disease, which has the potential to cause immeasurable damage to the sugar, is matched only by the resilience of the canefarmers in my electorate, who are leading citizens in our community. Many of those growers will this weekend participate in one of the state's biggest sugarcane...
displays, at the Gin Gin Show, which is in the neighbouring electorate of Flynn, home to my colleague the member for Flynn, Ken O'Dowd.

The sugarcane industry extends from the Northern Rivers of New South Wales, along the full length of the Queensland coast, right up to Mossman at the start of the cape. It provides a tremendous amount of economic stimulus for the state. It is the core, as I said, of many rural communities and it is part of the culture of Queensland. I wish the growers and millers a very successful season.

**Newcastle Electorate: Fairfax Media**

Ms GRIERSON (Newcastle) (16:35): This week Fairfax Media announced proposed changes to editorial production arrangements at the *Newcastle Herald* and associated weekly community newspapers. What that means is that Fairfax Media will axe all the jobs of those employed in editorial production functions and redeploy those functions to people working at Fairfax Editorial Services in New Zealand. This proposal applies to the *Herald*, *Newcastle Star*, *Port Stephens Examiner*, *Lakes Mail* and *Myall Coast Note* as well as to the *Illawarra Mercury* and their associated papers. In Newcastle, 36 full-time equivalent staff, comprising 41 full- and part-time positions, will be made redundant from the group of Newcastle masthead titles.

This is quite devastating. These job losses happen to real people, people we know—friends who will face unemployment. I am told that current redundancy provisions are adequate and that many people are long-term employees, but that is small comfort to those who have loyally served Fairfax and the people of Newcastle. The positions of reporters, journalists and photographers are not affected—yet—and printing will continue locally at Beresfield. That, again, is some comfort.

But what does this restructure actually mean and why has this happened? This morning I asked those questions directly to Greg Hywood, the Chief Executive and Managing Director of Fairfax Media. I thank him for taking my call. He made the point that media is moving to an increased online presence and that Fairfax Media is no exception to that transformation. Here, we all understand that transformation and we all understand that the demand for information is increasingly globalised. We are all part of that modern media reality. I have an online subscription to the *New York Review of Books* and the *Monthly*. I go onto the *SMH* app on my iPad each day. I check the *Herald* online every morning when I am in Canberra. But when I am in Newcastle I have a copy of the *Herald* delivered daily to my home. That is typical in regional Australia, where habit and loyalty prevail, and that is in part why regional mastheads like the *Herald* continue to make profits while still embracing the online media world. According to Fairfax, the *Herald* website is the top-ranked website in the Fairfax Regional Digital media network of 160 websites, recording 3.2 million page impressions in April. And that is the rub: regional media has consistently loyal audiences. The circulation of the *Herald* is more than respectable, matched by some $15m in profit last year. Fairfax Media’s decision seems not to be about sustaining regional press mastheads but about those mastheads taking the hard hit to prop up Fairfax’s national mastheads, the *SMH*, the *Financial Review* and the *Age*.

In my discussions with him, the CEO was genuinely concerned about the human cost but also genuine in his belief that these measures are a necessary step to sustain mastheads not destroy them. After explaining that the production function hub
approach in New Zealand has proven to be very efficient, I asked why then Fairfax does not trial that sort of knowledge centre at premises in Australia, like the Newcastle Herald, given its scale, experience and considerable success in online activities. I asked too why his board had not chosen to explore with regional media how these efficiencies could be achieved locally and raised the fact that the Herald might have been approached to assist the transition to increased digital access to content and production services. I asked why they did not consult with their regional media workforce about savings and efficiencies.

While Greg Hywood and I agree that our roles are different, my role is always concerned with building regional economies through diversification and building knowledge. My role is always to encourage industry to retain capacity and skills in Australia. So again I say particularly to the chairman and the board, if this hub approach is the way of the future, with a focus on growing audiences and building revenue through content creation and advertising sales, then give us a go first. Do not compromise what remains profitable by reducing local content, true local engagement and the actual local factors that underpin profitability. Sustain your business by setting up a best-practice, knowledge based hub for regional mastheads in regional Australia. Use that centre to capture your competitors, who are also gradually making the online transition.

The Media Entertainment and Arts Alliance have rejected the company's proposal and I would suggest to the chairman, Roger Corbett—who has a strong association with Newcastle, so I am particularly disappointed—and his board that they too should rethink this proposal and build something good in this country. Make your own workers the innovators and the creators of quality and success. A local trial could bring about a win-win for Fairfax Media and regional media: the retention of local quality content and the expansion of content that builds new audiences and a greater online customer base through Australian based innovation, retaining Australian jobs and creating a prouder masthead for all.

Education

Dr SOUTHCOTT (Boothby) (16:39): I would like to speak in this adjournment debate on education and on two specific topics. First of all, I would like to speak on the Australian Science and Mathematics School. This is a specialist school which is located in my electorate. It was opened in 2003. It caters for the last three years of secondary education, with students from year 10 to year 12. It is co-located on the campus of Flinders University. Recently I had the opportunity to tour the school with the shadow minister for education. I want to thank Susan Hyde, the principal; Graeme Oliver, the deputy principal; and also David Trembath, who is in charge of aviation and interdisciplinary studies, for showing us around the school.

The school focuses specifically on science and maths subjects and includes new courses, including scientific studies in aviation, scientific studies in human performance and media production. The ASMS building was listed in the OECD third international compendium of exemplary educational facilities and is specifically designed to maximise the benefit to students. The school includes a number of studios or specialised learning areas with dedicated studios for science, control technology, human movement, avionics and audiovisual studies. Touring the school, it was very obvious that it is a long way from the didactic classrooms that many of us might
have experienced and was in every sense a very adult learning environment for these senior high school students.

It was significant that the Chief Scientist and former vice-chancellor of both Flinders and ANU, Ian Chubb, had visited the day before us. There are visitors from overseas coming to have a look at this school. It represents a very different model. It encourages science and maths education for people from schools that might not have quite as strong a tradition in those areas.

The avionics studio includes a synthetic flight simulator. I was given the opportunity to test this flight simulator with the shadow minister. Between the two of us, we managed to turn a very uncomplicated descent into Adelaide airport into a crash which no-one survived. Luckily, that is why we have flight simulators. This is another example of how the students at this school get unique experiences. I would like to congratulate the Australian Science and Mathematics school for their innovative teaching and the continued success of their students.

The second topic that I would like to touch on is the foreign language investment announcement that was made by the Leader of the Opposition during his budget-in-reply speech. This is a commitment to revive foreign language study in Australian schools. This is something that I have a particular interest in. I raised this matter in fact during a debate in 2003 in the House in a motion that was cosponsored by both me and the then member for Kingston, David Cox. At that time we both concluded that, despite substantial trade with and investment in Asia, our study of Asian languages was still minimal. It has declined further since then.

In the last decade, participation in year 12 Asian languages has remained stagnant at only six per cent of students. Since the 1960s, we have seen foreign language study drop from approximately 40 per cent of students to 12 per cent of students in recent years. On current trends, Indonesian language study will disappear entirely at the year 12 level within four years unless something was done. This is particularly important for my electorate, because in South Australia Indonesian is the language that Flinders University focuses on. There is great concern that this may disappear at the university. It is very important for Australia. Whether you are running an airline or a services firm or are involved in the Australian government through DFAT and the ADF, Asian languages are very important. We need to have people coming through our schools and universities who have competency in foreign languages. China is our biggest trading partner but across Australia only 300 people who were not of Chinese heritage studied year-12 Mandarin. This does need investment. It will need us to work with the states to see that 40 per cent of year-12 students are taking a language other than English within a decade. We will need teachers and we will need foreign language speakers to get competency up to that level.

**National Training System**

Mr KELVIN THOMSON (Wills) (16:45): In recent weeks the Australian government has secured COAG support for a $1.75 billion package to support lasting reforms to the national training system. This is a welcome development. This is in addition to the base agreement with the states and territories on skills funding, worth $7.2 billion, and, in the recent federal budget, an additional $101 million over four years to support and build on the reform agenda.

This funding for vocational education and training to drive productivity and lift workforce participation only highlights just
how short sighted and incongruous the Baillieu government's recent budget is, where $300 million in grants was slashed to Victoria's 18 TAFE institutes. Premier Baillieu said enrolments in the uncapped vocational education and training system had 'exploded' from 350,000 to 550,000 in just two years. He said that that was 'an unsustainable growth rate' and was the reason the budget cuts were necessary.

I cannot see the problem. It is encouraging to know that people are embracing training to learn a skill and enhance their employment and career prospects, to say nothing of the productivity dividend that this will deliver. The Liberals like to talk about improving productivity but always take the low road of lower wages and fewer workers doing more.

Then when we have funding cuts to skills training business lobbies call for ever greater numbers of migrant workers. In the recent federal budget we have increased visas by another 4,000 in 2012-13, taking the total to over 129,000. Net overseas migration is now going to rise to over 194,000 people—an ever-increasing percentage of the net overseas migration over the past decade being migrant workers.

The Australian Education Union's Acting Vice-President for TAFE, Greg Barclay, says the latest cuts follow a $40 million reduction last October in preferential funding for the eight metropolitan TAFEs. This led to the loss of 300 ongoing teaching positions and the axing of 'an untold number of contract and casual positions'. He said:

The situation now is that the Baillieu government will not provide enough money to meet the costs of all the courses that now exist and is effectively saying to the institutes, 'If you want to run them you will have to make up the differences'.

Just today, data from the Victorian TAFE Association was released showing the impact of the Baillieu government's decision to cut $300 million from the Victorian TAFEs, and this analysis shows that more than 550 Victorian jobs will be lost by July, there will be a loss of around 200 TAFE teaching and support jobs across regional Victorian and 350 in metropolitan TAFE institutes and dual sector providers. In January next year more than 1,320 further positions are on the line, including up to 400 positions across regional TAFE providers and a further 950 metropolitan and dual sector providers.

The biggest job losses identified so far are sadly in my area. At the Kangan Institute $3 million will be cut in 2012 and $25 million cut in 2013, involving 205 projected job losses by 2013 and at least 52 courses to be cut. At the Northern Melbourne Institute of TAFE there are cuts of $25 million for 2013 with projected job losses of 50 jobs by 2013 and course cuts expected. RMIT has not been spared, with $20 million being cut in 2013 and, again, course cuts predicted.

TAFE directors estimate cuts to student subsidies and other budget savings could result in the loss of 1,500 teaching and support staff across the state, the closure of hundreds of courses and even campus closures at rural TAFE institutes or the merger of smaller colleges. The Victorian TAFE Association Executive Director David Williams said the government had inflicted the biggest funding reduction in the sector's history and would force amalgamations. Mr Williams said the cuts contradicted a pledge to support TAFEs as 'vital public bodies'. He said:

Premier Baillieu has broken his promise. Frontline TAFE staff will need to be retrenched in significant numbers.

The government has slashed funding for up to 80 per cent of courses—some from $7 to as little as $1.50 an hour—and abolished extra funding to cover TAFE's obligations as public providers.
At a time of significant job losses in Victoria, the Victorian Liberal government budget cuts represent a slap in the face to those who are trying to retrain and get new skills in order to find new employment. (Time expired)

**Broadband**

**Mr VASTA** (Bonner) (16:50): I rise today to bring to the attention of the House an issue that has bitterly frustrated the constituents of Bonner for far too long: the lack of broadband access, which greatly affects many suburbs in my electorate.

What makes this issue so frustrating is that my constituents who wanted so very much to believe that the Labor federal government was going to save them with their universal communication panacea, the NBN, will now not have broadband rollout commencing at anytime in the near future.

The NBN Co web site mapping of the scheduled rollout of the Brisbane metropolitan area looks more like the outline of Labor must-win seats at the next election rather than a plan for efficient and competent infrastructure construction works.

Let's consider the evidence at hand regarding the Labor electorates which border Bonner. There is the electorate of Lilley, where 80 per cent coverage is scheduled to commence within one year. Griffith is scheduled to have 80 per cent coverage within three years. Moreton will have 75 per cent coverage within three years, and Rankin will have 90 per cent coverage within three years. Yet in the electorate of Bonner only a paltry 10 per cent coverage is scheduled to commence within three years, with the remaining 90 per cent having no schedule at all regarding the commencement of the rollout. Frustratingly, notorious broadband black spot areas like Wakerley, Manly West, Gumdale, Ransome and Mansfield are to miss out completely.

But as bad as this is, it could be worse. Bonner is in a 10 per cent better position than my neighbouring Liberal electorate of Bowman, which lacks any schedule at all. Numbers—or, in this case percentages—unfortunately speak loudly of the contempt that this Labor government holds for the voters of Bonner. The Labor government could not make their message clearer to the voters of Bonner. That message is: we do not care about you. Such blatant favouritism of Labor electorates flies in the face of the true application of democracy. What kind of government punishes entire electorates because they voted a certain way at the last federal election? This Labor government does, of course. But what else should we expect from a government who has botched the NBN process from tender to rollout? We see in the history of the NBN project that, from the moment the policy was dreamt up until now, it has been a case of one bungle to the next. Aside from the botched tender process, the cost blowouts of this project are extraordinary. This white elephant is now set to cost at least $50 billion—10 times the original budget.

This massive cost could have delivered so many other practical infrastructure upgrades across Australia and in our local area. The reality is that important road upgrades in the Bonner electorate, such as the Rickertt Road upgrade and the Eastern Busway—not to mention desperately needed upgrades to the Wynnum Hospital—are missing out on funding. Yet the government seems to have no limit on how much money it is prepared to sink into the NBN.

Added to this taxpayer burden, the NBN has no competition and, because of the extravagant spending so far on the project, consumers are set to pay higher prices for their internet. The cost of ADSL fell 69 per cent in the period between 2005 and 2010, yet the NBN has asked regulators for the
right to lift prices on most services for the next five years. My office has been inundated with complaints from constituents who cannot access reliable and fast broadband. Suburbs such as Wakerley, Carindale, Tinglepa, Manly West, Mansfield and Hemmant, to name just a few, will be drastically affected by this missing vital infrastructure.

The NBN is too expensive, will hurt competition and will take too long to roll out. The coalition has a credible alternative to this white elephant that is less costly, will provide better services and can be delivered sooner than the NBN. This afternoon I call upon the Labor federal government to reconsider their timeframe for the NBN rollout and to make Bonner a top priority. The individuals, families, community groups and businesses in Bonner deserve nothing less.

Fraser Electorate: Fraser Community Summit

Dr LEIGH (Fraser) (16:54): Every six months or so I hold a conversation to talk about disadvantage in the Fraser electorate. On Tuesday, 29 May I was pleased to welcome 10 representatives from local community sector groups up to Parliament House for an early breakfast conversation. I call it a community summit, but really it is more of an informal conversation with people I regard as my brains trust on poverty.

The focus of this conversation was on intergenerational disadvantage and how to stop the cycle of poverty from replicating itself across generations. One of the attendees at the summit made the point that disadvantage itself is now more complex than it was in the past and is often interrelated with issues such as mental illness, poor health, substance abuse, domestic violence and addiction. Another attendee told the story of a child whose parents were addicted to hard drugs and who was never given anything by his parents; all he had were the things that he had found or stolen. Another spoke about families who eat McDonald's every meal because it is simpler to get takeaway than to prepare a meal. Attendees were concerned about the impact of imprisonment on the children of those who are behind bars.

A central focus of many of the attendees was education. One community sector leader gave the example of students who say to her: 'I'm the first in my family to finish year 10. My parents won't come to my graduation. Will you?' Encouraging more young Canberrans to finish school is vital in reducing disadvantage. This may involve intensive work with students such as one-on-one reading support, even for high schoolers. Within schools it is important to set high expectations for young people. Australian universities need to attract more students who are the first in their family to obtain a degree. This requires working closely with students as early as year 8 to encourage them to consider higher education. While there are many active parents involved in low-SES school communities, it is generally the case that P&Cs in high-income schools tend to be more engaged. Attendees mentioned the importance of involving parents in low-SES schools and of encouraging high-SES schools to form partnerships to help the more disadvantaged members of the community.

Mentoring programs also have promise. Attendees spoke about the FaHCSIA funded SuperGrands, who work with parents to develop skills around budgeting, preparing a nutritious meal or developing regular bedtime routines. Another mentoring program, which is run by UnitingCare Kippax, connects youth in years 10 to 12 with adult mentors who range in age from 22 to 64. In the Alexander Maconochie Centre, there are several mentoring programs to help
prisoners. The Australian Indigenous Mentoring Experience is a mentoring program for Indigenous high schoolers, which attendees commended.

One attendee reminded us of the valuable role that grandparents can play in cases where the parents have complex needs. Another made the important observation that social capital matters. As US Secretary of State Hillary Clinton once noted, 'It takes a village to raise a child.' Sporting programs targeted at disadvantaged youth, such as the sailing program Buoyed Up, which is run in collaboration with Canberra Yacht Club, can help improve fitness and self-esteem. But attendees argued that there are not enough of these kinds of programs. My own observation with the federally funded Local Sporting Champions grants is that students from affluent backgrounds are often more likely to hear about the program than are students from poor backgrounds.

Attendees referred to a range of other programs that they felt had been successful in breaking the intergenerational cycle of poverty. These include: the Home Interaction Program for Parents and Youngsters, HIPPY, a parenting and early childhood program targeting families with young children; programs in schools to encourage respectful relationships; anger management courses to help young people; classes run by Nutrition Australia to teach people to prepare meals that include more fruit and vegetables; and the Jobs, Education and Training Program, JET, program, which provides childcare at 10c an hour and which several attendees argued should be available for a longer duration. We also briefly discussed the 2012 ACT targetted assistance strategy which was chaired by Gordon Ramsay and which looked at what the ACT government can do to better deal with hard-core disadvantage in our city.

I thank the 10 attendees: Fiona MacGregor, Carmel Franklin, Gordon Ramsay, Jenny Kitchin, John Goss, Simon Rosenberg, Camilla Rowland, Kiki Korpinen, Jess Aulich and Lynne Harwood. I also thank members of my staff Claire Daley and Damien Hickman for helping to organise the event. As one attendee put it, breaking the intergenerational cycle of disadvantage is about 'instilling a sense of hope'. I thank the attendees for another valuable conversation about tackling poverty in Canberra.

House of Representatives adjourned at 17:00

NOTICES

The following notice(s) were given:

Ms Smyth to move:
That this House:
(1) condemns the Victorian Liberal Government for scrapping the 'School Start Bonus' and 'School-based Education Maintenance Allowance' payments and calls for them to be immediately reinstated; and
(2) considers that:
(a) the Victorian Liberal Government's cuts to the Education Maintenance Allowance will affect some of the most disadvantaged students across Victoria, and their families; and
(b) these cuts, combined with cuts which have already been made by the Victorian Government to Victorian Certificate of Applied Learning and the Victorian TAFE system, will cause long-lasting damage to the Victorian education system, particularly for those who are most at risk of leaving the school system early without proper skills and training.

Ms Smyth to move:
That this House:
(1) considers that the extreme funding cuts to Victorian TAFEs announced by the Victorian Liberal Government will:
(a) damage the opportunities of hundreds of thousands of Victorian students for a decent education and for skilled employment;
(b) damage industry in Victoria which relies on TAFEs to provide skills and training to a local workforce; and

(c) result in job cuts and cuts to course offerings, including cuts of up to $300 million across Victorian TAFEs and up to 2000 Victorian jobs; and

(2) calls on the Victorian Liberal Government to abandon its irresponsible cuts to TAFE funding immediately, and reinstate proper funding to the sector.
The DEPUTY SPEAKER (Hon. BC Scott) took the chair at 09:30.

CONSTITUENCY STATEMENTS

Yamamoto, Mr Tadashi

Mr GRAY (Brand—Special Minister of State and Minister for the Public Service and Integrity) (09:30): I rise today to speak about Mr Tadashi Yamamoto, who, sadly, passed away on 15 April this year at the age of 76. Mr Yamamoto was born on 11 March 1936 in Tokyo. He initially studied at Rokko Senior High School before transferring to Komaba High School, from which he graduated in 1953. He attended Sophia University in Tokyo, where he studied philosophy, and then continued his undergraduate education at St Norbert College in Wisconsin and received a Master of Business Administration from Marquette University, Wisconsin, in 1962. In 1966, he married Chiyoko Aikawa, and in the following years they had four sons and later eight grandchildren.

Mr Yamamoto was the founder and President of the Japan Centre for International Exchange, JCIE, a non-government, not-for-profit organisation founded to develop and encourage Japan's contribution to the international community and communication between non-government leaders in different countries. The founding of this organisation was considered a revolutionary concept in Japan at the time. Described as a catalyst for and a facilitator of exchange for a better society and world through communication, cooperation and friendship, Mr Yamamoto dedicated his life to strengthening Japan's international relations and addressing global challenges using non-governmental foreign exchange programs.

Mr Yamamoto achieved a great deal during his 40 years as president of JCIE. I would particularly like to note his many initiatives to promote and support exchange programs for young political leaders. His philanthropy in this area had a direct influence in Australia. In 1992, JCIE entered into an exchange partnership with the Australian Political Exchange Council to provide learning experiences and developmental opportunities through regular exchanges. It is for Japanese and Australian young political leaders. From the outset, the exchanges were viewed by participants as highly valued opportunities to gain an in-depth understanding of the host country and particularly its political system. This program has also made possible and fostered communication, understanding and friendship between young leaders of Australia and Japan.

Mr Yamamoto and his staff at JCIE have sponsored 11 delegations of Japanese young political leaders to Australia since 1992 and have hosted 19 delegations for Japan. JCIE has also conducted a young political leaders exchange program with the USA. This year saw the 24th visit from Japan to the US and the 28th visit of the US delegation to Japan. Mr Yamamoto saw the establishment of the Trilateral Commission in 1973, an annual non-governmental forum of 350 leaders from Europe, North America and Japan which aims to promote mutual understanding and closer cooperation between nations. In 2000, the commission expanded its membership beyond Japan to other Asian countries, among them a number of ASEAN countries including Australia, New Zealand and South Korea. Mr Yamamoto made an enormous contribution to international relations in Japan. He facilitated an increased understanding and trust between nations with his strong belief in common humanity. He was a world ambassador and was regarded by many to be a true internationalist.
Yamamoto, Mr Tadashi

Mr NEVILLE (Hinkler—The Nationals Deputy Whip) (09:33): I also rise to pay tribute to Mr Tadashi Yamamoto, who was a visionary leader in Japan and dedicated his life to building and improving communications channels for a better world. Australia was the beneficiary of his dedication, and Mr Yamamoto's particular support for young political leaders was to our benefit. Mr Yamamoto founded the Japan Centre for International Exchange in 1970 and in 1992 that organisation entered into an exchange program with Australia's APEC program. These regular exchanges provide valuable opportunities for Australia's young political leaders to experience firsthand the political system in Japan and to strengthen international ties with that nation.

Since 1992 there have been 11 Japanese delegations to Australia and 19 from Australia to Japan. These could not have occurred without the deep commitment to the program of Mr Yamamoto and his staff at JCIE. There are many current and former members of parliament in Australia who have benefited greatly from this exchange program, including the Hon. Andrew Robb AO MP, shadow minister for finance, deregulation and debt reduction; Christopher Pyne MP, Manager of Opposition Business in the House of Representatives; the Hon. Bill Shorten, Minister for Employment and Workplace Relation and Minister for Financial Services and Superannuation; Senator Kate Lundy, Minister Assisting the Minister for Industry and Innovation and Minister for Multicultural Affairs; the Hon. Nicola Roxon, Attorney-General; and the Hon. Ted Baillieu, Premier of Victoria.

Tadashi Yamamoto's contribution to the Australia-Japan relationship was recognised in 2003 when he was appointed an Honorary Officer of the General Division of the Order of Australia. His citation was 'in recognition of his philanthropic support and initiative in relation to the Japan-Australia young political leaders exchange program'. Tadashi Yamamoto was influential in the conduct of political leaders exchange programs with other countries, including the United States.

Mr Yamamoto was an inspired leader whose significant contribution to strengthening ties of humanity across borders will be sorely missed. On behalf of the Australian Political Exchange Council, I extend my deepest sympathy to his family, including his sons, Taro, Saburo, Shiro and Jiro and his eight grandchildren, as well as the staff of the Japan Centre for International Exchange.

The DEPUTY SPEAKER (Hon. BC Scott): As a mark of respect for Mr Yamamoto, I invite honourable to rise in their places.

Honourable members having stood in their places—

The DEPUTY SPEAKER: I thank honourable members.

Grayndler Electorate: Marrickville Golf, Sporting and Community Club

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (09:36): Last Saturday night I had the pleasure of attending the Newtown Swans trivia night at the Marrickville golf and community club. In my time as the member for Grayndler I have known Marrickville golf club to host many community and charity events for the benefit of thousands in my electorate and the local community.

Marrickville golf club was built in the 1940s by volunteer and community labour and is the largest single green space in Marrickville and Dulwich Hill. Since its opening, this 3.7...
kilometre, 18-hole golf course has served as a community space and facility open to all members of the public. The golf club is supported by 775 active members and its facilities are enjoyed by hundreds of people each and every week, including many of the budding golfers of tomorrow through the Jack Newton Junior Golf cadet program, which links the golf club with many local primary schools. Additionally, the Marrickville golf and community club has been the primary choice of the New South Wales Department of Ageing, Disability and Home Care as hosting venue for New South Wales Seniors Week events for the last three years. The club is also in the middle of extensive renovations and upgrades to modernise facilities for the needs of the local community.

A recent Marrickville Council-commissioned 'Recreation needs research' paper has suggested that the golf course is too big and is proposing that the golf course should be cut in half, to nine holes, with land to be used to develop 'improved active transport and recreational access to the Cooks River corridor'. This is a nonsense proposal. The club president, Eddie Lakiss, has stated that, should the golf club be cut in half, the entire facility and community clubhouse would be at risk of closing. Eddie says, 'This club is not just a golf club; it is a community club and everyone is welcome whether they play golf or not.'

I reject these recommendations in the research paper, which I assume are inspired by the Greens political party and imposed on Marrickville Council, which seems to be opposed to active sport being conducted in the electorate. Marrickville golf club is a fantastic piece of local community infrastructure. It is an integral part of Marrickville's history and future and the local community will fight these proposals. It is a shining example of the immense community spirit that can be fostered when you have a great public facility that works for the benefit of the entire community. I congratulate those people in the Marrickville golf and community club, who are showing leadership on this issue and I will continue to argue their case as their representative in the national parliament.

**Canning Electorate: Austin Cove Baptist College**

Mr RANDALL (Canning) (09:39): Austin Cove Baptist College is a new school that opened in February 2011 in my electorate. Shortly after opening, the school was beset by several tragedies in succession, including the deaths of two year-8 students: Lauren Ames, who passed away following a car accident on the way to school, and Georgie Spies, also aged 13, who died in a tragic tent explosion in Mandurah which also claimed the lives of her brother and father. The school was put under immense emotional strain and it was a terrible way for the new school to commence. Austin Cove's Principal, Orlando Dos Santos, has been in regular contact with me to explain the difficulties the school has endured and I have enjoyed a close relationship with the expanding school, which began just over 12 months ago, as I said, with 350 students but now has 545 students. Orlando applied for funding under the National School Chaplaincy and Student Welfare Program in 2011. Sadly the school was rejected due to an eligibility prerequisite that the school be operational in 2010.

Following this rejection, I made several representations to the federal minister, Peter Garrett, asking for his compassionate intervention to ensure this grieving school received this funding they so clearly deserved. I have sent three letters to Minister Garrett—on 16 February 2011, 13 May 2011 and 2 February 2012. I also raised this issue in this very room this year. Minister Garrett has not been able to exercise any level of intervention to fix this appalling situation where a school that obviously requires a school chaplain has been denied access to a
program that was implemented by the Howard government to address deserving situations such as Austin Cove now faces.

But sadly, it gets worse. In the last federal budget the Gillard government announced an expansion of the National School Chaplaincy and Student Welfare Program with an additional $222 million added to this valuable scheme. Subsequently Austin Cove applied for this round of funding, for which they were now truly eligible. I believe Minister Garrett, as the minister responsible, could have intervened earlier to deliver the funding. But, for whatever reason, Minister Garrett could not make this happen.

Unbelievably, Austin Cove found out on Friday last week that they had been denied funding under the National School Chaplaincy and Student Welfare Program again. Why were they denied this funding, you might ask? After having the application rejected Mr Dos Santos contacted the Department of Education, Employment and Workplace Relations to obtain feedback. He was told they had failed to provide a letter from the parent body approving of the chaplain. In the school's very extensive application, Mr dos Santos provided no less than three letters from parents at the school. If this was not sufficient, the school was more than willing to provide whatever data was necessary to ensure the application was successful.

The parent body overwhelmingly supported having the chaplain at the school. In fact, Austin Cove Baptist College provided evidence that, in the last two years, part-time chaplains at the school had 104 requests for appointments, and a further 45 year 8 students provided a statement saying the school chaplain was worthwhile and they wanted to have the program continued. At the moment the school is having to sacrifice school teaching hours to provide a chaplain for these services. I am calling on the minister— (Time expired) I seek leave to incorporate these documents in support of my speech.

Leave not granted.

Yamamoto, Mr Tadashi

Mr ROBB (Goldstein) (09:43): I want to acknowledge and honour as best I can Tadashi Yamamoto, a great friend of Australia, who, sadly, died in Tokyo on 15 April. I had the great privilege of knowing Tadashi. He was, first and foremost, a gentleman. He was a very polished, sophisticated, urbane individual who had a great capacity to build relationships, and he did so over many decades both in Australia and the United States. He was a great Japanese diplomat, a champion of global health and a long-term director of Friends of the Global Fund in Japan. He had a very distinguished career as President of the Japan Centre for International Exchange. I was involved for many years as a board member on the Australian Political Exchange Council, and it was in that capacity that I had the great opportunity to meet Mr Yamamoto on many occasions. In fact, I had the privilege of hosting him and other colleagues in our place outside of Canberra, and again in Kirribilli when I had left politics and was working in the commercial sphere—we often hosted the tours each year.

But it has meant that both here in Australia and in the United States Mr Yamamoto was responsible for developing wonderful relationships in hosting young political leaders from Japan to both countries. It has led now over two decades to the establishment of some amazing and very high level relationships which have been enduring. Certainly, I have stayed in touch with many of the people who I met when I first visited Japan in the early nineties.
Mr Yamamoto was a pioneer in many respects. He was known in Japan as a person who had been a major financier and who was responsible through the Global Fund for raising amazing amounts of money to fight AIDS, TB and malaria, and for other programs. His legacy is one of a man who really walked tall, and yet he was a man with great humility. I just want to convey on my own behalf and for my parliamentary colleagues the great respect, the honour and the great gratitude that we have for our association with this exceptional man, who did so much. I convey our condolences to his family and friends.

The DEPUTY SPEAKER (Hon. BC Scott): I thank the member for Goldstein. We observed a moment of silence earlier, which I am sure that you wish to be associated with.

Mr ROBB: Yes, thank you.

Calwell Electorate: Employment

Ms VAMVAKINOU (Calwell) (09:47): Earlier this month I hosted a delegation of representatives from the Australian Manufacturing Workers Union, the Australian Workers Union and the Electrical Trades Union, who were lobbying pretty much for their members' jobs as well as generally to protect industry skills in the form of aircraft maintenance capabilities and, in particular, the high-skill jobs in Australia.

They were here campaigning on behalf of the non-licensed aircraft engineers and aircraft workers to ensure that Qantas provided a long-term commitment to the future of Qantas engineering in Australia. At the time, the delegation was particularly concerned about impending job cuts by Qantas at Tullamarine airport, which is in my electorate, and at Avalon Airport. Of course, we all know what has happened since when on 21 May Qantas announced it was closing its Tullamarine heavy maintenance base and scaling back its Avalon facility with, in total, a loss of 452 jobs. Of course I was very disappointed, but my constituents were devastated. In the words of one of the workers who lost his job on that day, 'Even though I knew it was coming, it was very different when it happened.'

In a written statement the Qantas Engineering Alliance expressed major concerns over the Australian maintenance repair organisation's ability to provide for Australia's future skills requirements in this area of heavy maintenance. Qantas employs over 60 per cent of the total industry workforce and trains over 52 per cent of the industry's apprentices and trainers. So the question needs to be asked: will Qantas, in light of its recently announced agenda for consolidation as opposed to maximising existing jobs, have the capacity in future to ensure the long-term viability of its apprenticeship and training program for the benefit of future young Australians and also for Australia's capacity?

With so many people in my electorate looking at different employment options either because of job losses or because they may be young people thinking about career paths, it is reassuring to know that creating jobs for Australians is foremost on this government's agenda. Of course, the success of the mining sector will secure massive investment in our country's economy by helping to create thousands of jobs for Australians, and in doing so give opportunities to those people in my electorate who are actually losing their jobs at this very moment. So it is very important to keep in mind that the Roy Hill project, for example, involves 8,000 jobs and 6,700 of them will go to Australians. It is very important that 2,000 of these will be training places, including 200 positions for apprentices. I just want to make sure
that the mining sector is very cognisant of and committed to giving jobs to Australians first in light of those Australians who are losing their jobs virtually on a daily basis.

**Rail Infrastructure**

**Mr MURPHY** (Reid) (09:50): With the welcome and necessary upgrading of the Strathfield to Broadmeadow line, the noise from diesel locomotives is set to become an increasing problem for many of my constituents, particularly at night. Sixty valuable electric locomotives were scrapped under the Howard government because the bean counters falsely claimed that the cost of electricity was making them too expensive to operate. In fact, the cost of diesel fuel is at least as great as if not greater than the cost of electricity to haul the same load across the mountains, and that does not include the gain that can be made by using regenerated power produced on the downgrade to drive other trains in the opposite direction. That was a well-established practice in the Blue Mountains until the electric freight locomotives were withdrawn. The false claim that the cost of electricity was too high led to their scrapping despite opposition from senior engineers in rolling stock.

Before all the electric locomotives were withdrawn from service, the New South Wales railways rolling stock and freight division was in the middle of a modest electrification expansion plan that would have seen electric freight services extended to Port Botany. The half-finished wiring structures are still there. Incredibly, most of the freight from Port Botany now goes by truck.

Of course, there will be considerable resistance from the entrenched interests in the railways, who were responsible for the original bad decision to scrap the electric locomotive fleet. However, the economic and environmental advantages are considerable. Electric traction is used to haul about half of all rail freight around the world, and it is growing. Electric engines do not use oil, and considering the situation in the Middle East, where an attack on Iran is possible, some pundits say that the price of oil may increase to $200 a barrel as demand outstrips supply. In any case, leaving all our transport dependent on oil is not smart.

There will be an interest in the number of freight trains and the associated problems from noise and fumes from the weaker diesel locomotives, which struggle at full power to drag freight trains up the one-in-40 grades in the metropolitan area. They can be heard at night two kilometres away from the line, so anyone living closer must have real problems that will only get worse. It is now important to restore the electric locomotives, some of which are still ready for use, while the remainder are repairable.

**Overseas Trained Doctors**

**Ms O'DWYER** (Higgins) (09:53): Australia is well placed to provide the world with highly educated, highly skilled employees. Those working in areas like the sciences, engineering and mathematics are constantly researching and innovating to further our knowledge about diseases, the environment and technology. We should value these highly skilled individuals, yet this government does not value my constituent Dr Jagdev Sidhu or his wife, Dr Kavita Sarang.

In 1993 Dr Sidhu received his PhD in pharmaceutical sciences from the University of Queensland and departed Australia to find work in specialist clinical pharmaceutical posts, which did not exist in Australia. Dr Sidhu, his British wife and their children relocated back to
Melbourne in 2010 after living in the UK for 17 years so that Dr Sidhu could accept a highly skilled high-level position with CSL Ltd. Dr Sidhu had been headhunted for this position by CSL, and CSL has made a very significant investment in him, returning him and his family to Australia because of his unique skills and experiences.

Dr Sidhu's wife, Dr Sarang, is herself highly skilled and practises as an anaesthetist. Naturally she wanted to find work in Melbourne to continue her career. She also wants to be available for her family, an issue that so many families have to struggle with: to find the right balance between work and family. Dr Sarang applied to the Department of Health and Ageing for an exemption under section 19AB of the Health Insurance Act 1973 to provide her with a Medicare provider number to give her full scope to practise. The spousal provisions of section 19AB allow an overseas trained doctor to obtain an unrestricted Medicare provider number on the basis that their spouse's occupation is listed on the Department of Immigration and Citizenship's Skilled Occupation List. Dr Sidhu's occupation is listed on the Skilled Occupation List, and as his family has migrated to Australia his wife would automatically be eligible for the exemption, yet the minister rejected her application. The effect of this decision is profound. The department says the rules are clear—as does the minister—and that only a non-citizen can take advantage of this exemption. This means that an overseas-trained doctor whose spouse is not an Australian citizen and who has migrated to Australia to work in a position based on the skilled occupation list would be granted an exemption. It is my view that Dr Sidhu and his wife are being discriminated against on the basis that he is an Australian citizen.

I met with the Minister for Health earlier this year to raise my concerns and to ask her to reconsider her decision. She has refused to do so. It seems patently unfair that an Australian citizen's spouse would not be given an exemption, whereas the spouse of a non-citizen migrant in the same situation would be given the exemption. Because of this decision Dr Sarang cannot find appropriate work that suits her skills and her family's circumstances. As a result, Dr Sidhu and Dr Sarang are considering returning to the United Kingdom so that both can find work in their respective fields. This would be an enormous loss to Australia. Australia would lose both a skilled anaesthetist and a highly-skilled Australian citizen, whilst CSL would lose a highly skilled employee whom they specifically headhunted to return.

Parliamentary Behaviour

Ms BRODTMANN (Canberra) (09:56): Scenes in the House yesterday highlighted the absolute contempt that those opposite have for our parliament and its processes. But this is nothing new. During question time last week, I looked up at a bright and ambitious group of young Indigenous Australians and schoolgirls and wondered: what must they think? In fact, I have found myself doing this every question time this year.

I am profoundly worried that the institution of parliament is being debased and I am profoundly worried about what that might mean for our future. I understand that, as a contest of ideas, politics is conflict. I know that contest can, and sometimes should, be quite willing. I get that the hung parliament has poured rocket fuel on that contest and that the opposition sees itself as one resignation away from power. That is its right; but at what cost? What will the coalition inherit if it tramples decency on its way to power?

What I have witnessed in question time is a menacing tone that journalists and politicians of long standing tell me they have never seen before. There is a deeply sinister element to
question time which is profoundly unsettling. I am worried because the decency in debate that protects society from its most base urges has cracked—broken by so-called leaders and commentators. In the process, they have belittled the Australian people and denigrated the institutions that bind our society.

Parts of our society are clearly uncomfortable with a female Prime Minister and female leaders. In my public life I see that constantly. Last week I had a male constituent front up to my electorate office to rail about the fact that the Prime Minister is female and to rail about the fact that I am female. I believe that question time has set this tone and behind it rolls a tsunami of bile and prejudice. It starts with the opposition leader, who is aided and abetted by the barrackers and bullyboys in his gang who use the commercial radio airwaves, Twitter and email to incite hatred and to bludgeon those who do not line up with their narrow and bitter world view.

To the topic de jour: frankly, the treatment of Craig Thomson and the disregard for the rule of law and due process shown by the opposition is like watching as a mob throws a rope over the tree. My sister tuned into question time recently and was shocked when my niece was upset by 'everyone yelling at each other.' So I am particularly worried about the effect the current environment is having on future generations of female leaders.

I became the member for Canberra because I have a strong and enduring faith in the decency of the Australian people and believe in the power of our legal and political institutions to enhance that. But I believe the opposition leader has decided to stir fears, not hopes. In order to win the high office of the Prime Minister he is prepared to trash it. My major fear is that this will stunt or shatter the aspirations of any girl or young woman who may one day want to join me in parliament. No new laws are needed to make Australia a better place. It only takes decent leaders. (Time expired)

Atrial Fibrillation

Mr ALEXANDER (Bennelong) (09:59): Yesterday I was proud to host a Parliamentary Friends of Medicines lunch event, discussing the important topic 'Stroke prevention in atrial fibrillation: a turning point in Australian patient care'. I thank my many colleagues of all political persuasions for their attendance, including the shadow minister for health, and also Dr Brendan Shaw, Chief Executive of Medicines Australia, and Wes Cook, Managing Director of Boehringer Ingelheim Australia-New Zealand, which is headquartered in my electorate of Bennelong. The guest speaker was Professor Chris Levi, Director of the John Hunter Hospital Acute Stroke Unit, who was joined by several atrial fibrillation patients to share their personal stories.

Atrial fibrillation, or AF, is the most common type of heart arrhythmia, affecting approximately half a million Australians. AF causes an irregular heartbeat, which leads to blood clots that can result in stroke. Approximately 40 per cent of Australians who suffer from AF, with a moderate to high risk of stroke, are undiagnosed or untreated. One in five stroke sufferers will die within the first month of a stroke. This means that tens of thousands of Australians are walking time bombs.

The social costs to our community cannot be calculated. Deloitte Access Economics have estimated that the 2011 cost of strokes from AF is over $560 million and that at least 3,500 strokes per year could be prevented through better diagnosis and treatment. Deloitte also
found that there were nearly 46,000 first-ever strokes in 2011—that is 125 a day—leading to total healthcare costs of $1.4 billion.

This is a most serious health issue for our nation; yet the current treatment for stroke prevention in Australia is warfarin—a drug that first hit our shelves in 1948 as a type of rat poison. Warfarin has many shortcomings, and there is a better treatment—a treatment that was approved by the Therapeutic Goods Administration over a year ago and recommended by the Pharmaceutical Benefits Advisory Council for listing on the PBS. Even the normally frugal Scottish government has this treatment on their PBS. Yet, regardless of the social and financial benefits to our nation, this treatment remains under review by this government, who have said they would rather invest in better education for the use of warfarin.

Barry Fairfax and Audrey Walsh are sufferers of AF and they travelled to Canberra to tell their personal stories yesterday. Barry and Audrey are two of the 25,000 patients across our nation who receive the new treatment for free, due to the generosity of Boehringer Ingelheim. Barry told the Friends of Medicines yesterday that he is thankful every day for the freedom that comes from the new medication, the freedom from dietary restrictions, and the freedom from needles.

Atrial fibrillation sufferers across Australia are praying that the government lists the new treatment on the PBS later this year. I urge the government to consider the great social and medical implications of listing this new treatment and not limit such important decisions to budgetary considerations.

BILLS
Appropriation Bill (No. 1) 2012-2013
Consideration in Detail

Debate resumed.

Defence Portfolio

Proposed expenditure, $24,623,769,000.

Mr ROBERT (Fadden) (10:03): The minister and I have agreed to act as gentlemen and not waste time but actually ask questions and seek answers, and I thank the minister for his agreement to that. Minister, can you inform the Federation Chamber when the decision was made to cut $5.4 billion from the defence budget?

The DEPUTY SPEAKER (Hon. BC Scott): Member for Fadden, do you want to do this one by one and, Minister, do you want to answer one by one?

Mr ROBERT: Mr Deputy Speaker, we could bludgeon ourselves to death for five minutes apiece and achieve nothing or we could actually ask questions and seek answers.

The DEPUTY SPEAKER: Minister, are you happy to answer one question at a time?

Mr Snowdon: Why not ask a series of them and then I will respond to them?

Mr ROBERT: I am happy to do that. Minister, the budget reveals cuts of $1.6 billion in equipment acquisitions in the Defence Capability Plan. Can you outline—or, if you cannot, can you take it on notice—what these cuts are, the strategic rationale for those cuts, why those and not others, and what the impact of those cuts will be? Likewise, there is $1.3 billion in cuts from the approved major capital acquisition program. Again, what are the cuts, what was
the strategic rationale for those as opposed to others and what will the impact be? There is $400 million that has been taken from ADF housing over the forward estimates. Can you outline exactly where those cuts are coming from and the impact in terms of housing? There is $1.2 billion in cuts from the major capital facilities program. Again, what are these cuts and what impact will these cuts have on personnel?

Mr SNOWDON (Lingiari—Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for Indigenous Health and Minister Assisting the Prime Minister on the Centenary of ANZAC) (10:05): I will allow a few people to speak first, and then I will make a response.

Ms RISHWORTH (Kingston) (10:05): I have a question to the minister, but I will make a few comments first. The commitment by the government to commit 12 future submarines to be assembled in South Australia is welcome news for my local constituents. I have to commend the former Premier, Mike Rann, and Kevin Foley, the former defence industries minister, for having the foresight to make South Australia a defence state. It is their foresight that has led to a situation where in South Australia we clearly have— I will let the minister and the Federation Chamber know—the capacity to complete this project. As a very proud South Australian I say that there have been a lot of defence projects which have been very successfully delivered in South Australia and that this one will be no exception.

I was also very pleased with the government's recent decision, which was announced in May, to commit $214 million on the first stage of the Future Submarine Project. This was certainly welcome news. There has been discussion about this for a long time, and it was very pleasing for my local electorate to be given the certainty about it from this government. Unfortunately, no such commitment has been made by the opposition. I know it is not the member on the other side; I know he would love to build the submarines in South Australia. Unfortunately, the member for North Sydney and the Leader of the Opposition will not commit to that. That is very concerning and, I think, does put some uncertainty in the project.

From the government's point of view I am pleased to see that there is the commitment for this. It builds on, I note, the 2009 white paper, which outlined the government's commitment to acquire 12 new future submarines to be assembled in South Australia. I am very pleased that that commitment has been forthcoming with the announcement of the first stage. I think that is really important.

The opportunity for South Australia in this project cannot be underestimated. Discussions I have had with the defence industry and with the minister indicate that we are talking about not 10 years or 20 years of investment and economic activity as a result of this project in South Australia but 50 years to 100 years of exciting economic activity.

We have seen with the air warfare destroyer project that certainly South Australia has the capacity in Techport to be able to bring expertise together to deliver on defence projects. In terms of bringing industry together, I think that area in Port Adelaide has really come of age and is ready to deliver. They are very pleased, and, in the conversations that I have had, people have welcomed this commitment by the government.

It is very concerning that the opposition will not commit to this project. It is very concerning that we do not have bipartisan support for it. That fact does cause a lot of uncertainty for people in South Australia and for businesses in South Australia.
Mr Robert interjecting—

Ms RISHWORTH: I would call on the opposition to look at it very carefully. As I said, I know the member on the other side's commitment. It is a pity that the member for North Sydney and the Leader of the Opposition do not share his commitment to this. It is very concerning. It would be good if the opposition could come on board with us and make it bipartisan. Certainly that is what people in South Australia want. Unfortunately this is symptomatic of the opposition's neglecting South Australia. Whether on water, on defence spending or on Holdens, really what the opposition leader has been clearly saying to South Australians is that he has no interest in them. But back to the issue at hand. My question to the minister is: can the minister update the chamber on the government's commitment to the future submarine capacity?

The DEPUTY SPEAKER (Hon. BC Scott): I will call on the member to deal with those questions thus far. I thought we had an outbreak of peace, for a while. But the minister has the call anyway on the questions from the member for Fadden and the member for Kingston.

Honourable members interjecting—

The DEPUTY SPEAKER: The minister has the call and he will be heard in silence. It is a very important portfolio, and I will ask those in the Federation Chamber to hear the minister's answer in silence.

Mr SNOWDON (Lingiari—Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for Indigenous Health and Minister Assisting the Prime Minister on the Centenary of ANZAC) (10:10): Let me first go to the general issues which were raised and the specific questions which were raised by the shadow minister. Obviously the decisions were made in the budget process through the ERC process in a timely fashion prior to the budget. As he rightly pointed out, there is $4.45 million worth of savings across the forward estimates, including a contribution of $971 million in 2012-13.

I do want to make a couple of points just so that we understand the nature of these cuts. The contribution will have no adverse effect on operations in Afghanistan, East Timor or the Solomons, and I think that is commonly understood. It will not have any impact on the provision of defence equipment, defence personnel and operations. They will not be adversely affected, as you would expect. There will be no adverse impact on the number of ADF personnel engaged within the services. What we are doing is looking at the impacts of some of the reform—the strategically reform processes—and making sure that the impacts on entitlements to ADF personnel are being minimised. I understand that would be an issue which you will probably raise. I am happy to talk about that in more detail later.

I think I need to make the observation and the point that there has been no fundamental change to our defence budget from a strategic perspective. That is vitally important if we are to understand where we are going here. In 2009-10, the budget for the government for the first time was over $100 million for defence. That was across the forward estimates. In the 2011-12 portfolio additional estimates, the defence budget across the four-year forward estimates period was $103.4 billion. The budget this year is $103.3 billion. This level of funding will maintain Australia's status in the top 15 nations in the world of defence expenditure. We will continue to be the second on the list of military expenditure per capita, with only the United States spending more. So we need to understand that perspective.
The opposition spokesman has asked me about savings through the Defence Capability Plan since the 2009 white paper. I just want to preface this. I do not necessarily want to have a political dialogue which is about animus, but I do still want to make a couple of observations. This is a $5.4 billion save over the forward estimates. It is for a particular reason which is well known to the parliament and the people of Australia: to get us into surplus. We were asked to make a contribution. We are making a contribution, but the significant question—and this is something which I know the opposition spokesperson will take on board, and I would like to think he could tell us what is happening—is: are the opposition committed to these savings? The real question, apart from the dialogue we will have about the capability development plan, is whether or not the opposition are committed to these sort of savings—or are they going to say they are not going to proceed? If they are going to say that, they have got to tell us where the money is coming from. We already know there is a $70 billion black hole. What they need to be able to tell us now is: if they do not want to support these savings measures, where will the money come from? It is a very simple but very important question which needs to be asked. Let me go to the issue of the Defence Capability Plan.

There were 180 capability projects in the 2009-2019 defence capability plan that underpin the 2009 defence white paper. Fewer than 10 projects have been scrapped as a result of revisions to the DCP. The vast majority remain in the program today. *(Extension of time granted)* Since the 2009 white paper, government has approved over 100 first or second pass and other approvals, including studies, risk reduction activities, capability technology demonstrations and project development funding with a total value of nearly $13.5 billion. This includes the first 14 Joint Strike Fighters, 24 naval combat helicopters, over 900 additional G-wagon trucks, seven CH-47F new Chinook helicopters and two more D model Chinooks, military satellite capabilities, counter IED equipment and systems, new 155 millimetre towed artillery systems, and communication equipment. In 2011 the government made a record 49 approvals of capability projects. The previous record was 37, in 2006. The government has also allocated funding for essential new capabilities not envisaged in the 2009 defence white paper, including the new amphibious heavy lift ship *HMAS Choules* and the interim humanitarian disaster relief ship *MSV Skandie Bergen*, two additional C17 heavy lift aircraft for a total of six, and 101 more bushmasters with further orders likely. We remain committed through this budget, and this is apparent in the budget papers, to the core capabilities as outlined in the 2009 defence white paper, including 12 future submarines—I will come to those more specifically in a moment—the Joint Strike Fighter and the replacement for the caribou aircraft.

I will respond to my colleague's questions about the submarines. Earlier this month the Prime Minister, the Minister for Defence, and the Minister for Defence Materiel, Jason Clare, announced that the government would provide $214 million—and I am sure this will be supported by the opposition—for the next stage of the future submarine project. The funding will go towards further detailed studies and analysis to inform the government's decision on the design of Australia's next submarine. The future submarine project is the biggest and most complex defence project Australia has ever embarked upon. It means work for hundreds of Australian companies and thousands of Australian workers, including boilermakers, welders, electricians, naval architects, engineers and many more.
I have a question again for the opposition. Are they committed to this project? Are they committed to having these vessels built in Australia? We know that the shadow treasurer on Channel 7 during the week of the budget said that they want to see what the benefit is in building the submarines here in Australia rather than getting cheaper versions from overseas. I think it is quite important that we understand, through this discussion we are having here, what the government is committed to and what the opposition is committed to. We have announced these savings, which are big, but at the same time we have made our commitment to the future development of Australian defence capability—including submarines—very clear. Clearly we want to see them built here in Australia, and we have maintained our commitment all along. I ask the opposition, if they can, to tell us what their position is.

The member asked me about defence housing. I would like him to tell us where that has come from. Are you talking about Defence Housing Australia, not the housing for single people that we are providing on bases—

Mr Robert: Not for single people. The forward estimates for DHA.

Mr SNOWDON: Okay. I will come back to you with an answer on that.

Mr ROBERT (Fadden) (10:19): Minister, can you spell out the total value of absorbed measures that Defence is being required to take on, apart from the $5.4 billion in cuts? Can you actually spell out exactly what programs, infrastructure or projects those absorbed measures relate to. As the most recent ASPI Cost of defence notes, the SRP is failing to meet its savings objectives in 2010-11. Could you outline why this is the case—why they are not meeting the requirements for savings. Can you also outline what the projected savings are from the SRP over the remaining life of this program. Where will they come from? Can you continue to guarantee that those savings will be reinvested in Defence. In terms of industry, Minister, has your ministry or your ministerial colleagues consulted industry regarding the latest budget cuts? Has any modelling been done on the impacts of these cuts on the industry's capacity to respond to both the downturn in work and the supposed ramp-up of work in two or three years time?

Mr SNOWDON (Lingiari—Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for Indigenous Health and Minister Assisting the Prime Minister on the Centenary of ANZAC) (10:20): I will just go to the question of the ASPI paper, which has been referred to by the shadow minister. Let us be very clear: the defence appropriation for 2012-13 is $24.2 billion. In the 2009-10 budget, the government for the first time budgeted over $100 billion for defence across the forward estimates. In this budget, the government has again budgeted over $100 billion for defence across the forward estimates. This includes $21 billion in total capital investment. The level of funding is expected to maintain Australia's status, as I referred to earlier, as number 13 in defence expenditure. I referred also to our per capita contribution, which is second only to the United States. In real dollar terms, we spend far more than any regional neighbour. Also, with the appreciation of the foreign exchange rate, we have been able to purchase the same equipment from overseas for less. Thus, whilst announced savings will be difficult, the defence budget—as you well know—remains at historically high levels. Reprioritisation with defence expenditure has been designed to have minimum impact on the delivery of core defence capabilities.
I note that the opposition seems to support the views expressed in the ASPI paper, which asserts that the government has manifestly placed a higher priority on delivering a surplus than on delivering a stronger Defence Force. It is not an either-or situation. The government remains committed to delivering the core capabilities identified in the 2009 white paper and to delivering one of the most capable defence forces in our region, but global and domestic economic circumstances have changed significantly since that white paper, which I am sure is well understood by the shadow minister but perhaps not so well understood by some of his colleagues.

The effects of the global financial crisis have continued to unfold with unexpected severity and duration since the 2009 defence white paper. In response to this, as we have maintained from the get-go, this government is committed to bringing the budget back to surplus in 2012-13. As was made clear before the budget, Defence had to expect to make a contribution. That contribution has been made. The reprioritisation of defence expenditure has been designed to have a minimum impact on the delivery of core defence capabilities.

Another part of that ASPI report says that clearly it is the government's priority for defence that has fallen rather than its absolute ability to pay. That is simply not the case. The 2009 defence white paper noted that the global financial crisis was the most serious global economic and financial crisis in decades and that its strategic impacts were still unfolding. Since the GFC has continued to have a significant impact on the global economy, following the GFC the defence forces of major developed countries have increased efficiencies and reduced their budgets, including the United States, the United Kingdom and Canada. Of course, the other NATO nations in Western Europe have had significant impacts upon their defence budgets. Australia's 2009 defence white paper was completed before the unfolding of these events and the financial circumstances clearly represent a real challenge to the 2013 white paper. In terms of core capabilities, there are some 180 capability projects in the 2009-10 Defence Capability Plan that underpin the 2009 white paper. As I said previously, the vast majority of these remain, with 10 being removed. Most of those 10 have either had their scope reduced or were subsumed by other, related projects or replaced by newer technologies. I said before our commitments in this budget are for the first 14 Joint Strike Fighters, 24 new Navy helicopters, 900 additional G-Wagen trucks, additional Chinooks, military satellite capabilities, counter-IED equipment assistance, towed artillery systems and, of course, communication equipment. In 2011 the government approved a record 49 capability projects. The previous record was 37 in 2006. (Time expired)

Mr ROBERT (Fadden) (10:25): Stirring speech, Minister; however, the question was: can you spell out precisely the total value of the absorbed measures Defence is being required to take on? The SRP failed to meet its objectives in 2010-11 why? What are the projected savings from the SRP over the remaining life of the program? Will these savings be reinvested into Defence? Have you consulted with industry regarding the cuts? Are you aware of industry's capacity to respond to it?

Mr SNOWDON (Lingiari—Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for Indigenous Health and Minister Assisting the Prime Minister on the Centenary of ANZAC) (10:26): The decisions the opposition is requesting have been taken to address changes that have occurred in the department's resources position over the last year which include a range of new cost pressures across the portfolio, including the
following priority areas for investment: $700 million for additional investment in Collins-class submarine sustainment, $550 million for information technology remediation activities across Defence, $400 million for improved housing for Australian Defence Force personnel, $330 million for relocation of defence units from Moorebank to Holsworthy to allow development of the intermodal transport hub, $270 million in additional funding for Navy fleet sustainment, $220 million for investment in maintenance and upgrades of the Defence estate, $160 million for fringe benefit tax liabilities, $150 million for enhanced garrison support services and $70 million for further investment and international engagement under the Defence Cooperation Program.

To manage these internal cost pressures Defence has reallocated and reprioritised $2.9 billion. The majority of that $2.9 billion was reallocated from savings in the Defence Capability Plan and the approved major capital investment program, with further savings, predominantly in 2012-13, from across the general department operating budget. These savings from across the general department operating budget include Navy reprioritising its operating activities and reviewing all non-operational activities, including Navy's international program, and Army reducing the use of M113AS4 vehicles and M1A1 Abrams tanks. That some of these vehicles will be placed in temporary storage is well known now. Army will continue to review these fleets to ensure a viable mechanised capability is maintained.

These budget initiatives build on the efficiencies and savings gained through the Strategic Reform Program, including in the areas of capability development, procurement and acquisition, and the strengthening of personnel and institutional capabilities. The reform will be further considered during the development of the 2013 Defence white paper to ensure that, as you would expect, defence spending, in light of the forced posture review, revised Defence Capability Plan and the savings that have already been identified, is calibrated against an up-to-date assessment of our circumstances in both the short and longer terms. It is important that we acknowledge that some hard decisions have been taken in this budget, and we do not shy away from those decisions. I think it is very important also to say that there is no question about us not accepting the need to make changes in the way we do our business, and we are doing that. We have made it very clear that the allocation across the department was being, as I said earlier, reallocated from savings in the Defence Capability Plan and the Approved Major Capital Investment Program with further savings, predominately in 2012-13, from across the general departmental operating budget. It is very clear to us that we have a job to do here to make sure that we operate more efficiently and that we get better outcomes for the dollar we expend, and that has to happen right across the organisation. I do want to commend the organisation for being part of the decision making and for understanding what these responsibilities mean in terms of providing advice to government as to what we might best do to achieve our targets.

Mr HUSIC (Chifley—Government Whip) (10:30): In a place that often focuses on the differences between the parties, I think both sides of the chamber agree on one thing and that is that one of the pre-eminent objectives for us in Afghanistan is the protection of our troops and of their wellbeing in Afghanistan. One of the things that I did want to focus on this morning in my question to the minister is what we are doing to protect troops there. I am led to believe that we have undertaken a number of measures in the course of the last year. There
is new lighter combat body armour and a new combat uniform, longer range machine guns and upgrades to the Bushmasters. I understand that in the course of the last year we have let out a contract for the manufacture of over 100 new Bushmasters in Victoria and the upgrades to the ones in Afghanistan are designed to make them even more secure. I also see that we have put in place a counter-rocket system in Tarin Kowt to provide additional protection of troops there. Clearly these measures are critical.

In addition to this, a MultiCam camouflage uniform is being trialled to provide troops with even greater levels of concealment across the various terrains within Afghanistan. Obviously that is critical for them there. The new uniform, with its new elbow and knee pads, is designed to reduce soft tissue injuries. The uniform is cooler, it is designed to be worn under the body armour, and it has a padded waistband to make it even more comfortable under webbing or a field pack. And it has more pockets and stretch fabric at the joints.

I said earlier that the upgrade of the Bushmaster protected mobility vehicles will make them even safer. The upgrade will include the installation of protected weapons stations to reduce the exposure of crew operating vehicle-fitted weapons; internal spall liners that provide vehicle occupants with better protection from direct fire and side blasts; and new seating and flooring, giving troops in the vehicle better protection against spinal and lower limb injuries from the blast effects of IEDs. I want to ask, Minister: is there any other research being undertaken to further build on this commitment in terms of protecting our troops? I am wondering if you can outline that to the chamber.

Mr SNOWDON (Lingiari—Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for Indigenous Health and Minister Assisting the Prime Minister on the Centenary of ANZAC) (10:33): Thank you for that wonderful question.

Mr Husic: Thank you.

Mr Robert: What nonsense!

Mr Husic: You think troop protection is nonsense, do you?

Mr Robert: Don't lecture me on troop protection!

The DEPUTY SPEAKER (Mr S Georganas): Order! There will be no cross-chamber discussions. There are questions and answers, and they are all through the chair. That goes for both sides.

Mr SNOWDON (Lingiari—Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for Indigenous Health and Minister Assisting the Prime Minister on the Centenary of ANZAC) (10:34): Can I just say that the measures you have outlined are in fact all accurate. We have, under Colonel Jason Blaine, Diggerworks—which I am sure the shadow minister is aware of—which is a program designed to ensure that we have got the best possible equipment for our men and women who are on deployment doing the business for us in Afghanistan and elsewhere. It has proven to be a very successful program which has led to changes, which largely you have outlined.

You asked me about further research. There is a partnership between the department generally, the army in particular and the Defence Science and Technology Organisation, for which I am responsible. That sort of work is ongoing. Whilst I am not at liberty to talk about the sorts of developments that have been produced directly as a result of their research into looking after our troops in Afghanistan, you can rest assured that as a result of the work which
is being done by DSTO, particular items have been introduced into the theatre which have provided additional protection in terms of electronic countermeasures for our troops. They are very, very important to us. They are doing a huge amount of work along with those over in Russell involved with the IED taskforce, which is looking at how best to exploit the information we receive from IED events; translating that into methods of operation and providing greater protection for our personnel.

I am very proud of the work which is being done across the defence force, including across the department and all its agencies, in doing all we possibly can to provide for the protection of our personnel. You mentioned the Bushmasters; they are a case in point. A lot of the work which has led to the changes in the way we actually provide these vehicles is a result of research which has been done in the first instance through DSTO. It is very important work. Unfortunately, the Defence Science and Technology Organisation is not widely known outside of the defence community; indeed, in some parts of the defence community even then. It is a real treasure for us. It provides enormous capability advantage to us, unrecognised in the wider community—as I say—and is something which we should all applaud. I thank you for your observations about the work we are doing.

I just want to come back to the opposition shadow minister's question on strategic reform. As you know, the strategic reform program was announced as part of the defence white paper in 2009. It is an ambitious reform program that aims to find $20.6 billion in cost reductions across the decade, 2009-2019, for reinvestment in defence capability. We expect to meet our $1.284 billion target for the 2011-12 financial year. This comes on top of our meeting the $797 million target in 2009-10 and the $1.016 billion target in 2010-11.

But I do want to make clear and have it really understood that the SRP is not just a cost reduction program. It is a decade-long program of reform that is driving a greater understanding of defence business. Its cost drivers have started a culture shift in the organisation. Now the SRP is three years old, and the substance underpinning that program of course change and as a result of changes to the defence-funding profile and further detailed examination of proposed reform activities over the intervening years. The SRP, although achieving its targets, does face challenges. When it was agreed, it was the only major reform initiative within defence. Circumstances have evolved dramatically since. The effects of the global financial crisis, as I said earlier, have been a significant driver for us. At the time of the 2011-12 budget it was determined there would be a $1.6 billion underspend for 2010-11 and $1.3 billion of capital funding to be reprogrammed. This represented significant failure in defence's planning and advising process. (Extension of time granted).

In addition, the defence reform agenda has been expanded to include a number of new and important reforms, including the review of the Defence Accountability Framework, the Black review—as a result of that defence is strengthening its personnel and institutional accountability arrangements; expansion of the use of shared services in defence to increase efficiency; the plan to reform ship repair and maintenance, the Rizzo review; the review into Collins class submarines, the Coles review; the Pathway to Cultural Change, which is enhancing defence culture; and a range of important procurement and capability reforms to improve the effectiveness and efficiency of the acquisition of new equipment for the Australian Defence Force have also been implemented. These include reforming defence planning, decision-making processes and performance management; substantially reducing...
the number of committees in defence; increasing the rigour, contestability and expertise within capability development; and strengthening the Projects of Concern process. We remain committed to the SRP, notwithstanding the $1.9 billion target in 2012-13. We will continue with the strategic reform program activities underway in the lead-up to the 2013 white paper. Defence reform, including how the range of existing reform initiatives will be integrated, will be a major theme of the Defence white paper which was announced by the Prime Minister and Minister for Defence on 3 May. This is something that we are looking at right now. Further details of future strategic reform in defence and how the range of initiatives will be integrated will form part of the 2013 white paper.

I think that adequately deals with the issue of the SRP, and I hope that the opposition understand that we remain committed. I am not sure about you—and that is the question. I go back to what I said originally. We need to understand whether or not the opposition are committed to the savings which we have identified. If not, why not? What are they going to change and how are they going to get the money if they are not? I ask whether or not you are committed to the strategic reform program, as we are, and if not, why not?

I thank my colleague for his question and I say again that we will do all we possibly can to enhance the protection of our troops on overseas operations. That is our first obligation, and it is an obligation which we will continue to meet.

Mr McCormack (Riverina) (10:42): Labor slashed $5½ billion from defence in the budget—which, considering Wagga Wagga, in my electorate of the Riverina, is a tri-service defence city, is sure to have a great impact. Twenty Army major capital facility projects have been delayed by up to three years, Minister, including the construction of Kapooka's working accommodation. I understand that general running expenses at the Army recruit training centre at Kapooka have been, as a result, reduced by a quarter. Last year, 4,000 recruits went through the base—2,300 regular soldiers and 1,700 Army reserve. The cutbacks mean such things as the commandant, instead of travelling to other bases for important face-to-face talks with other colonels and military chiefs, is now forced to do this by telephone. Is this satisfactory for a base which is so important to our defence capabilities?

Furthermore, the towns of Tumbarumba, Temora, West Wyalong and Uranquinty, in my Riverina electorate, did not have Australian Defence Force personnel or had reduced catafalque parties at the recent Anzac Day observances. This was due to funding cutbacks. Can you give me a guarantee that these regional towns and others will receive very necessary ADF representation for Anzac Day ceremonies and other important services from 2013 and beyond?

Mr Robert (Fadden) (10:43): Minister, the budget indicates that the number of flying hours for both RRH and MRH will be cut. Can you inform the House how much they will be cut by? Are there any other assets, rotary or fixed, that will have flying hours cut over the forward estimates? The Chief of Navy's brief to his commanders and senior sailors indicates that they will be looking at the constrained use of surface vessels because of the reduction in fuel available to those ships. Could the minister outline what is the reduction of fuel to surface vessels and what programs the Chief of Navy will not be conducting because of the lack of fuel the chief has available to him?

Minister, with respect to the mothballing or putting into storage of M1A1 main battle tanks and M113s, what is the impact on the full supply chain in terms of training, core selection,
core skills, crew command courses and the like? What impact will that have on the armoured corps, because of the mothballing of those assets?

Mr NEUMANN (Blair) (10:45): Minister, I want to thank the government for the transfer of further land adjacent to the RAAF base at Amberley to the Queensland government for the Aerospace and Defence Support Centre. This 22.6 hectares of land has been combined with the 143 hectares already owned by the Queensland government. That will see the transfer of aerospace and defence support industries and companies such as Boeing, currently located at the RAAF base, which will make sure that there are thousands of jobs and the viability of that sector. Over the years, the RAAF base at Amberley has seen a dramatic increase in operational capacity and the number of personnel.

I notice that there were cutbacks in the budget and I have questions about that. But 24 Super Hornets are located in the area and they are operated by No. 1 and No. 6 squadrons at the RAAF base at Amberley. The Minister for Defence Materiel was with me on the day that four fighter jets were delivered. We have delivered 24 Super Hornets in the past 20 months. Those Super Hornets are particularly important in air-to-air combat, strike targets on land and sea, suppressing enemy air defence and conducting reconnaissance. I notice we are the first country, other than the United States, to fly the Super Hornet. The C17s are also located at the RAAF base at Amberley and they made a big contribution during our assistance missions to Papua New Guinea, Christchurch and Japan.

I have noticed some media commentary in relation to the cutbacks. My questions relate to the RAAF base at Amberley, particularly the operational capacity of the RAAF base. I know that the government has made a decision to buy the fifth and sixth C17 Globemasters to be based at the RAAF base at Amberley. We welcome that and the military personnel. Ipswich has had military personnel since 1861, when we were not flying planes. I note the cutbacks are mainly in civilian and administrative capacities. Minister, will the cutbacks have any adverse operational impact on the RAAF base at Amberley? Is the government's commitment to the RAAF base at Amberley undiminished? Please update the chamber on the procurement of battlefield airlift aircraft to replace the retired Caribou.

Mr SNOWDON (Lingiari—Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for Indigenous Health and Minister Assisting the Prime Minister on the Centenary of ANZAC) (10:48): I will start with my colleague's question and come back to the others. Yes, we can guarantee our ongoing support for the base at Ipswich. It is very important to us, as you well understand. There will be no adverse operational impact. We remain committed in the way you described.

In answer to the question on the C27J, in May a media release from the shadow minister for defence, Senator David Johnston, made a series of assertions about the procurement of the C27J Spartan battlefield airlift aircraft. In his media release, Senator Johnston said:

It appears there was no competitive tender process, no rigorous evaluation, and a billion dollar decision has been based on a quick desk top audit.

With great respect to the member for Fadden, this stands in stark contrast to his words in the parliament on Thursday, 10 May:

... available at a very good price and option, may I commend the minister for a quick and sound decision. It is a very good capability. The loss of the Caribou was quite a loss in terms of short take-off and landing. The C-27J will add significant capability to our arsenal.

FEDERATION CHAMBER
Mr Robert: It will, and I stand by the comments.

Mr SNOWDON: I am pleased you do, but I just want to understand: is that the opposition’s position?

The DEPUTY SPEAKER (Mr S Georganas): Order! I reiterate all comments are through the chair.

Mr SNOWDON: With great respect, through you, to him: I am just wanting an assurance from the shadow minister that the views he has expressed are indeed those of the opposition, because they seem to be in contrast to those of the shadow minister for defence. Let me just put a couple of facts on the table. The government agreed to purchase 10 Alenia C-27J Spartan battlefield aircraft to replace the Caribou aircraft which was retired from service in 2009. Some, like me, with a liking for the Caribou, are a bit sad about that. After a career spanning more than four decades—and I would imagine you were actually transported in one on more than one occasion—

Mr Robert: Parachuted out of it.

Mr SNOWDON: And you enjoyed every moment.

Mr Robert: Loved it.

Mr SNOWDON: Very slow but got you there safely. The C-27J complements the capabilities of the C-130 and the C-17 aircraft and has been widely welcomed by the Air Force. You mentioned the two additional C-17s that we are purchasing. A competitive down-selection process to the C-27J was made following exhaustive assessment by the Department of Defence and DMO, the Air Force, of information provided by manufacturers of the C-27J and the C-295 aircraft. An equal and same opportunity was given to Airbus Military and Alenia. The decision to acquire the C-27J was made by the National Security Committee of cabinet and on the recommendation of the Department of Defence, the DMO and the Air Force, together with formal advice from central line agencies including Treasury and Finance. The response from Senator Johnston then was that there were merits in both C-27 and C-295 but at $1.4 billion the C-27 would cost the taxpayer more than twice as much as the C-295. That is untrue. The cost of the C-27J and the C-295 aircraft are roughly comparable.

What Senator Johnston fails to understand and acknowledge is that the $1.4 billion includes not only the acquisition cost of the aircraft but also the modifications to the aircraft for equipment needed for specific ADF roles, including initial logistics support, testing and certification. These costs would apply to any aircraft platform chosen, including the C-295. Senator Johnston said, ‘In the eyes of just about every other air force around the world the C-295 is not only considered to be the best value for money but also the most effective battlefield airlifter.’ Unfortunately, those are not views shared by the Chief of Air Force or the RAAF, who we take our advice from, not the shadow minister. It shows once again that there is a clear disarray in the opposition on defence policy.

In relation to your questions on the ARH and the MRH, there have been some issues around the flying hours for those aircraft. We have had difficulties with the development process but the ARH is now flying and will be supporting full training tasks almost as we speak. The MRH is still undergoing some issues and it will be a while before it will be—

The DEPUTY SPEAKER (Mr S Georganas): The minister will resume his seat. I call the member for Fadden.
Mr ROBERT (Fadden) (10:53): I will be brief. How many single soldiers, sailors and airmen over the age of 21 will be impacted by the cancelling of the ostensibly one free flight home a year? How much money is the military saving as a result of this change, and what other areas of entitlements is the government looking to cancel for soldiers, sailors and airmen?

Mr SNOWDON (Lingiari—Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for Indigenous Health and Minister Assisting the Prime Minister on the Centenary of ANZAC) (10:54): I am pleased that the member asked me that question, because it is important that we say very clearly what our policy is. The recreation leave policy for Australian Defence Force members is planned to change from 1 July 2012. The change was proposed to the government by the secretary and the CDF and was announced alongside the 2012-13 budget measures as part of a range of measures considered by defence as part of the Strategic Reform Program. Recreation leave travel was previously provided to single ADF members and consisted of annual Commonwealth funded return travel from the member's posting location to the location of their nominated next of kin. Defence has assessed that the policy is decreasing in relevance in the contemporary ADF and it should come as no surprise that Defence, as it should, continually assesses its personnel policies for relevance and appropriateness in order to implement and fund newer, better or more relevant policies in place of older, more outdated policies that needed review.

Major General Fogarty, head of People and Capability, said on 25 May that, unlike in previous years where single soldiers had to live on base, in the confined barracks environment, many members of the military are now based in communities outside the barracks, and that the benefit has become outdated. He said: 'It has become redundant, and the cost of travel within Australia is a totally different environment today to what it was 40 years ago.' The Chief of Defence Force also stated on 25 May that 'the free airfare for older single people was outdated' and that it was in place when he joined the Army 40 years ago, when salaries were low and airfares were very expensive from such places as Townsville. He said: 'The world has changed since that was introduced. You get cheaper airfares, communications are different and the town is not so isolated anymore.' And, importantly, of course, this measure will have no impact on single members who are posted to remote localities such as Darwin and Cairns, because they will still have an entitlement to remote locality leave travel. There will remain an entitlement of three trips a year for trainees and ADF members under the age of 21 will continue to get the entitlement.

Sometimes we make these decisions, and they are difficult decisions, but they need to be made. In this context it is very clear that we want to continue to continually monitor the entitlements that we provide to our Defence Force members. I am particularly pleased, frankly, that the overall package is such that it attracts such large numbers of people to our defence community. And whilst we have had retention issues previously—that is, people not wanting to leave; retention levels have been very good—we are seeing a bit of a change. I do not expect this particular policy item, this new change, to have any impact on our recruitment of new personnel.

The DEPUTY SPEAKER (Mr S Georganas): The question is that the proposed expenditure be agreed to. Minister?
Mr SNOWDON: Sorry, can I just respond to the member for Blair. My apologies for not responding to you earlier. I will get you some more detail about the cost impacts on your community. I suspect they will be minimal. In fact, I got a bit of work done, which we are doing again at the moment, on what the investment has been in defence communities across the country over the last decade. I am trying to get it now for the current financial year, which will help you. When I have it, I will make it available to you. In terms of catafalque parties, that is a matter for the defence forces themselves.

Mr ROBERT (Fadden) (10:58): Minister, are there any other areas of entitlements that the government is looking at cutting?

Mr SNOWDON (Lingiari—Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for Indigenous Health and Minister Assisting the Prime Minister on the Centenary of ANZAC) (10:58): I am not looking at any particular areas of entitlements to cut. I only have a minute to go, and I would be very pleased if you could actually respond to the question I asked of the shadow minister about whether or not the opposition are committed to this $5.4 billion worth of savings. If not, which of those savings will they not proceed with? He has indicated, on his own level, that the leave travel entitlement will not be proceeded with—that is, I think, $15 million over the forward estimates. If that is not being proceeded with, what other measures that we have announced will not be proceeded with? You have an obligation to front the Australian community and tell us precisely what you intend to do in terms of the budget and in terms of these savings which have been proposed. And I am hoping that, in the last minute, you might actually respond by telling us what the opposition's position is.

Mr ROBERT (Fadden) (10:59): Minister, good try! Before the 2007 and 2010 elections, the Labor Party guaranteed that defence would have three per cent real growth—guaranteed. The current budget has a 10 per cent decline in real terms. Minister, can you inform the House of what guarantees or promises can be believed at all from this government with respect to defence?

The DEPUTY SPEAKER (Mr S Georganas): Before I call the Minister for Veterans' Affairs, I would like to remind the Federation Chamber that I believe it is the wish of the chamber to consider the next portfolio, which is Veterans' Affairs. If the minister would like to respond on this, then we can—

Mr SNOWDON (Lingiari—Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for Indigenous Health and Minister Assisting the Prime Minister on the Centenary of ANZAC) (11:00): I will just respond very quickly. I think it is a bit cute. We hear constantly in the parliament from the Leader of the Opposition and from all the shadow ministers—in a chorus, really—a negative tirade around what government is doing or not doing. They have rubbished the budget. They have a $70 billion black hole, but they cannot tell us, or will not tell us, whether or not they are committed to the $5.4 billion worth of savings in the defence budget. If you are not committed to these savings, you have an obligation to tell the Australian community what it is you are committed to. If you are not committed to these savings which we have identified, what do you intend to do? How will you fill the $70 billion black hole—to which, if you are not committed to these savings, we can add another $5.4 billion? You have an obligation not only to the Australian community but to the Australian Defence Force to tell them what your intention is. What we do know is...
that there is confusion, because there are different words coming out of the mouths of the shadow minister for defence and the shadow minister for defence science and personnel. I just say to them: get your act together. Ask the shadow Treasurer—although he will have a conflicting view, it is clear. He wants to buy the submarines from overseas, costing Australian workers' jobs.

We are committed in this budget to extending the purchases that we have outlined in terms of our capability development, and we have invested in excess of $200 million for the further development of the submarines, which we want built in Australia—12 of them, to be built in Adelaide. You would think we would hear from the opposition whether they are committed to that process or not. To this point, we have heard nothing apart from confusion and dissembling. Tell us the truth: are you committed to the $5.4 billion worth of savings we are proposing in this budget or not? If not, itemise which of these items you are not prepared to support and tell us where the savings are coming from.

The DEPUTY SPEAKER (Mr S Georganas): I understand that it is the wish of the chamber to consider the Veterans' Affairs section of the portfolio at 11 am. If there are no further questions on the rest of the Defence portfolio, we will now turn to Veterans' Affairs.

Mr ROBERT (Fadden) (11:02): The minister asked what the coalition is committed to, and I am more than happy to respond. We are committed to the fair indexation of DFRDB and DFRB pensions. We took it to the 2010 election. In response to that, we then put a private member's bill in, which of course the Labor Party voted against. Then the Leader of the Opposition, Tony Abbott, recommitted the coalition a number of months ago at the Bendigo RSL to the position that we will index fairly—in the same way the age pension is indexed—the DFRDB and DFRB pensions. You asked what we are committed to, Minister. That is what we are committed to. My question to you, Minister, is: are you committed? You have asked for the coalition to say upfront right now what we are committed to, and I have just told you what we are going to do. We are committed to it. We will do it in the first year of an Abbott government. Minister, are you committed to the fair indexation of DFRDB and DFRB pensions? Will you commit right now in the House, as you have asked the opposition to do—today, now—to index the DFRDB and DFRB pensions in the same way as the age pension, as you led the veteran community to believe that you would do prior to the 2007 election?

Mr SNOWDON (Lingiari—Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for Indigenous Health and Minister Assisting the Prime Minister on the Centenary of ANZAC) (11:04): I am happy to respond to your question, and I will. You cannot jump from the Defence portfolio, where we are identifying $5.4 billion worth of savings, and come at us when I ask you, 'What are you committed to?' with a measure which is going to cost another $175 million—or, in fact, $6.2 billion over time.

Mr Robert: Over how long?

Mr SNOWDON: Hang on. Not only are you going to expend this amount of money but you are also saying to me indirectly that you do not support the government's saving measures of $5.4 billion. If you do support them, tell us. Tell the Australian community what you support in defence expenditures.

Mr Robert: I just did.
Mr Snowdon: All you have said is you do not support the leave travel entitlement. That is all you have said. That leaves another $5.4 billion, and you still have to find the $15 million to pay for it. There is an obligation on the opposition: come clean with the Australian community. Here is the opposition's opportunity to say to us whether or not it supports the government's direction on these savings in the defence budget of $5.4 billion. It is simple: yes or no. And if it does not support them then it should tell us where it is going to get the money from—simple. Not too hard. Very simple. Just do it.

In terms of the military superannuation, let me say to you that the opposition, as we have just heard, have said—and there may be something which they do not quite understand here—that they would index DFRB and DFRDB superannuation payments in the same way as the age pension. Keep that in your mind, Mr Deputy Speaker. The opposition want to equate a superannuation benefit payment for work with an income support. They are trying to equate superannuation—a benefit paid to an employee as a result of their working life—with an income support measure such as the age pension.

Let me go through some detail. Over the 11 years of the previous Howard government, what did they do on the question of the indexation of military superannuation? It is a simple question, and the answer is zero, nought, nothing. They put in place the Podger review to review superannuation. From memory the Podger review gave its report to the then government in March or April of 2007. The government did not release it; they just refused to release the report. They thought, 'Just do the report, give people an idea that we are actually going to try to do something but, in fact, do nothing.'

What we did was proceed to release the review and then go on and do more work, and we have come to the conclusion that it is not appropriate for us to index DFRB and DFRDB superannuation payments and treat them the same as the age pension. We know it is very costly. What is more, the opposition know they cannot afford it. Despite statements by the Leader of the Opposition, by the shadow minister for veterans affairs and by this shadow minister they know it cannot be afforded. Their former finance minister Nick Minchin said very recently that this claim to change indexation was:

… properly rejected by the Howard government, of which I was a member …

… … …

There is no inherent logic to the proposition that a public sector employment-related superannuation payment should be indexed in exactly the same fashion as a means-tested welfare benefit in this case, the age pension.

That was the Howard government's position. So what is the difference? All of a sudden we hear these guys telling us that it is appropriate to equate an employment related superannuation payment to the age pension.

Let me just explain what that might mean. (Extension of time granted) I want to give a few case examples so we can compare what it means to be on a military superannuation through DFRDB. A warrant officer who retired in 2010 after 35 years service is estimated to receive a payment without commutation of approximately $54,000 per year. If he or she decided to commute five times the annual payment—and 99.5 per cent of members have commuted the annual payment—then the lump sum would be around $270,000, in exchange for a reduced annual payment of some $40,000 per year. What we are being asked to do here is equate that superannuation payment to the age pension. Are you serious?
A colonel equivalent who retired in 2010 after 35 years service is estimated to receive a payment without commutation of approximately $78,000 per year. If he or she decided to commute five times the annual payment, then the lump sum would be around $390,000 in exchange for a reduced annual payment of some $59,000 per year. Again, are you serious? Are you seriously expecting us, this government, the community, to equate a superannuation payment of $59,000 per year, indexed to CPI, with the age pension? You might tell me what the logic is here. What is the logic of equating a superannuation payment of $59,000 per year to the age pension?

You know, as I know, that those people whose income falls below the threshold can get access, if they meet the appropriate service requirements, to the service pension at age 60 and to the age pension at age 65. Should any of these people, over time, find that their incomes have dropped or that they have made decisions around their lives which mean that their incomes have dropped, then they will get access to the age pension or the service pension, depending on their individual circumstances. I was not aware of this until recently but, in addition, since 1988, DFRDB members have been entitled to a nine per cent productivity benefit, which is available as a lump sum on retirement. So not only can they do the commutation but they also get a nine per cent lump sum productivity benefit on retirement.

The proposition we have before us from the opposition, being trounced around the country at every RSL conference I go to—

An honourable member interjecting—

Mr SNOWDON: It is very serious, and I tell the RSL people that we will not be doing it. I am upfront with them.

Mr Robert: So are we, and we'll be doing it.

Mr SNOWDON: But you are not upfront with the Australian community about how you are going to identify the savings to pay for it or how you are going to identify the savings to pay for the $5.4 billion worth of defence expenditure cuts which we have put into this budget. You have not explained that to us either. You have an obligation, when you go to these meetings, to be straight. The problem is that you are not. People are not silly. They are not going to be confused forever. There will come a day when they will ask you the vital questions and you will not be able to respond to them because you do not have an answer. It is very clear to me that, despite your protestations, in your heart of hearts and indeed, I bet, in the shadow finance minister's heart of hearts, the shadow Treasurer's heart of hearts and, I suspect, in the Leader of the Opposition's heart of hearts, you all agree with Senator Minchin. They agreed with him when they were in the Howard government as members of the cabinet and they agree with him today. Of that I have no doubt. It is just a proposition which is not sustainable.

I say to the opposition: I would think again. The only commitment we have received out of you this morning is a commitment not about what you are going to do about the $5.4 billion worth of defence savings but a commitment—two commitments really—on leave travel entitlements and superannuation indexation for the DFRDB recipients. That is it. I say to you that you need to do a lot more to tell the Australian community about what you intend to do in both the Defence portfolio and the Veterans' Affairs portfolio.
Mr ROBERT (Fadden) (11:14): We have only made one commitment, and that is DFRDB indexation. We have made no comment upon defence travel, Minister. I will just update that for the record. On budget night, the minister made much of the government's $17.4 million package to respond to the findings of the Campbell Review of Military Compensation Arrangements. The review's recommendations were tabled by the minister in the House on Wednesday, 23 May. In that statement the minister indicated that 96 of the 108 recommendations were adopted. What he did not say was that the government has delayed the implementation of the major findings of the review until a later date, principally to save money.

In Senate estimates on Tuesday night, the Department of Veterans' Affairs confirmed that recommendations implementing compensation-offsetting reform and major changes to the review and appeal methodology have been delayed by a government decision not to spend any of the announced funding for a further two years. This means that a returned soldier, sailor or airman, or airwoman, will be forced to wait another two years for the government to implement findings fully endorsed by the ex-service community. Minister, why have these been delayed, why wasn't this announced earlier and what are the implications of this delay?

Mr SNOWDON (Lingiari—Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for Indigenous Health and Minister Assisting the Prime Minister on the Centenary of ANZAC) (11:15): Further to the issue of superannuation, let me make it clear what the opposition has signed up to: $175 million over the forward estimates; a $1.7 billion fiscal cost over the forward estimates; and $6.2 billion in unfunded liabilities. Those opposite have not seen the connection, or are failing to recognise the connection, between this superannuation scheme and the scheme that other Commonwealth superannuation beneficiaries are on—that is, Commonwealth public servants. If there were to be a change to the indexation in the way in which the opposition subscribes to, as former Senator Minchin pointed out, there will inevitably be a flow-on to all Commonwealth public servants. The costs would be horrendous. It is something that I know the shadow minister for finance and the shadow Treasurer will have deep in their thoughts. This is a commitment that I do not think will be met.

Mr Robert interjecting—

Mr SNOWDON: Mate, you have indicated to us that the only observation you have to make about the $5.4 billion saved in Defence is that you have no comment.

Mr Robert: This is consideration in detail of your appropriation bill.

Mr SNOWDON: Consideration in detail? The detail I want from you is: do you support them or not?

Mr Robert: Of your appropriation bill.

Mr SNOWDON: Do you support them or not? A very good question. He should just answer the question. Let me make some observations about MRCA, which you have just asked about. The opposition is in no position to criticise the government on our commitment to review MRCA, the Military Rehabilitation and Compensation Act, which was a Labor Party 2007 election commitment. We have implemented 96 of the 108 recommendations. It is worth pointing out again that, like on the indexation issue, when the opposition were in government they refused to commit to any review of MRCA to ensure it was meeting the
needs of our service men and women. They refused to do it. They did virtually nothing for the veterans community in 11 years of government, and their words are not backed up. Now, I am afraid, they are simply playing the politics of it.

Going to recommendation 22.2(a) on multiple-act compensation, this new methodology will apply to all future decisions on and from 1 July 2013. The majority of the veterans affected by the methodology will benefit financially from the new methodology being applied rather than the current one. Any veteran to whom the current methodology applies between now and 1 July 2013 may still benefit from the new methodology when their case is reviewed. The retrospective reviews will commence six months after 1 July 2013—that is, from January 2014. No-one will be disadvantaged by the reviews. Indeed, the majority are expected to benefit by a retrospective adjustment to their compensation for the MRCA accepted conditions. Where the new methodologies apply retrospectively and produce a lower outcome, the current methodology, the existing MRCA compensation, will continue.

The reviews will begin with the oldest case first. All cases since 1 July 2004 that have had the current methodology applied will be reviewed. DVA will identify the cases and actively review them. There will not be any need for the veteran to request a review. The number of retrospective reviews required to be done will not increase after 1 July 2013, because the new methodologies apply to new decisions from that date. As of 1 July 2013, there will be about 1,600 to 1,800 decisions to be reviewed. Many of these reviews, as one would expect, will be complex—they will involve multiple assessments dating to 1 July 2004. Each assessment will have to be recalculated using the new methodology, and it is expected that it will take 2½ years to review all cases. It is not expected that there will be any need for additional medical reviews to allow the new methodology to be applied. The government provided funding to DVA for the conduct of these assessments.

You have asked about the delays in implementation. I make it clear that considerable preparatory work is necessary before DVA can implement the accepted recommendations with an implementation date of 1 July 2013 or later. For some initiatives, system changes are required. There are 20 recommendations that require legislative amendment, instruments and determinations. Implementation of the 53 recommendations involving improvements to benefits systems or processes is a substantial body of work for the department.

On the issue of the single pathway through VRB, recommendations 17.1 and 17.2, the delay in implementation to 1 July 2014—another question that was asked by the shadow minister that was made clear in Senate estimates; I am not quite sure why you are asking the same question again—is to allow sufficient time for the detailed implications of the initiative to be worked through in consultation with all the stakeholders, including ex-service organisations, the legal profession, the Veterans’ Review Board, the Administrative Appeals Tribunal and others. The government has asked that further work be done and presented back to government in the 2014 budget, with a view to implementation from 1 July 2014. This is a significant and complex change associated with the appeals process. It is very important that enough time be allowed for consideration of all the issues so that the best possible process is available to those who need to have a primary decision review.

In its report the review identified a number of issues associated with the initiative that need to be resolved before implementation. It did not provide a solution to these issues. This work now needs to be done. It would not have been sensible to begin work until the government
had made a decision in the 2012 budget to support recommendations 17.1 and 17.2. Do you want me to proceed with the advocacy model?

Mr Robert: It is already on the table at Senate estimates?

Mr SNOWDON: Yes, most of it is there, mate. That is why I am wondering why you are asking questions.

Mr ZAPPIA (Makin) (11:22): The defence sector is vital to South Australia, and it is particularly important to my electorate. The RAAF base is located just outside my electorate, so many RAAF personnel live within the electorate. Within my electorate there is also the Defence Teaming Centre, located at Mawson Lakes, where anywhere between 50 and 100 small businesses operate in conjunction with defence contracts that have been won—

Mr Robert: Mr Deputy Speaker, I rise on a point of order on relevance: this has now moved on to Veterans' Affairs. It is not a standing defence matter.

The DEPUTY SPEAKER: I am listening to the question. I ask the member to make it relevant to Veterans' Affairs, but I believe we are discussing the portfolio under the banner of Defence.

Mr ZAPPIA: I would have thought that, whether it is Veterans' Affairs or Defence, the two matters are related. How you can separate the two is—

Mr Robert: Mr Deputy Speaker, a point of order on relevance: the appropriation bills have a separate appropriation line for Veterans' Affairs. Under the Federation Chamber list, Veterans' Affairs is a separate line.

The DEPUTY SPEAKER: I am aware of that. I am listening to the member for Makin.

Mr ZAPPIA: As I was saying, the defence sector is absolutely vital to my part of the world. I am conscious that there are many industries, including the Techport operations, where the submarines are being built and where a number of Defence personnel are located and work. Over the last couple of years I have had many representations made by veterans and by those officers who have been deployed from Darwin to the RAAF base as part of the new battalion.

The DEPUTY SPEAKER: I ask the member for Makin to bring his point back to Veterans' Affairs. We are discussing Veterans' Affairs.

Mr ZAPPIA: My question to the minister is: in respect of those soldiers who have been relocated to the RAAF base, can you advise what steps are being taken to ensure that their families are being supported with the relocation and, in particular, what—

The DEPUTY SPEAKER: Order! The Member for Makin will resume his seat. The Member for Fadden on another point of order.

Mr Robert: Mr Deputy Speaker, this an egregious abuse of appropriation—

The DEPUTY SPEAKER: The member for Makin is talking about the families of those employees—

Mr Robert: Who are not veterans, Mr Deputy Speaker.

The DEPUTY SPEAKER: The member for Fadden will resume his seat.
Mr ZAPPIA: I will finish on this point, Mr Deputy Speaker. In some cases those members will remain in South Australia once they leave the Defence Force, so it is of interest to them to understand what support measures are in place with their relocation.

Mr SNOWDON (Lingiari—Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for Indigenous Health and Minister Assisting the Prime Minister on the Centenary of ANZAC) (11:25): I am happy to respond to the member for Makin's question as it goes to the services we are providing on base for current serving veterans, including the veterans on bases in his community, and the continuum of care and the transitional pathway from the defence community to the veterans community, from uniform to out of uniform and into civilian life. And it is fair to ask the question because it is a very important part of what we are doing. I suggest to the shadow minister, if he is not aware of it—

Mr Robert: We are, and we support it.

Mr SNOWDON: Thank you. To inform the member for Makin, we have 35 on-base advisory service officers across the country. They are there to provide assistance to men and women in uniform who are currently serving personnel on what we can do for them: what their entitlements are; what they need to do if they are proposing to leave the Defence Force. We are also acutely aware of those people who have been wounded or are ill as a result of action or their service. We are most particularly aware of those people in rehabilitation and what we need to do to make sure that we maintain the requirements for them post their service life. This is all happening on bases around the country.

It is vitally important to the future of the Australian Defence community—to men and women in uniform—that we look after them not only while they are serving our nation overseas, but also when they come home and when they decide to relocate out of the Defence Force. I did some work on this and it is something that I think the shadow minister would be interested in; it is something I have been talking about at RSL conferences around the country. One of the issues for us is to make sure that we are not only supporting serving men and women and their families—which we are bound to do—but also to make sure that we look after those people who retire out of the Defence Force or move on or transition out. But we need to understand who they are.

You get the impression on some occasions that these people join up when they are 19 and stay for life—and of course that is not the case. The median age of the vast bulk of those people who enlist in the Australian Defence Force is around 20; the median age of them leaving the Defence Force is 27. These are not people who have DFRDB or any entitlement to superannuation; these are people in uniform who, the bulk of them, are leaving the Australian Defence Force by the time they are 27. They are the people I am most concerned about.

I know if you are in the Defence Force until you are 45 or 50 or 55, you are being looked after and your family is being looked after. But if you are a member of the Defence Force and you retire out of the Defence Force after two or three tours in Afghanistan, at age 25 or 26 or 27 or 28, then there is a real chance that you might disappear from us. We need to try to inculcate in these serving members the need to stay connected through the Defence Force associations and ex-service organisations such as the RSL so that we can make sure, should something go awry somewhere down the track, that we are looking after them. That is our commitment. I know it is a commitment that is shared by the opposition. Despite the
differences we have, and I say this while the shadow minister for veterans' affairs adviser is here—he's a good bloke; he's all right—over issues such as DFRDB and DFRDB superannuation, we are aligned in making sure that we are supporting our veterans and our veterans' community. In conclusion, what I am concerned about is whether or not you support us, whether or not you support the government's proposed savings in this budget. At some time I expect you to tell us.

Mr ROBERT (Fadden) (11:30): The budget finally delivers a funding blueprint for the centenary of Anzac. Whilst it is a long time coming, the government response to one particular initiative is of deep and growing concern. On 18 April the Prime Minister announced $6.5 million for the construction of the Anzac Interpretive Centre to ensure the new centre was up and running by November 2014. The Anzac centre is fully supported by the coalition and, I gather, by the government.

We are concerned the City of Albany has major reservations about the construction of the centre. In its council meeting of 15 May this year it passed a resolution calling for funding security. The council's minutes state that presently the cost estimates for the planning, design and construction of the centre, based on the scoping advice of consultants, is potentially $9 million plus. To date the only confirmed funding for the project is $6.55 million, leaving $5.8 million for construction. A quantity surveyor has estimated the cost of construction at $8 million. The council advises that the construction of this building, from a project management perspective, is a risk. The government funding appears to be $2 million short of what is needed for the Prime Minister's 18 April 2012 commitment to be sustained. We also learned on Tuesday night that the scoping study into the project is yet to be completed and the government's final commitment is based on an old estimate of construction costs. Minister, can you give the community of Albany any commitment that the city will not be left saddled with the cost of completing the Anzac Interpretive Centre?

Mr SNOWDON (Lingiari—Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for Indigenous Health and Minister Assisting the Prime Minister on the Centenary of ANZAC) (11:31): This is an issue which we are aware of, but our additional provision in the budget was based on the initial costings that were put forward to us. There is no additional money we can provide. The Albany community and the Western Australian government need to look at how they might get additional funding for the project.

Proposed expenditure agreed to.

Attorney-General's Portfolio

Proposed expenditure, $3,676,998,000

Mr KEENAN (Stirling) (11:32): I look forward to taking this hour to quiz the Attorney-General and the Minister for Home Affairs on issues within the portfolio. I want to start on an issue that we have just been discussing in the main chamber, which is the 20th anniversary of the Mabo decision by the High Court. Given the Attorney's words in support of native title today, and given the significance of this anniversary, I am wondering how she can reconcile that with what the government has done in relation to refusing to fulfil the Commonwealth's obligation to fund 75 per cent of all native title compensation settlements. In my home state of Western Australia this is a very significant issue, as it would be for other state governments as well. It really is an enormous betrayal of Indigenous people all around the country. In light of
this anniversary and in light of her stated support for native title, I am wondering how she can possibly reconcile this position.

Mr NEUMANN (Blair) (11:33): I was going to ask a fairly similar question in relation to native title. I have a large Indigenous community in my electorate, in Ipswich and the Somerset region. In fact I have an Indigenous school, Hymba Yumba, a new prep to year 12 school. I was down there fairly recently talking about how it could develop. I was also visiting the USQ Indigenous Connections 2012 event for high school kids which took place in Indigenous communities across the whole of the western corridor, through Ipswich and the Somerset region and out towards Toowoomba. That was a good way for young Aboriginal and Torres Strait Islander people to get pathways to undergraduate degrees. It was great talking to the young people there and seeing what their future goals and aspirations were.

Recently, on 2 March 2012, I addressed the Indigenous Lawyers Association of Queensland on where the government was at and how they could assist by mentoring young Indigenous people across Queensland. I know the president of that association, Josh Creamer. There was a profile of him in the Courier-Mail and he talked about the tabling of the Doing time report of the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs, which I chair. He works in native title and Josh and I have talked about this issue on a number of occasions. He talks about the challenges in relation to native title. Minister, I would like to ask a question in relation to this. I understand that back in 2008 it was estimated that, given the rate of resolution, it would take about 30 years to resolve the current and anticipated native title claims. In about 2009 I think the government made a number of reforms to actually promote a speedy resolution of those types of cases. I understand that in the budget there were some announcements in relation to institutional reform to further enhance the effectiveness and efficiency of the judicial system, particularly native title claims. Can you provide information about that particular measure, the anticipated impact and the resolution of those claims? I am happy to relate that back to Josh and his organisation in Queensland.

Ms ROXON (Gellibrand—Attorney-General and Minister for Emergency Management) (11:35): I thank both members for those questions, and the member for Stirling's indulgence. I did understand the member for Blair was asking a question on a similar topic and thought it might be easiest to take both of them together. Absolutely, the government is confident that it can fully reconcile its support and recognition for the 20-year anniversary which comes this Sunday in celebration of the High Court decision in the Mabo case and then, of course, the Labor government's action to introduce the native title system—mind you we met with enormous opposition from those opposite. I did think that the very brief and fairly churlish comments in the House today indicated that some in the opposition still have an antipathy to native title. That is a shame, when 20 years on we can see that the system is working quite well.

What I think the member opposite is not recognising, and the question the member for Blair asked started to highlight, is that the government has made a decision in this budget which does provide some administrative savings by moving the Native Title Tribunal back into the Federal Court—keeping its own identity but being able to share all of its administrative backroom functions. That amount of money has been invested many, many times over in other Indigenous programs, which are also in this budget but which I have not
yet been asked about—for example, the night patrols that are occurring across many communities in the Territory, and the investments in other justice programs which apply across all the country. The reason that this decision was taken is that we had a recommendation from the Skehill review looking at a range of matters in our courts. We had many, many representations from those involved in the native title system, and we have clear evidence in front of us that this system is working. We know how long it would take if we kept on the same trajectory that we were on—with the Native Title Tribunal itself estimating that the current cases could take at least another 30 years to be completed.

Some of the first steps that the previous attorney took have started to bear fruit. For example, in the 16-year period from when the Native Title Act came into force until the end of 2009-10, the Federal Court handed down 86 consent determinations. In just the year-and-a-half following some changes that our government introduced, 43 consent determinations were handed down. Even though this is early in the process, that is a rate five times higher than prior to the reforms that we instituted through the Native Title Amendment Act 2009. These decisions in the budget simply take that a step further. The 2009 amendments allowed the Federal Court to play a much more active role in the speedy determination of matters. This now will be able to be—

Mr Keenan: Mr Deputy Speaker, I rise on a point of order on relevance. I am waiting to get a response from the Attorney-General to my actual question. She is over three minutes into her five-minute allocated time. I specifically did not ask about native title in general.

The DEPUTY SPEAKER (Dr Leigh): There is no point of order. The member for Stirling will resume his seat. This is consideration in detail; this is not questions without notice or questions on notice. The Attorney-General must speak to expenditure within the Attorney-General's portfolio. The Attorney-General is doing that.

Ms Roxon: And I am also addressing the actual budget initiative to which your question went, which was changes to the native title system. I am also going to the member for Blair's question, which I believe I am also entitled to answer. Those changes go directly to the system. If the member wants to ask questions on behalf of his Western Australian colleagues about matters that, 20 years ago, were put by a previous Labor government and rejected by a previous Liberal government, then so be it. Put those questions in question time. They are not a matter for the budget. They are rehashing and revisiting and trying to rewrite history. You need to go back and talk to the previous premier, Premier Court, about why he rejected those offers.

What is before us at the moment in this budget is a strengthening of the native title system and an ability for us to speed up determinations for the benefit of both native title claimants and those who have interests in using the land in other ways. The government is very proud to be able to recognise this anniversary and improve the system of native title.

Mr Keenan (Stirling) (11:40): The nature of that response really was Orwellian. How the government, in what is the greatest betrayal of Indigenous Australians since the Mabo decision was made 20 years ago, can somehow spin that as being an advancement in native title is, quite frankly, Orwellian. We will move on though to other issues within the portfolio.

I wanted to ask about the recent interceptions at Cocos Island of illegal boat arrivals, one on 15 May and then another yesterday on 30 May. As members would be aware, there is a
limited Border Protection Command presence at Cocos Island, and I understand that these interceptions were made by a single AFP officer. The boats were respectively carrying 63 passengers in the first arrival and 40 passengers in the second arrival. I wanted to confirm when and how the AFP officers became aware of these particular illegal arrivals. Why was the AFP forced to undertake this task and not Border Protection Command, as is obviously appropriate? What risk assessment has been done for illegal arrivals coming to Cocos Island, both for the Australian officers involved and for the asylum seekers themselves?

I assume this will be to the Minister for Home Affairs. I am not sure how you will be organising it. I wanted to ask whether he believes it is acceptable that the protection of Australian borders relies on a single AFP officer in a rigid inflatable boat, a RIB. Because this has happened on more than one occasion, I wanted to ask him how it was possible for two illegal boat arrivals to essentially just bump into Australian territory before being detected. What provisions have been made on Cocos Island for these continued illegal arrivals, including simple contingencies such as food, accommodation and other needs? Where are the people being detained on Cocos Island and in what conditions are they being detained? Given that these two arrivals have come within the space of a fortnight and there have been reports of an upsurge in Tamil asylum seekers coming from Sri Lanka, what is the government doing in response to increase our border protection system at Cocos Island?

Mr CLARE (Blaxland—Minister for Home Affairs, Minister for Justice and Minister for Defence Materiel) (11:43): I have some information for the member. If there is any additional information that he would like, I am happy to take that on notice and provide additional information. Just as was the case under the Howard government, boat arrivals at Cocos Island are rare. As was the case under the Howard government, the Australian Federal Police have responsibilities in relation to maritime patrol at Cocos Island, which is why they responded to this recent arrival.

Appearing before estimates last week, the Commissioner of the Australian Federal Police said that AFP officers on Cocos Island had a responsibility to assist where they can and were trusted to make operational judgments. The AFP used that judgment and responded using rigid-hulled inflatable boats. The shadow minister made reference to rigid-hulled inflatable boats. I should make the point—it is an important point—that they are the same type of boat that was recommended in the WA coroner's recent report for use at Christmas Island. It is one recommendation that we have accepted and will implement. I think it is one that is supported by the shadow minister and by the shadow minister for immigration. I have had conversations with the shadow minister for immigration about that matter specifically. The AFP provides health and safety information and training to its employees. It provides AFP members with an understanding of potential health effects and the skills and knowledge that enable them to work safely. The Indian Ocean Territories Health Service services the community of Cocos (Keeling) Islands and is responsible for initial screening of irregular maritime arrivals. Border Protection Command provides services such as transferring IMAs from the jetty to Cocos airport for quarantine and health screening. Customs and Border Protection is working with the Department of Immigration and Citizenship on arrangements to transfer the irregular maritime arrivals to Christmas Island, where they will undergo initial security and identity checks and their reason for travel will be established.
The shadow minister complained that this has happened more than once. I know that in his press release yesterday he said that it is disgraceful that this situation has been allowed to happen more than once. I should inform him that it happened more than once under the Howard government; it happened twice under the Howard government within a short period of time, so he should reflect upon that when making remarks like that. The Australian Federal Police had responsibility then at Cocos (Keeling) Island, as they do now.

Mr HAYES (Fowler) (11:46): My question is also to the Minister for Justice. As the minister would be aware, I am the chair of the Parliamentary Joint Committee on Law Enforcement. Since 2009 the committee has been very interested in the application of unexplained wealth as a technique for targeting serious and organised crime. Unexplained wealth represents a relatively new form of criminal asset confiscation where serious and organised criminals who cannot account for their wealth could be held liable to forfeit it. The value of unexplained wealth provisions lies in its ability to undermine the business model of serious and organised crime. The effect is that it removes incentive for participation and puts in doubt the profits that could be otherwise recommitted into furthering other criminal endeavour.

Minister, my committee was very encouraged in 2009 after conducting an international review of unexplained wealth and made recommendations to the government which were agreed to. The Proceeds of Crime Act of 2002 was subsequently amended. But during the bill's rather tortuous passage through the parliament it was so amended that the resulting piece of legislation providing for unexplained wealth became, in our opinion, seriously unworkable—unworkable certainly to the extent of law enforcement. With these provisions being established, which was very much at the vanguard of attacking serious and organised crime, not one prosecution has been mounted since the passage of this legislation. My committee has more recently conducted a review of the legislation, which I know you are aware of. For the purpose of these proceedings, I would like you to explain why you believe it is absolutely essential that we have national unexplained wealth laws and how you see that combating serious and organised crime.

Mr CLARE (Blaxland—Minister for Home Affairs, Minister for Justice and Minister for Defence Materiel) (11:44): I thank the member for Fowler for the question and for his excellent report. The work that he and his committee did in the area of unexplained wealth is very important, and if we can get the support of the states and territories for some of the recommendations in that report to create a national unexplained wealth regime then its impact will be very significant. It will mean that we will seize more money off criminals, which will mean more money in the Proceeds of Crime Fund, which ultimately means more money for the budget, which is a good thing. As the member rightly points out, in March his committee released its report into its inquiry into Commonwealth unexplained wealth legislation and arrangements. It recommended a national approach to unexplained wealth laws to make it more effective than the current regime. That ultimately would require the referral of powers from state and territory jurisdictions. By way of background, the federal government enacted its own unexplained wealth legislation in 2010. Some states and territories—WA, Northern Territory, New South Wales, Queensland and South Australia—also have unexplained wealth laws. As the committee's report points out, there are significant differences and limitations in the way the state laws operate. There are also significant constitutional limitations on what the
Commonwealth laws can achieve. They can only be used for offences against the Commonwealth. I agree—and I know that the Attorney-General agrees—that there are improvements that can be made in this area.

That is why we have written to the states and territories asking them to refer us the constitutional powers we need to enact the national unexplained wealth laws. We did that in April. In April we raised the issue with the attorneys general across the nation, and we are looking forward to receiving a positive response from the states and territories to this request.

The advice from law enforcement and the findings of the parliamentary committee that the member chaired are clear: strong national unexplained wealth laws are a powerful way of attacking organised crime. National laws will help the federal government and the states and territories. National laws would give organised crime nowhere to hide their assets. Why is this important? It is important, as the member knows, because organised crime is ultimately driven by money, and because it costs the Australian economy more than $15 billion a year. Take away their profits and it reduces the incentive to commit crime. Organised criminals are more afraid of having their wealth seized than they are of spending time in jail. That is why we need these powerful unexplained wealth laws.

Another reason for these new laws is that it makes it easier for law enforcement to seize the assets of criminals. It effectively reverses the onus of proof. It means that people have to prove their wealth was obtained through legitimate sources rather than law enforcement being forced to prove that it was not. Over the past two years we have more than doubled the value of the assets seized, from about $18 million to more than $40 million. So far this year we have almost doubled it again, seizing $75 million. We are taking mansions, Lamborghinis, Ferraris, yachts and so forth, which takes away the incentive for criminals to commit crimes. Just like in the story of Al Capone, you can catch criminals by following the money.

The national laws that the member is talking about will help the federal government and all states and territories to crack down on serious organised crime. It means the Mr Bigs have to prove their wealth was obtained legally, which makes it easier to confiscate their assets. This makes it one of the most effective ways to tackle organised crime. That is why we will be pursuing this issue with the states and territories with a view to creating national laws. To tackle organised crime we have to hit criminals on the street and at the border, but we also have to do it at the hip pocket. These new laws will help to hit criminals where it really hurts—in their hip pocket.

Mr KEENAN (Stirling) (11:52): This question will also be to the Minister for Home Affairs. It is in relation to cargo screening. In relation to the budget cuts, from previous budgets, of $58.1 million and the fact that air cargo is going to increase by almost 45 per cent over the forward estimates in this budget, I am wondering if the minister can inform the House what percentage of air and sea cargo is screened and what percentage is physically examined. Has the reduction in air cargo screening resulted in more illegal contraband being smuggled undetected through customs? Referring to the Attorney's media statement this morning on tobacco smuggling, will the minister be able to outline whether this measure will come with additional funding for Customs to screen cargo so they can stop illegal tobacco being smuggled through our borders?

Given that on 14 March a report from the New South Wales Police on the investigation into weapons smuggling undertaken by a criminal syndicate through the Sylvania Waters Post
Office highlighted that 220 Glock pistols had been illegally imported into our country by the air mail undetected by Customs, can the minister explain how and why weapons components were able to be imported into Australia in this case and evade the detection of Customs? Can the minister also confirm whether the $4½ million in funding that the government has committed to Task Force Polaris is additional funding, or are the agencies involved expected to find this money in their existing budgets? If that is additional funding, could he point out where in the budget that funding is to be found?

Mr CLARE (Blaxland—Minister for Home Affairs, Minister for Justice and Minister for Defence Materiel) (11:54): I thank the member for his question. I might do it in reverse order. The $4½ million for Polaris is money that has been already allocated to Polaris through the proceeds of crime fund. It is money that was allocated before I became the Minister for Home Affairs. In relation to the weapons that were seized in March, this question gives me the opportunity to provide the member with some additional information which I am sure he is not currently aware of. He would not be aware that in July and in August of last year, Customs seized a number of Glock parts and magazines. The person that was importing those weapon parts had an authorisation for an import permit given to them by the New South Wales police. Customs advised the New South Wales police and they subsequently cancelled the authorisation. Customs and the police then executed search warrants and arrested the man and the matter is now before the courts. I cannot provide to the House additional information on this at this time because it is before the courts, but I ask the shadow minister to reflect very seriously and very carefully on the information that I have just provided.

In relation to the seizure of firearms on 12 April by the New South Wales police, I have got some more information which may be of interest to the House. When they seized the weapons they found information at the scenes in Port Macquarie and in Sydney that indicated that firearms had been illegally imported. The police then provided this information to Customs. Customs have examined the documents and they have advised me that the weapons linked to these documents were indeed illegally imported. These were AR15 semi-automatic military style rifles. The advice of Customs is that indeed the weapons that were linked to these documents were illegally imported. They were illegally imported under the Howard government. So it is to put that information into perspective when understanding this issue. This was at a time when 100 per cent of international mail was X-rayed. It shows the limitations of X-raying. In both these cases of the Glocks and military rifles, X-raying was done. That is why I have said that finding metal gun parts in a box of metal machinery is very difficult. You need to know what you are looking for. That is why I asked for advice from law enforcement agencies. Their advice was that intelligence is the key to seizing drugs or to seizing guns. That is proven by the facts.

The shadow minister asked me about air cargo. I have got for him the following information that he might find instructive. In 2007, the last year of the Howard government, Customs inspected six million air parcels and detected 870 parcels that contained drugs or other prohibited items. In 2011, Customs inspected 1½ million parcels and, by using profiling and intelligence to target the right parcels, they seized 1,741 parcels containing drugs or other prohibited items. In other words, Customs are now seizing double what they were in air cargo under the Howard government. They are seizing double the amount of illegal goods that they were when the member was in government, and that is because of the use of intelligence and
targeting. The more intelligence that law enforcement agencies have the more drugs and the more guns they seize, whether it is on the street or at the border. That is why I then asked officials that report to me whether in the budget we should be increasing investment in screening, as the shadow minister proposes, or investing in intelligence. They all said we should be investing in intelligence. That is why I have established an intelligence and targeting team inside Customs, because that is the way to seize guns. It is the same model that we have applied to drugs and it comes with a Customs officer who is now embedded inside the New South Wales Police Force, and the advice to me is that is a model that we should be implementing, not just there but across the country. It is about information sharing and agencies working more closely together. It is also why in the budget you see money allocated to a forensics facility for the Australian Federal Police. That will get involved in things like firearm tracing and so forth. The approach that I have taken here is to listen to the facts and listen to the experts, and I encourage the shadow minister to do the same.

Ms ROXON (Gellibrand—Attorney-General and Minister for Emergency Management) (11:59): I want to briefly address the question that was directed to me on the changes to the penalties for tobacco smuggling. We are, of course, concerned when any illicit product is coming across our borders. I need to put on the record that we do not share the view that the tobacco industry has that this is a huge problem in Australia, but any amount of illegal product coming in is obviously a concern. It is a concern both on the health front because people smoke this product and because it is essentially defrauding Australian taxpayers of money that would otherwise be paid as excise to the government and be provided for in the budget.

These offences have not had their penalties updated for a long time. They are not commensurate with other offences of fraud against the Commonwealth. That is why the announcement has been made today, on World No Tobacco Day. The question went directly to whether or not there are any additional resources being provided. No, there are not for this particular initiative. The same work that is done in detecting illicit tobacco will continue but we will be able to enforce a much stricter regime and harsher penalties, including that those involved in this illicit trade could end up in jail for up to 10 years. It is about having a proper disincentive and us tackling tobacco across all fronts.

Mr KEENAN (Stirling) (12:01): I will be very brief; I just want to follow up on what the Attorney was saying in relation to tobacco smuggling. I have been through Customs warehouses and they all smell of tobacco as you go through. There was mention of the report that had been prepared. It was paid for by the tobacco industry but it was done by an independent body. If the Attorney does not believe the scope of the activity as outlined within that report then would she care to outline to the House how serious she believes this problem is. How serious is this crime in Australia and what are the costs to the Australian community? If they do differ from what is contained in that report, could she let us know how.

Ms ROXON (Gellibrand—Attorney-General and Minister for Emergency Management) (12:01): Certainly, I am happy to provide that. I do not have the table in front of me, but I can provide the details that have been made public in the past—and we are happy to make them public—of Customs seizures. They do continue to identify tobacco that is being brought illegally into Australia and we, of course, prosecute people for doing that. The changes that have been announced go to what penalties apply when that happens.
There has been a longstanding dispute between the industry and the government about the extent of this problem. It may well be a dispute that is inevitably going to continue. By its nature, illicit trade means that you cannot always perfectly measure how much is being brought in, but we have a range of different things for measuring it. We have Customs material and household drug surveys. All of them show a far smaller incidence of this than the tobacco industry's own reports. I have said on the record many times before, and I am not ashamed to say it again, that the tobacco industry do not have a good record when it comes to the way they use data and research. In fact, they have a shameful record. So it is fair enough, I think, for me, the government and the public to take with a grain of salt this sort of data that they rely on.

Nevertheless, this change that was announced today, which does not have a separate provision in the budget, is something that the tobacco industry themselves have been calling for. It is in their interests and in the Commonwealth's interests to make sure that, if tobacco is going to be bought and consumed in Australia, the proper taxes are paid and that the proper health warnings are in place. Our government is determined to do everything it can to reduce the number of people who want to participate in that activity.

Ms PARKE (Fremantle) (12:03): We know that Australia is, generally speaking, a wonderful place for most children. But—while the majority of kids who are lucky enough to grow up in Australia benefit from the high quality of our health and education systems and from the opportunities that exist in a free, safe and democratic society—it must be acknowledged that kids within certain demographics face very different prospects indeed. It is in recognition of that fact that I join with UNICEF and the Australian children's coalition of organisations in welcoming the government's announcement of the establishment of a National Children's Commissioner.

As the chair of the UNICEF parliamentary association, this gives me particular satisfaction and I was glad to move a successful motion at the ALP national conference last year on this issue, while noting that the establishment of a National Children's Commissioner has been a longstanding commitment of the Labor Party and the Attorney-General herself. In addition, as a former UN staff member, someone with a keen interest in human rights and a member of the newly established Joint Committee on Human Rights, it is wonderful to see the establishment of a National Children's Commissioner, which responds to the specific recommendation of the UN Committee on the Rights of the Child that a national human rights institution include within its structure an identifiable commissioner specifically for children's rights. The creation of a National Children's Commissioner is not before time, and it is vital to driving efforts to establish a level playing field for all Australia's children.

To give you an idea of the challenges and obstacles that our most vulnerable children face, I refer to the Listen to children report published by the Australian Child Rights Taskforce last year. It found, for instance, that if you were born into an Aboriginal or Torres Strait Islander family you were three times more likely than other Australians to die before reaching adulthood. You are also 24 times more likely to be in jail before you turn 17 and almost 10 times more likely to be in out-of-home care. It found that, of the 105,000 homeless people in Australia, 50,000 are under the age of 24, and our out-of-home care system established to look after our most vulnerable children is not in good repair. Children in out-of-home care
have increased by 51.5 per cent since 2005. We are not sure why this is happening in Australia, because Australia collects no comprehensive data on these children.

The children in these categories remain underacknowledged and let down by our current policies and public services, and it is for them that a National Children's Commissioner will be of most significance. An appropriately resourced National Children's Commissioner will give Australian kids a voice at the national level and bring attention to issues of neglect, abuse and discrimination. An effectively resourced national advocate for children will offer a powerful focus for hearing children's voices, especially on the subjects of youth justice, child protection, Indigenous health outcomes and homelessness.

The commissioner will have an important role in monitoring, reviewing and commenting on laws, policies, services standards and practices that affect young Australians. As part of the Australian Human Rights Commission, such a position will have the mechanisms to receive and investigate complaints of breaches of children's rights under the Convention on the Rights of the Child through the implementation of child-specific complaints system. It will be able to assist in and drive law reform and policy development and develop consultation mechanisms that encourage the participation of children. An effective commissioner will collaborate and coordinate with the community and business sectors to develop and strengthen community understanding of the issues and experiences of children, and have the power to intervene in court proceedings involving the rights of children and young people.

The commissioner must advocate for effective data collection on children's health, wellbeing, development and participation and, of course, all of these tasks and functions will depend on appropriate resources. In the past there have been too many instances where a lack of coordinated response by governments and their departments have allowed children and young people to suffer. Youth homelessness and the health and education of Indigenous young people are two obvious examples. We really need bipartisan support for the role of National Children's Commissioner to ensure that the outcomes for children are effective. The commissioner will, of course, have guaranteed independence from government and it should be a matter of common ground to support a properly resourced commission.

This is a welcome and exciting announcement, but the hard work of implementation is ahead of us. My question, then, to the Attorney-General is: how is this budget set up to put the needs of Australian kids front and centre of the development of government policies and programs now and into the future?

Ms ROXON (Gellibrand—Attorney-General and Minister for Emergency Management) (12:08): I thank the member for Fremantle for her question on something that she has passionately advocated for throughout her professional career and for which she was most recently able to make a change to the Labor Party platform—something that we are now acting on in this budget.

As the member mentioned, it is something that I also have a strong and long personal attachment to from my position as the shadow minister for children and youth many years ago. More than 10 years ago, in fact, we first announced a policy proposing a National Children's Commissioner, and it gives me great pleasure that, in the budget, we have now dedicated finances to be able to make this a reality. It is an unusual situation to have an extra, separate budget line item rather than simply an increase to the Human Rights Commission's budget. That is because we are conscious of the issues that the member has raised: to make
sure that we have sufficient resources and dedicated resources. I know the commission is very excited about this additional formal responsibility being added to its remit.

We have proposed the legislation that will be able to establish this, and though we have not yet had an indication we hope that we will have an indication of support from the opposition. We will make it clear that a National Children's Commissioner has certain responsibilities and does not have others. Those certain responsibilities are to make sure that there is a particular focus on those who, as the member for Fremantle has mentioned, are vulnerable and disadvantaged. Many, many children in Australia have wonderful lives. When you look around the world, Australia is one of the best countries for a child to be born in; however, there are children in Australia who do not get the benefits of that. This commissioner will have particular responsibilities to make sure that those disadvantaged groups in particular are focused on.

I also flag that, unlike other proposals that have been floating around—for example, the proposal by the Greens party—our proposal is that the commissioner will not have a complaint-handling role dealing with individual children, nor will the commissioner take on child protection matters or family law matters for individuals, nor act as a legal guardian. It is important to emphasise that there are other bodies that fulfil those roles. We want this to be an opportunity to advocate for systematic reforms and improvements for children across disadvantaged groups. It is very important that we match the responsibilities to the resources available. An undertaking which required the National Children's Commissioner take on those additional roles would, of course, need to be resourced well above the current proposal, and would duplicate many of the responsibilities for children that lie with other agencies.

I am very excited that this is in the budget. I think it is an important step forward for children. I look forward to having an indication—hopefully sometime soon—from the opposition that is something that they will support. There will, of course, be a debate in the parliament when the legislation is introduced and, after that, an opportunity for us to recruit and employ the first ever National Children's Commissioner.

Mr KEENAN (Stirling) (12:13): I want to ask the Minister for Home Affairs about the process of issuing media releases and informing the Australian public about illegal boat arrivals.

My colleague in the other place Senator Abetz asked some questions about this during the estimates process and we did get some very comprehensive information back from the government. That information told us that Customs reports a boat arrival to the minister's office within about six hours, on average, and that the average time it took the minister's office to issue a publicity release was just over 15 hours—about double that time.

I want the minister to inform the House about how this process works. Has Customs ever formally requested that the minister's office not issue a public media release until the boat has been intercepted, or is it up to the minister's office as to when this release is issued?

According to information that we have been provided with, there have been at least 10 instances where there was a delay of two to four days before informing the public about a boat arrival. I want an explanation as to why that would happen.

I also want him to explain the process of issuing of a media release in relation to the detection of illegal boat arrivals: Once detected, who inform the minister's office? Who is
notified? What is the chain of communication and, ultimately, who gives final approval for the release? Is it the minister who gives this final approval?

Mr CLARE (Blaxland—Minister for Home Affairs, Minister for Justice and Minister for Defence Materiel) (12:13): I thank the member for his question. I am not sure what it has got to do with the budget, but I am happy to answer it anyway.

My office is informed when Border Protection Command are aware of a boat. The release is not issued until the boat has been intercepted and the information in that release can be confirmed. From time to time, we will be told that a boat has been detected, and that from the air it can be determined that there might be 30 or 40 people on the boat, but the release is not issued until an interception has occurred and we can confirm those numbers to provide the information that you receive in the press release. That is, I think, the appropriate course of action to make sure that the information that is provided to you and to the media is as accurate as it could possibly be.

You asked who ultimately approves the release—me. It is my name at the top and it is my obligation to make sure that the information is accurate. I cannot speak for previous ministers, but I am assuming that that is the practice that they adopted in the past: to make sure that a statement is issued only once the boat has been intercepted and all of that information can be properly and accurately provided.

Mr HAYES (Fowler) (12:14): Again, my question is to the Minister for Justice. I know the minister is very familiar with my electorate, having himself grown up there. In fact, his mother and father are still constituents of mine; hopefully happy constituents. Apart from being the most multicultural electorate in the whole country, one of the things that really distinguishes my electorate is the number of families. The minister will no doubt recall some 12 years ago areas at the centre of my electorate, particularly around Cabramatta, were very much the destination or the distribution points for drugs and illegal firearms. As a matter of fact, the communities were terrorised in those days by organised crime gangs as they ran these illegal operations around the streets of south-west Sydney.

It is very concerning that of the 24 shootings that have occurred this year, the vast majority of those have occurred in Western Sydney—a number of them in my electorate and, indeed, in the minister's electorate. I know that this is putting extraordinary pressure on local families. Many think there has got to be a greater police presence. Our police are doing a wonderful job on the streets of south-west Sydney. I personally stay in regular contact with the commanders of the Green Valley police, Cabramatta police, Fairfield police and the Liverpool police. I have a fair understanding about what our police are doing out there. I am wondering whether the minister could outline to the House how these weapons are coming onto our streets? The fact is that there have been 24 shootings and it is having such an effect on local families, who want to bring up their children in safety. Having these headlines appear out there is something which is certainly deleterious for the whole community. Minister, if you would outline to the House your view about where these weapons are coming from?

Mr CLARE (Blaxland—Minister for Home Affairs, Minister for Justice and Minister for Defence Materiel) (12:17): I thank the member for Fowler for his question and his interest in this matter.
A division having been called in the House of Representatives—

Sitting suspended from 12:17 to 12:31

Mr CLARE: Once again I thank the member for Fowler for his question. We both have seats, and live, in Western Sydney. We see this up close and understand the impact it is having on our constituents. What is happening, effectively, is a war between rival bikie gangs fighting over drugs and turf, and our communities are in the middle of that fight. There is a real concern, a justified concern, that a stray bullet is going to hit an innocent person and that an innocent person could be killed. That is why in February I ordered a national investigation, headed up by the Australian Crime Commission, into the illegal firearms market. Last month they provided their interim findings, which show that there is a very large local black market made up of tens and tens of thousands of illegal firearms—more than 10,000 illegal handguns alone. A lot of these guns are 10, 20 or 30 years old and they do not have a use-by date. Two of the guns that have been seized in the last year were more than 100 years old and are still working.

This black market is made up of firearms that criminals get from crooked dealers, firearms that were not surrendered or registered after the Port Arthur massacre, firearms that are made or reactivated by backyard operators and thousands of firearms stolen from legitimate owners. In New South Wales alone, 7,000 guns have been stolen by criminals in the last 12 years and not recovered. That is 7,000 unsolved gun crimes and 7,000 guns in the hands of criminals. We saw evidence of this on Channel 7’s news recently, a report that contained information from the NSW Bureau of Crime Statistics and Research in New South Wales. The report revealed a nearly 20 per cent jump in the number of firearms stolen in New South Wales alone in the past 12 months—640 firearms stolen in the past year, most of them in Western Sydney, including 112 pistols, 56 revolvers and 339 shotguns. There were 1,706 firearms stolen in New South Wales in the past three years and, across the country, more than 7,000 firearms have been stolen in the last five years. The most recent example of this came just yesterday. New South Wales police reported eight pistols and eight rifles, and thousands of rounds of ammunition, stolen from a property near Baradine in the electorate of the member for Parkes. We also face the problem of firearms disappearing from state databases when people move interstate or die. The advice of CrimTrac is that about 1,400 weapons a year fall off the register and into the grey market.

The final report of the Australian Crime Commission will be considered by police ministers next month. At that meeting we will consider a raft of recommendations covering firearms, criminal reforms and other areas. Australia already has some of the toughest gun laws in the world, but there are a number of areas where we can improve upon them. I am working very closely with Mike Gallacher, the New South Wales police minister, on developing a plan to take to this meeting in four weeks time which includes the rollout of the IBIS system right across the country. IBIS does ballistics analysis of firearms that are seized from criminals. It is the sort of testing that can link firearms to previous crimes. At the moment New South Wales and the Federal Police have the system, but it does not exist across the rest of the country. I believe, and Mike Gallacher believes, in the need to roll it out nationwide. There is a lot more we need to do. Police need intelligence on who the shooters are, where the weapons are and what they are being used for. That means breaking down the wall of silence, the fear that exists in our communities of dobbing somebody in, the fear of
retribution. It means making weapons harder to steal and easier for them to be seized by law enforcement. It also means tougher firearms laws and the rollout across the country of tracing technology like IBIS. Delivering these reforms will require us to all work together, and I am determined to get it done. Over the next few weeks, I will be travelling the country and meeting with police ministers to make sure that we deliver the reforms that we have to when we meet in June. That is what the people of Western Sydney expect of us and that is what we must deliver.

Proposed expenditure agreed to.

Debate adjourned.

National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2012

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Mr DUTTON (Dickson) (12:35): I rise to speak on the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2012. In September 2010, the then health minister, Nicola Roxon, signed an MOU between the Commonwealth and the peak pharmaceutical industry body to 'promote the long-term sustainability of the Pharmaceutical Benefits Scheme'. The MOU sought to ensure that the PBS expenditure remained sustainable and that the PBS remained responsive to change and to the availability of new and innovative medicines. Clause 4 of the MOU states:

The Commonwealth undertakes not to implement new policy to generate price-related savings from the PBS during the period of agreement …

The government offered policy certainty to the sector in return for additional savings of $1.9 billion over five years. It is reported that Medicines Australia wrote to Minister Roxon stating that it believed that the Australian government would abide by its explicit recognition of the need for such stability.

Only months later, on 25 February 2011, Minister Roxon announced the decision to defer listing a number of medicines which had been recommended for listing by the government's own independent expert committee, the Pharmaceutical Benefits Advisory Committee. This was an unprecedented decision, for a government to go against the advice of the PBAC and make the listing of medicines a political decision. This resulted in a situation where the politics of the day could, and in some cases would, directly impact on whether a patient would or would not have access to a life-saving medicine at an affordable price.

The government claimed that the deferrals were due to its fiscal circumstances. However, by most accounts the government only deferred drugs to the value of about $30 million. This is insignificant in the scheme of things, particularly compared to what the Labor government has wasted on programs such as school halls, pink batts, GP superclinics and the like. The decision to defer PBAC-recommended and potentially life-saving medicines from being listed on the PBS rightly received widespread condemnation by stakeholders. The pharmaceutical sector was particularly aggrieved as it was, in the words of Medicines Australia, a breach of the intent and spirit, if not strictly the letter, of the MOU.
But, more than a breach of an MOU, the decision to defer the medications represented one of the most concerning changes to the conventions of how governments administer the PBS. The Pharmaceuticals Benefits Scheme was the first element of Australia's universal healthcare scheme and has received bipartisan support for many years. Even today, as the PBS website tells us, the PBS is intended to provide 'timely, reliable and affordable access to necessary medicines for Australians'. The PBAC undertakes a thorough analysis of the cost-effectiveness of all new medicines and makes recommendations regarding those medicines that it finds are value for money and should be made available to patients. Traditionally, all medicines that the PBAC concluded were cost-effective and recommended were listed on the PBS by the government. Those under $10 million have been listed by the Minister for Health without the need for cabinet approval.

The PBAC method has been extremely effective, and our PBS is, or certainly has been, the envy of the world. In recent times, unlike the case in many countries, our processes have kept budget increases to less than inflation. Medicines Australia analysis found that the PBS grew by just 2.8 per cent in the year to March 2011, in comparison to the consumer price index for the same time of 3.3 per cent. This would indicate that the growth rate of the PBS is sustainable, largely thanks to the PBS reform by the previous coalition government, and in particular by the then health minister, Tony Abbott. Therefore, there was no reason to defer listing of medications that had been recommended for listing by the expert advisory panel, the PBAC, other than the government's own fiscal and policy mismanagement—and, I suspect, a Treasurer and Minister for Finance and Deregulation who were scared and wanted to send a message of uncertainty to the industry to try and defer listings and to make the process uncertain, again adding to perceptions around this government's sovereign risk. That is a view that is held by many within the sector, and it should be quashed. Naturally, consumer groups protested. So did the industry groups, which, as I mentioned previously, worked in good faith with the government to achieve an affordable and sustainable PBS system.

As a consequence of the government's actions, it had to go back to stakeholders to negotiate a new set of principles for a deferrals policy, which it announced on 30 September 2011. In what was essentially a major backflip, six of the medicines which the government had deferred from listing were finally listed on the PBS. The government continued to insist on its right to bring all PBAC recommendations to cabinet for final approval but, strangely, agreed not to defer PBAC recommended medicines for listing in the next 12 months. It did not say what might happen after that time.

In order to negotiate these outcomes for patients, the stakeholder group agreed to a number of other measures. A significant commitment of this new agreement was that all parties would support technical amendments to the National Health Act 1953 and the National Health (Pharmaceutical Benefits) Regulations 1960 to correct anomalies. It is in relation to this final commitment that the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2012 is before us.

The National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2012 makes technical amendments to the National Health Act 1953 to improve the operation of the pricing and price disclosure for medicines supplied under the PBS, to commence 1 October 2012. The bill also makes some modifications to the way medicines are listed for supply for doctors' emergency bags. This government claims the bill will be cost neutral for the PBS.
Under the current legislation, the price of a medicine can be expressed in different ways for different functions. For example, at the time of listing on the PBS, prices are currently referred to as an 'approved price to pharmacists', which includes the manufacturer price and a wholesale margin. The Commonwealth price, which is the price paid by the PBS to the pharmacist, includes a further mark-up and dispensing fees. Price disclosure calculations require the removal of the wholesale margin because they are based on an approved ex manufacturer price. The purpose of these amendments is to remove the concept of the approved price to pharmacists as the core PBS price in the act and replace it with an approved ex manufacturer price, which is the very basic price of a medicine.

At present, as the minister advised, statutory price reductions for medicines coming off patent are applied to the approved price to pharmacists, but price disclosure calculations take place at the manufacturer price. The bill will require price setting and price reductions occurring on the PBS to be based on the one base ex manufacturer price for each pharmaceutical item. It will require that only one approved ex manufacturer price be agreed or determined for a pharmaceutical item, that being the price for the lowest listed pack quantity. If a brand has a pack quantity different from the pricing quantity, the price will be calculated as a proportional ex manufacturer price.

Provisions for premium brand pricing will continue where a price set for a pharmaceutical item is higher than the price that would apply under the approved ex manufacturer price or proportional price. This will enable pricing functions to operate uniformly at ex manufacturer level across the PBS, including where the same item is listed under different PBS programs and mechanisms of supply.

The bill before us provides transitional provisions and includes a method for converting current PBS prices to an ex manufacturer amount. The transition to the new prices is designed to be cost neutral overall. It is claimed that the amendments are designed not to achieve price reductions but rather to achieve a consistent base level price for each item of medicine. However, the minister has advised that there will be around 40 pharmaceutical items for which the conversion calculations will result in different prices, and some negotiations will be required on a case-by-case basis. Where negotiations are not successful, a default price will be applied which is the lowest of the converted ex manufacturer prices for the item.

While the pricing elements of the bill were subject to consultation, the coalition has been advised that key stakeholders were not consulted on provisions relating to prescriber bag supplies. Concerns have not been raised regarding this component of the bill, but surely those professions affected should have been consulted or at least advised.

The minister has indicated that the bill will not change the medicines listed on the PBS or access to them and—I have beaten the bells in the other chamber—on that basis I indicate that the coalition does not oppose this bill.

Mr HAYES (Fowler) (12:44): I too rise to support the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2012. The bill will amend the National Health Act 1953 in order to improve the pricing of medicines on our Pharmaceutical Benefits Scheme and the way they are delivered. The Australian government's Pharmaceutical Benefits Scheme, the PBS, provides reliable, timely and affordable access to a wide range of medicines for all Australians. Under the current system, prices for PBS items are determined on the price-to-pharmacy basis, which is a combination of the ex-manufacturer price and a
wholesale margin. This bill ensures that the common base point for price calculation of medicines listed on the Pharmaceutical Benefits Scheme will be the ex-manufacturer price alone. This will bring the PBS calculations into line with the calculation approach which has been used by the pharmaceutical industry, as I understand it, for many years. Importantly, prices for different brands and quantities of the same medicine will be determined from the same base ex-manufacturer price. This will create uniformity in determining the price of same-brand medication.

The new price for items and brands on the Pharmaceutical Benefits Scheme will be determined by subtracting the wholesale margin and arriving at the ex-manufacturer price. That alone will be the price determinant. This will ensure uniform pricing of all brands of medicines across the different PBS programs and mechanisms of supply. Under the new system, only one ex-manufacturer price will need to be agreed on for a brand of any pharmaceutical item. These changes are in line with the recently proposed price discount system, which aims to ensure that Australian taxpayers benefit from discounts and incentives provided by manufacturers of medicines where there is more than one brand on the PBS.

In the past, manufacturers commonly sold pharmacies new brands of older medicines, the patents for which had expired, at lower prices. The government unfortunately missed out on those discounts and continued to pay the full PBS amount to pharmacies. In other words, there was a disproportionate subsidy from taxpayers. Price disclosure will require manufacturers to notify the government of the prices at which medicine is being sold to pharmacies. The government has been aware for a while now that pharmaceutical companies tend to provide undisclosed discounts to pharmacies for stocking their products, but the pharmacies still receive the same amount of reimbursement from the government under the PBS. Price disclosure will therefore provide a vital $1.9 billion in savings. That can be used to make further investments in our healthcare system generally.

Price disclosure brings the government price into line with the market price, benefiting taxpayers and consumers. This will ensure a more efficient Pharmaceutical Benefits Scheme—a scheme which has been assisting Australians for years—and will ensure that those discounts are passed on to patients. Under price disclosure, on 1 April this year some 75 medicines became cheaper for the government and the price of over 60 medicines dropped for patients. In August this year, patients will have additional savings on 126 brands through the premium paid by patients being reduced. For instance, a cholesterol-lowering drug will be between $5 and $14 a month cheaper than it was previously. On average, patients will be making a saving of $3 per packet of medicine.

Price disclosure means that the price the government pays is in line with the market price, ensuring the cheapest possible prescriptions for people who are in need. Concessional patients will continue to receive their prescriptions at the concessional rate, making only a $5.80 co-payment. The most a general patient can pay for a PBS prescription is a co-payment of $35.40. The PBS helps to make medicines more affordable for Australians by limiting the amount we pay towards the cost of medicine items, as well as the selected brands under the Pharmaceutical Benefits Scheme. A number of vital, and often life-saving, medications cost a heck of a lot through research and development, but under the PBS they are provided to Australian citizens at an affordable rate. From 1 January this year, Australians have been paying no more than $35.40 for the vast majority of the items listed on the PBS, or $5.80 if...
they have a concession card. Under the PBS system the Australian government pays the remaining cost. This bill is another example of the Australian government's commitment to creating and maintaining a strong, sustainable and viable world-class healthcare system. Like the shadow minister, I have pride in commending the bill to the House.

Mr SYMON (Deakin) (12:50): I speak in support of the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2012. This bill supports the government's price disclosure program, announced on 1 April this year, and it is the government's price disclosure policy that is helping to keep the PBS sustainable by reducing the price of medicines. Price disclosure applies to products on the PBS that have more than one brand and it applies when there is a generic version available. It is designed to ensure that the government is able to capture the savings associated with the introduction of generic medicines as a result of patent expiry. Generic medicines have the same active agreement as the original patented version but are usually cheaper, as there is greater competition for the market.

These amendments, and the price disclosure program in general, are being introduced by the government to correct the inconsistencies between what the medicines are worth when they come off the production line and what they sell for in pharmacies. Before the introduction of price disclosure, program costs were much higher. When a medicine's patent expired, the government was still reimbursing pharmacists at the same rate as before the patent expired, and this was occurring even though generic brands could be produced at less expense. The amendments in the bill remove the concept of an approved price to pharmacists as the level at which pricing agreements were made and replace it with an approved ex-manufacturer price—the price that is set at the beginning of the process. Currently there are many provisions and functions in the act that rely on approved price to pharmacists. They will work equally well or better using ex-manufacturer prices.

Under the 2010 reforms agreed with Medicines Australia, this government brought forward the achievement of these savings through the expansion of the reach of price disclosure and by shortening the time period in which the price reductions are achieved. The effect of these changes is that, as of 1 April this year, 75 medicines have become cheaper for the government and we are now on track to achieve $1.9 billion in savings through this policy. For those of us who are consumers rather than manufacturers or pharmacists, this has led to a drop in price from 1 April this year for all these medicines due to the price disclosure program.

This drop in price of many commonly used medicines is great news to people in my electorate and, of course, many other electorates around Australia too. I do talk about my electorate of Deakin because we have a higher percentage of people over the age of 65 than average and, as many members in this House know, as people age they tend to more often need prescription medicines whilst often having to get by on a lesser income due to the change from work to retirement on a pension or an income stream. As we all know, the PBS is a Commonwealth government scheme that provides Australians with access to subsidised medicines, and the PBS helps to make medicines affordable for all Australians by limiting the amount that people pay towards the cost of their medicines under the PBS.

That said, the PBS does not come cheaply; it comes in at a cost of an estimated $9.7 billion for the current financial year. Since the introduction of the price disclosure program, the cost of medications for treating many common medical conditions ranging from blood pressure
and high cholesterol to depression and anxiety has been reduced. There has also been a cost
reduction for a number of common antibiotics. Under the introduction of the price disclosure
program, people who required medicines under the PBS paid a copayment amount that ranged
from $5.80 for Health Care Card holders to $35.40 for those not eligible for a Health Care
Card. The operation of the price disclosure program brings a direct benefit to the consumer,
who now saves money whenever the price of an item falls below the copayment amount or
where an item already under the copayment amount becomes cheaper. There are many
eamples of these benefits. I will mention a few of these, so that we can look at this from the
view of the consumer—of the people who are on those medications.

I would like to start with a medicine that is in high demand in Australia: Simvastatin, a
commonly used cholesterol-lowering drug. Again, many people of a certain age know all the
problems that come with visiting the doctor and finding out that they have a problem such as
a high cholesterol level and that they need to do something about it. Patients such as that
who previously paid the general copayment amount of $35.40 for a month's supply of Simvastatin
40-milligram tablets will now pay $22.68, a saving of over $12 every month. Patients will
also save money on some medications already below the copayment. For example, the price
paid by the patient for the 20-milligram rather than the 40-milligram version of the tablet of
Simvastatin will be reduced from $31.87 to $17.72, saving the patient over $14 a month.
Similarly, patients will save up to $9.22 for Pantoprazole, which is another common
medication taken for reflux and ulcers. There will also be savings of up to $2.57 for
Perindopril, which is for high blood pressure and heart disease, and up to $1.89 for
Metformin, which is used to treat type 2 diabetes.

From the types of medications I have just identified that are commonly used, it has to be
said that they are not luxuries; for many people, they are necessities. They actually cannot get
by in their day-to-day life without them. They are—as I said—essential for conditions such as
diabetes, epilepsy, heart disease and high cholesterol. But there are also the many less serious
conditions that affect many of us from time to time. Again, people that require those
medications may also benefit from these changes. By reducing the cost of essential
medications, this government is helping Australians live their lives to the full, without having
to worry about the expense of the drugs that help them to do so.

The current act requires the setting and maintaining of prices for PBS medicines be
expressed at different levels for different purposes. This method has proven inefficient and
complex, and up till now, the end price of these subsidised medicines have been calculated on
an approved price to the pharmacist. The main amendments in this bill remove the approved
price to pharmacists and replace it with an approved ex-manufacturer price as the core PBS
price in the act. Through these measures, the government aims to increase the efficiency and
transparency of the pricing of the PBS. These amendments will ensure that sustainability of
the PBS, as well as deliver the best value for money to Australians in need of prescription
medicines.

The government identified that in the case where patents on drugs had expired that too
much was being paid, and consumers were paying too much for their medicines. With savings
of $1.9 billion, as I have said, over five years, this bill will help Australian taxpayers to get
the best value for their health dollar. And even better, these savings help enable the listing of
new medicines, such as those to treat such serious conditions as rheumatoid arthritis, myeloid leukemia, pulmonary arterial hypertension and renal failure.

Every Australian should have access to affordable medicines, and these amendments will not only ensure the sustainability of the Pharmaceutical Benefits Scheme but will streamline the way in which the prices of the PBS medicines are set. I commend the bill to the House.

Ms KING (Ballarat—Parliamentary Secretary for Infrastructure and Transport and Parliamentary Secretary for Health and Ageing) (12:58): I thank the members for Dickson, Fowler and Deakin for their contributions on the debate on this bill.

The National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2012 does put in place a pricing structure for the PBS that will deliver real benefits for the pharmaceutical industry and the administration of the PBS. The proposed amendments to the bill will create a uniform platform for the pricing of medicines across the PBS. Its creation of connections between prices will allow price changes and price calculations to flow. The new pricing structure will improve the operation of many current PBS policies but it is not intended to change PBS prices and it does not affect PBS funding or programs, nor access to medicines listed on the scheme. The effects for patients and pharmacies are insignificant. The effects for pharmaceutical companies will be small—as small as we can make them.

Meeting the 1 October 2012 commencement date relies on cooperation between government and industry in setting the new prices. Where prices need to change, we will be working to ensure that the effects are shared between companies and government as evenly as possible. The bill provides for a more efficient PBS. There are benefits for industry and government and indirectly for the users of the PBS. I want to again thank members and senators for their comments. 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.

Corporations Amendment (Proxy Voting) Bill 2012

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Mr TONY SMITH (Casey) (13:01): I rise on behalf of the shadow Treasurer, the member for North Sydney, to speak on behalf of the coalition on this Corporations Amendment (Proxy Voting) Bill 2012. I will do so very briefly. The coalition is supportive of this bill. The bill ensures that the chair at an annual general meeting can vote undirected proxies in a non-binding shareholder vote on remuneration where the shareholder granting the proxy has provided express authorisation. The bill is in response to concerns from many stakeholders and the coalition that the changes to executive remuneration laws just last year unintentionally eliminated the ability of the chair at an AGM to vote undirected proxies. We support the rectification of this problem created by the government when it put through that legislation and we are glad that the government has acted on the advice of stakeholders and the coalition. We support the bill.
Mr RIPOLL (Oxley—Parliamentary Secretary to the Treasurer) (13:02): I thank those honourable members who have taken part in the debate on the Corporations Amendment (Proxy Voting) Bill 2012. The government's intention on the matter of chair exemption is clearly set out in the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 and its associated intrinsic material. In addition, ASIC announced last year that relief could be sought by companies concerned about the issue. However, for the avoidance of any doubt—and that is all it was, just in case there was some doubt—and to give companies greater certainty, the amendment in this bill clarifies that the chair of an annual general meeting who is also a member of the company's key management personnel or the closely related party of such a member can vote undirected proxies in a non-binding shareholder vote on remuneration required under section 250R where the shareholder provides express authorisation for the chair to exercise that proxy, as they could under the unamended version. This is simply to make it clearer for those who may have not completely accepted what was in that legislation. The government is always happy to accommodate to make clearer any confusion that may arise out of legislation or any other piece of government regulation because from time to time there are some genuine issues where people might have a different view as to what a particular piece of legislation means even when the intent from government is absolutely clear, as was always the case with this particular bill and set of arrangements. This amendment now makes it even more abundantly clear.

Question agreed to.

Bill read a second time.

Ordered that this bill be reported to the House without amendment.

BUSINESS

Rearrangement

Ms PARKE (Fremantle) (13:04): I move:

That business intervening before committee and delegation reports, order of the day No. 5, be postponed to the next day of sitting.

Question agreed to.

The DEPUTY SPEAKER (Hon. DGH Adams): The chair will be resumed shortly.

Sitting suspended from 13:05 to 13:11

COMMITTEES

Corporations and Financial Services Committee

Report

Debate resumed on the motion:

That the House take note of the report.

Mr FLETCHER (Bradfield) (13:11): I am pleased to rise to speak on the recent report of the Parliamentary Joint Committee on Corporations and Financial Services into the collapse of Trio Capital. This report has found that over 6,000 Australia superannuation and other investors were defrauded of $176 million in the Trio scandal.

The committee began its inquiry last year on my suggestion after I was approached by a number of constituents who had lost money in the collapse of Trio. This fraud began in late
2003 when an existing reputable funds manager was taken over by those involved in the fraud, but it took almost six years before the regulators—the Australian Prudential Regulation Authority and the Australian Securities and Investments Commission—intervened to shut down Trio's operation.

It is very concerning that it took the regulators so long to act and it is equally concerning that it took some observations by an alert industry participant, Mr John Hempton of Bronte Capital, before the regulators were spurred into action. It is also concerning that APRA gave evidence to the committee that it had carried out a number of prudential reviews of Trio Capital between 2004 and 2009 but that none of these prudential reviews triggered the regulatory intervention which ultimately occurred—a point which was expressly conceded by officials of APRA before the committee.

The committee was surprised to discover that there is presently no ongoing criminal investigation into this fraud. One person has been jailed: Mr Shawn Richard. He appears to have been the local foot soldier of what was a scheme that appears to have been masterminded by an international criminal syndicate. Mr Jack Flader, a former US lawyer—formerly resident in Hong Kong and now believed to be resident in Thailand—is suspected of having been the mastermind. Mr Flader is known to have had a long involvement with securities fraud in other parts of the world.

Debate adjourned.

A division having been called in the House of Representatives—

Federation Chamber adjourned at 13.14


QUESTIONS IN WRITING

Defence: Training
(Question No. 976)

Mr Laurie Ferguson asked the Minister for Defence, in writing, on 8 May 2012:

Since 1 January 2008, has the Minister's department contracted Skills Training Australia Pty Ltd, 92 Copeland Street, Liverpool, NSW, to conduct training; if so, for each type of training, what (a) was the purpose, (b) was the duration, (c) sum was charged per participant, and (d) oversights (if any) occurred on the specified outcome, duration and delivery.

Mr Stephen Smith: The answer to the honourable member's question is as follows:

For the period 1 January 2008 to 30 April 2012 Defence (including the Defence Materiel Organisation) has not made any payments to Skills Training Australia either by direct credit, cheque or credit card. (a) to (d) Not applicable.

Agriculture, Fisheries and Forestry: Training
(Question No. 987)

Mr Laurie Ferguson asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, in writing, on 8 May 2012:

Since 1 January 2008, has the Minister's department contracted Skills Training Australia Pty Ltd, 92 Copeland Street, Liverpool, NSW, to conduct training; if so, for each type of training, what (a) was the purpose, (b) was the duration, (c) sum was charged per participant, and (d) oversights (if any) occurred on the specified outcome, duration and delivery.

Mr Burke: The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable member's question:

Since 1 January 2008 the Department of Agriculture, Fisheries and Forestry has not contracted Skills Training Australia Pty Ltd, 92 Copeland Street, Liverpool NSW to conduct training of any type or for any purpose.