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FORTY-THIRD PARLIAMENT
FIRST SESSION—THIRD PERIOD

Governor-General
Her Excellency Ms Quentin Bryce, Companion of the Order of Australia

House of Representatives Officeholders
Speaker—Mr Harry Alfred Jenkins MP
Deputy Speaker—Hon. Peter Neil Slipper MP
Second Deputy Speaker—Hon. Bruce Craig Scott MP
Members of the Speaker’s Panel—Ms Anna Elizabeth Burke MP, Hon. Dick Godfrey Harry Adams MP, Ms Sharon Leah Bird MP, Mrs Yvette Maree D’Ath MP, Mr Steven Georganas MP, Ms Kirsten Fiona Livermore MP, Mr John Paul Murphy MP, Mr Peter Sid Sidebottom MP, Mr Kelvin John Thomson MP, Ms Maria Vamvakou 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 Christopher Patrick Hayes MP

Liberal Party of Australia
Leader—Hon. Anthony John Abbott MP
Deputy Leader—Hon. Julie Isabel Bishop MP
Chief Opposition Whip—Hon. 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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<td>Turnbull, Hon. Malcom Bligh</td>
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<td>Vamvakinou, Maria</td>
<td>Calwell, VIC</td>
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<td>Van Manen, Albertus Johannes</td>
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<td>Wilkie, Andrew Damien</td>
<td>Denison, TAS</td>
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<td>Wyatt, Kenneth George</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
Secretary, Department of Parliamentary Services—A Thompson
GILLARD MINISTRY

Prime Minister
Hon. Julia Gillard MP

Deputy Prime Minister, Treasurer
Hon. Wayne Swan MP

Minister for Regional Australia, Regional Development and Local Government
Hon. Simon Crean MP

Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate
Senator Hon. Chris Evans

Minister for School Education, Early Childhood and Youth
Hon. Peter Garrett AM, MP

Minister for Broadband, Communications and the Digital Economy and Deputy Leader of the Government in the Senate
Senator Hon. Stephen Conroy

Minister for Foreign Affairs
Hon. Kevin Rudd MP

Minister for Trade
Hon. Dr Craig Emerson MP

Minister for Defence and Deputy Leader of the House
Hon. Stephen Smith MP

Minister for Immigration and Citizenship
Hon. Chris Bowen MP

Minister for Infrastructure and Transport and Leader of the House
Hon. Anthony Albanese MP

Minister for Health and Ageing
Hon. Nicola Roxon MP

Minister for Families, Housing, Community Services and Indigenous Affairs
Hon. Jenny Macklin MP

Minister for Sustainability, Environment, Water, Population and Communities
Hon. Tony Burke MP

Minister for Finance and Deregulation
Senator Hon. Penny Wong

Minister for Innovation, Industry, Science and Research
Senator Hon. Kim Carr

Attorney-General and Vice President of the Executive Council
Hon. Robert McClelland MP

Minister for Agriculture, Fisheries and Forestry and Manager of Government Business in the Senate
Senator Hon. Joe Ludwig

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

Minister for Climate Change and Energy Efficiency
Hon. Greg Combet AM, MP

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<td>Minister for Privacy and Freedom of Information</td>
<td>Hon. Brendan O’Connor MP</td>
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<td>Minister for Sport</td>
<td>Senator Hon. Mark Arbib</td>
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<tr>
<td>Special Minister of State for the Public Service and Integrity</td>
<td>Hon. Gary Gray AO, MP</td>
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<tr>
<td>Assistant Treasurer and Minister for Financial Services and Superannuation</td>
<td>Hon. Bill Shorten MP</td>
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<td>Minister for Employment Participation and Childcare Development</td>
<td>Hon. Kate Ellis MP</td>
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<td>Minister for Indigenous Employment and Economic Science and Personnel</td>
<td>Senator Hon. Mark Arbib</td>
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<td>Minister for Defence Materiel</td>
<td>Hon. Jason Clare MP</td>
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<td>Minister for Indigenous Health</td>
<td>Hon. Warren Snowdon MP</td>
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<td>Minister for Small Business</td>
<td>Senator Hon. Nick Sherry</td>
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<td>Minister for Home Affairs and Minister for Justice</td>
<td>Hon. Brendan O’Connor MP</td>
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<td>Minister for Human Services</td>
<td>Hon. Tanya Plibersek MP</td>
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<td>Cabinet Secretary</td>
<td>Hon. Mark Dreyfus QC, MP</td>
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<td>Parliamentary Secretary to the Prime Minister</td>
<td>Senator Hon. Kate Lundy</td>
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<td>Parliamentary Secretary to the Treasurer</td>
<td>Hon. David Bradbury MP</td>
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<td>Parliamentary Secretary to School Education and Workplace Relations</td>
<td>Senator Hon. Jacinta Collins</td>
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<td>Minister Assisting the Prime Minister on Digital Productivity</td>
<td>Senator Hon. Stephen Conroy</td>
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<tr>
<td>Parliamentary Secretary for Trade</td>
<td>Hon. Justine Elliot MP</td>
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<td>Parliamentary Secretary for Pacific Island Affairs</td>
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<td>Parliamentary Secretary for Defence</td>
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<td>Parliamentary Secretary for Sustainability and Urban Water</td>
<td>Senator Hon. Nick Sherry</td>
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<td>Minister Assisting on Deregulation and Public Sector Superannuation</td>
<td>Senator Hon. Joe Ludwig</td>
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<td>Minister Assisting the Attorney-General on Queensland Floods Recovery</td>
<td>Hon. Dr Mike Kelly AM, MP</td>
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<td>Parliamentary Secretary for Agriculture, Fisheries and Forestry</td>
<td>Senator Hon. Nick Sherry</td>
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<tr>
<td>Minister Assisting the Minister for Tourism</td>
<td>Hon. Mark Dreyfus QC, MP</td>
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<td>Position</td>
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<tr>
<td>Leader of the Opposition</td>
<td>Hon. Tony Abbott MP</td>
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<tr>
<td>Deputy Leader of the Opposition and Shadow Minister for Foreign Affairs and Shadow Minister for Trade</td>
<td>Hon. Julie Bishop MP</td>
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<tr>
<td>Leader of the Nationals and Shadow Minister for Infrastructure and Transport</td>
<td>Hon. Warren Truss MP</td>
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<td>Leader of the Opposition in the Senate and Shadow Minister for Employment and Workplace Relations</td>
<td>Senator Hon. Eric Abetz</td>
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<tr>
<td>Deputy Leader of the Opposition in the Senate and Shadow Attorney-General and Shadow Minister for the Arts</td>
<td>Senator Hon. George Brandis SC</td>
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<tr>
<td>Shadow Treasurer</td>
<td>Hon. Joe Hockey MP</td>
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<tr>
<td>Shadow Minister for Education, Apprenticeships and Training and Manager of Opposition Business in the House</td>
<td>Hon. Christopher Pyne MP</td>
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<tr>
<td>Shadow Minister for Indigenous Affairs and Deputy Leader of the Nationals</td>
<td>Senator Hon. Nigel Scullion</td>
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<td>Shadow Minister for Regional Development, Local Government and Water and Leader of the Nationals in the Senate</td>
<td>Senator Barnaby Joyce</td>
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<td>Shadow Minister for Finance, Deregulation and Debt Reduction and Chairman, Coalition Policy Development Committee</td>
<td>Hon. Andrew Robb AO, MP</td>
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<td>Shadow Minister for Productivity and Population and Shadow Minister for Immigration and Citizenship</td>
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<td>Shadow Minister for Innovation, Industry and Science</td>
<td>Mrs Sophie Mirabella MP</td>
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<td>Shadow Minister for Agriculture and Food Security</td>
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<tr>
<td>Shadow Minister for Small Business, Competition Policy and Consumer Affairs</td>
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[The above constitute the shadow cabinet]
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Shadow Minister for Employment Participation Hon. Sussan Ley MP
Shadow Minister for Justice, Customs and Border Protection Mr Michael Keenan MP
Shadow Assistant Treasurer and Shadow Minister for Financial Services and Superannuation Senator Mathias Cormann
Shadow Minister for Childcare and Early Childhood Learning Hon. Sussan Ley MP
Shadow Minister for Universities and Research Senator Hon. Brett Mason
Shadow Minister for Youth and Sport and Deputy Manager of Opposition Business in the House Mr Luke Hartsuyker MP
Shadow Minister for Indigenous Development and Employment Senator Marise Payne
Shadow Minister for Regional Development Hon. Bob Baldwin MP
Shadow Special Minister of State Hon. Bronwyn Bishop MP
Shadow Minister for COAG Senator Marise Payne
Shadow Minister for Tourism Hon. Bob Baldwin MP
Shadow Minister for Defence Science, Technology and Personnel Mr Stuart Robert MP
Shadow Minister for Veterans’ Affairs and Shadow Minister Assisting the Leader of the Opposition on the Centenary of ANZAC Senator Hon. Michael Ronaldson
Shadow Minister for Regional Communications Mr Luke Hartsuyker MP
Shadow Minister for Ageing and Shadow Minister for Mental Health Senator Concetta Fierravanti-Wells
Shadow Minister for Seniors Hon. Bronwyn Bishop MP
Shadow Minister for Disabilities, Carers and the Voluntary Sector and Manager of Opposition Business in the Senate Senator Mitch Fifield
Shadow Minister for Housing Senator Marise Payne
Chairman, Scrutiny of Government Waste Committee Mr Jamie Briggs MP
Shadow Cabinet Secretary Hon. Philip Ruddock MP
Shadow Parliamentary Secretary Assisting the Leader of the Opposition Senator Cory Bernardi
Shadow Parliamentary Secretary for International Development Assistance Hon. Teresa Gambaro MP
Shadow Parliamentary Secretary for Roads and Regional Transport Mr Darren Chester MP
Shadow Parliamentary Secretary to the Shadow Attorney-General Senator Gary Humphries
Shadow Parliamentary Secretary for Tax Reform and Deputy Chairman, Coalition Policy Development Committee Hon. Tony Smith MP
Shadow Parliamentary Secretary for Regional Education Senator Fiona Nash
Shadow Parliamentary Secretary for Northern and Remote Australia Senator Hon. Ian Macdonald
Shadow Parliamentary Secretary for Local Government Mr Don Randall MP
Shadow Parliamentary Secretary for the Murray-Darling Basin Senator Simon Birmingham
Shadow Parliamentary Secretary for Defence Materiel Senator Gary Humphries
Shadow Parliamentary Secretary for the Defence Force and Defence Support Senator Hon. Ian Macdonald
SHADOW MINISTRY—continued

Shadow Parliamentary Secretary for Primary Healthcare  Dr Andrew Southcott MP
Shadow Parliamentary Secretary for Regional Health Services and Indigenous Health  Mr Andrew Laming MP
Shadow Parliamentary Secretary for Supporting Families  Senator Cory Bernardi
Shadow Parliamentary Secretary for the Status of Women  Senator Michaelia Cash
Shadow Parliamentary Secretary for Environment  Senator Simon Birmingham
Shadow Parliamentary Secretary for Citizenship and Settlement  Hon. Teresa Gambaro MP
Shadow Parliamentary Secretary for Immigration  Senator Michaelia Cash
Shadow Parliamentary Secretary for Innovation, Industry, and Science  Senator Hon. Richard Colbeck
Shadow Parliamentary Secretary for Fisheries and Forestry  Senator Hon. Richard Colbeck
Shadow Parliamentary Secretary for Small Business and Fair Competition  Senator Scott Ryan
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Tuesday, 31 May 2011

The SPEAKER (Mr Harry Jenkins) took the chair at 14:00, made an acknowledgement of country and read prayers.

CONDOLENCES

Australian Defence Force Personnel: Afghanistan

Ms GILLARD (Lalor—Prime Minister) (14:01): Mr Speaker, on indulgence, last Tuesday when the House came together, we spent our first moments talking about the loss of Brett Wood. Today, unfortunately, just a week later, we need to mark the fact that overnight we have lost two more of our defence personnel in Afghanistan. At this stage, their names have not been released to the public. That is in accord with the wishes of their families. At the appropriate time when their names are known, of course we will have a condolence motion which honours them in full and honours the details of their service to the Australian nation.

What we can say today is that one man, an Australian Army officer aged 27, lost his life when the helicopter he was in crashed. Five others were injured in that crash. They are in a satisfactory condition. He was not the pilot at the time, but he was a pilot and he had been deployed in East Timor and also on Queensland Operation Flood Assist during the course of our very devastating summer when the work of the helicopters was just so important to Queensland communities in search and rescue, in evacuation and in ferrying supplies around.

The second young man who lost his life lost it in a separate incident. He was 25 years old. He was at one of our forward patrol bases in the Chorah Valley. He was on guard duty. He was there with an Afghan National Army soldier. Whilst the details are still not clear, it appears that the Afghan National Army soldier shot and wounded the Australian soldier and, despite very prompt medical attention, he died from those wounds. The Afghan National Army soldier fled the scene. Of course, all steps are being taken to apprehend him and the incident will be fully investigated.

I understand that many Australians hearing the details of the incident which are available to date would feel a sense of puzzlement about why something like this would happen and would be asking themselves, 'Given we are there to help, what explains this—that an Afghan National Army soldier would shoot and kill an Australian soldier?' I think many in our community probably feel a sense of anger as they hear this news. As people go through those emotions, I would say to the Australian community that we do need to fully investigate this incident before we draw conclusions and before we start speculating about what this means for the circumstances of our deployment in Afghanistan.

I conclude by saying the following two things. Firstly, whatever details we learn in the future about the helicopter crash or about this shooting, first and foremost today our minds are on the two Australian families who have been required to face up to this news overnight and in the early hours of this morning. They are bearing a huge burden and all of our thoughts and all of our good wishes are with them. Secondly, whilst I understand on hard days like this one the Australian community does question our involvement in Afghanistan, I think that is very natural and very understandable too. To Australian community members who are asking themselves that question: it is in our nation's interests to continue our deployment in Afghanistan, to see our mission through and to make sure that Afghanistan does not again become a safe haven for terrorist
training. If we were to leave a vacuum there in the security circumstances, we know who would fill it—it would be terrorists from around the world. So we do need to see our mission through. But today, of course, the burden of the cost lies on our shoulders and the shoulders of the Australian nation. But, first and foremost, it lies on the hearts of the families who are grieving today and our thoughts are with them.

Mr Abbott (Warringah—Leader of the Opposition) (14:06): Mr Speaker, on indulgence, I rise to support the remarks of the Prime Minister. On behalf of the coalition, I offer condolences to the families of the soldiers who have been killed and I express the coalition's continuing support for the mission in which those soldiers were engaged. As the Prime Minister said, there will be a time to consider the circumstances under which these deaths have taken place and to draw the appropriate conclusions. But I think there are two observations that are worth making at this point in time. First, there is no such thing as casualty-free combat. Regrettably, as long as our soldiers are in Afghanistan there will be sad moments for our country and, obviously, sad moments for this parliament. The second point to make is that serious countries do not slip out from under their responsibilities no matter how hard those responsibilities become. Our soldiers should not stay in Afghanistan a moment longer than is absolutely necessary but it is necessary that they stay while there is a vital task that only they can perform.

The Speaker: Order! As a mark of respect I invite honourable members to rise in their places.

Honourable members having stood in their places—

The Speaker: I thank the House.

MINISTERIAL ARRANGEMENTS

Ms Gillard (Lalor—Prime Minister) (14:08): I inform the House that the Assistant Treasurer will be absent from question time today as he is unwell. The Treasurer will answer questions on his behalf.

QUESTIONS WITHOUT NOTICE

Carbon Pricing

Mr Abbott (Warringah—Leader of the Opposition) (14:08): My question is to the Prime Minister and I refer the Prime Minister to the latest version of the Garnaut report, in particular at page 17 where this statement is made:

Australian households will ultimately bear the full cost of a carbon price.

Let me repeat that:

Australian households will ultimately bear the full cost of a carbon price.

So I ask the Prime Minister: how can she continue to maintain that her tax only makes big polluters pay?

Ms Gillard (Lalor—Prime Minister) (14:09): I thank the Leader of the Opposition for his reference to the Garnaut review, which Professor Garnaut gave me earlier today and about which he has been speaking at the National Press Club. I have the review in my hand. It is the product of seven months work and I think we should thank Professor Garnaut for it as an Australian parliament and as an Australian nation. I do not anticipate that everybody will agree with every view put forward by Professor Garnaut, but that should not stop us actually thanking him for his work and respecting him in his professionalism in doing it. In answer to the Leader of the Opposition's question, given he has talked about the question of cost, yes, Professor Garnaut makes some observations about costs. There is one on page 77 of this report...
and it uses the terminology 'direct action', as the Leader of the Opposition would use to refer to his policy. I would refer to it as a policy in which polluters are subsidised. But Professor Garnaut says this:

Using direct action measures to achieve similar amounts of emissions reduction would raise costs— 

Opposition members interjecting—

Ms GILLARD: The Leader of the Opposition may be interested in these words—
much more than a carbon price but would not raise the revenue to offset or reduce the costs in any of these ways.

Mr Pyne: Mr Speaker, I rise on a point of order. The Leader of the Opposition's question could not have been more specific. It quoted a sentence from the Garnaut review and asked the Prime Minister how she could continue to maintain that only the biggest polluters would pay. After quoting from the Garnaut review, the Prime Minister is not even attempting to answer that question. I would ask you to bring her back to the question.

The SPEAKER: Order! The Manager of Opposition Business will resume his seat. At the time that the member approached the dispatch box the Prime Minister was relating a further reference in the report to carbon pricing.

Ms GILLARD: My point is basically this, that if you want to look at the Garnaut review then you should look at all of it.

Mr Pyne interjecting—

The SPEAKER: Order!

Ms GILLARD: What he does say about the measures that are proposed by the Leader of the Opposition is that they would raise costs much more than a carbon price but would not raise the revenue to offset or reduce the cost in any of these ways.

Opposition members interjecting—

Mr Sidebottom interjecting—

The SPEAKER: Order!

Ms GILLARD: The costs might be covered by budgetary expenditure but this affects who pays the cost, not whether the costs are there, and other people's taxes have to rise to pay for expenditures under direct action. So what Professor Garnaut is putting there, and what is a clear contrast between the policy that the government stands for and the Leader of the Opposition's policy, is that we are putting a price on carbon that big polluters would pay.

Mr Pyne interjecting—

The SPEAKER: Order! The member for Sturt is warned.

Mr Sidebottom interjecting—

The SPEAKER: Order! The member for Braddon is warned.

Ms GILLARD: We have always been clear about that, that big polluters would pay the price and by paying that price they would have the incentives they need to act to reduce the carbon pollution that they emit. We have also been very clear with Australian families—and I said this when I first outlined the carbon pricing mechanism to the Australian community—that there will be price impacts that flow through to Australian households. That is why we will use the majority of the revenue raised from pricing carbon to assist Australian households with those impacts, to generously assist Australian families who need that assistance the most. And we will use the remainder of the revenue to protect Australian jobs and to fund programs which help our move to being a clean energy economy. As Professor Garnaut says, the Leader of the Opposition's plan is about putting costs directly onto the shoulders of Australian taxpayers—that is,
onto the shoulders of Australian families without any compensation at all.

Mr ABBOTT (Warringah—Leader of the Opposition) (14:14): Mr Speaker, I ask a supplementary question. It is again to the Prime Minister. Before the election the Prime Minister said that there would be no carbon tax under the government she leads—and we know that that is wrong. Now she says that only the big polluters will pay—and we know that is wrong.

Mr Albanese: Mr Speaker, on a point of order: a supplementary question has to be just that—a question.

The SPEAKER: Order! The Leader of the Opposition has the call.

Mr ABBOTT: The Prime Minister was deceptive before the election. She said in her answer just a moment ago that only the big polluters would pay. But we have here on page 17 of the Garnaut report:

Australian households will ultimately bear the full cost of the—

Honourable members interjecting—

The SPEAKER: Order!

Mr Albanese: A point of order, Mr Speaker: it goes to standing orders and the standing order that requires no argument. We have had 36 seconds from the Leader of the Opposition and there is not a resemblance of a question. If we want to have the suspension of standing orders that we get every day at ten to three so he can talk for 10 minutes, he should so move, but the question is out of order.

Honourable members interjecting—

The SPEAKER: Order! English expression may not have been my best subject at school, but it is true that there has not yet been a question mark. The Leader of the Opposition has the call. It is an extremely long preamble but he has the call.

Mr ABBOTT: Given that the Prime Minister has been caught out yet again, this time by her own report, how can anyone believe anything that this Prime Minister says?

Ms GILLARD (Lalor—Prime Minister) (14:17): I say to the Leader of the Opposition: just because you bellow things does make them right. Once again, here we have the Leader of the Opposition deliberately not telling the truth to the Australian community. He has just said to me ‘your report’—

Mr Pyne: A point of order, Mr Speaker: the Prime Minister should withdraw the imputation against the Leader of the Opposition.

The SPEAKER: Order! The expression used was an expression which has been allowed. I would hope that this exchange—both the question and the answer—is the end of the overly-used debate in both questions and answers. As I have said before, the simplest thing that the House could do is to change the standing order so that there is no debate allowed in both the question and the answer. Having allowed the debate in the question, I have indicated before that that opens the door. The Prime Minister will now respond.

Mr Pyne: Mr Speaker, on a further point of order: the phrase used by the Prime Minister is one that I and the member for Indi were asked to withdraw only, I think, last Thursday. I ask you to ask the Prime Minister to withdraw because accusing somebody of deliberately not telling the truth is the same as accusing someone of being a liar, and I ask you to ask her to withdraw it.

The SPEAKER: The Prime Minister has the call. I have given my ruling.

Mr Alexander interjecting—
The SPEAKER: The member for Bennelong may be a newcomer, but he should be very careful in reflecting by way of interjection. The Prime Minister has the call.

Ms GILLARD: My very simple point was that in his question to me the Leader of the Opposition referred to this as my report. It is not my report, it is Professor Garnaut's report, and I believe he deserves the respect that should be shown to an expert who has acted, I believe, in the interests of the Australian nation by spending a very concentrated period putting this work together. It is very good work, and I would recommend reading it to people who are interested in tackling climate change and interested in the facts about how we address climate change in this nation.

This is Professor Garnaut's report. We are a government that is always happy to accept and see the advice of experts. Then, when you look at the advice of experts, you absorb it and you respond to it. I know seriously working through an issue is not the opposition's strong suit, but I do recommend to them that they seriously work through Professor Garnaut's report. When they work through Professor Garnaut's report they will find that it very clearly makes the case, as an economist, that the most efficient way of dealing with cutting carbon pollution is to put a price on carbon.

For people who say they are concerned about cost-of-living pressures on Australian families, this report very clearly makes the point that if you go down a different road—particularly the road that the Leader of the Opposition refers to as 'direct action' but which is really about subsidising polluters—that is a more costly road to go down. So if you care about the cost-of-living circumstances of Australians, you would reject that costly path and accept the advice of Professor Garnaut and many other economic experts that the cheapest way of cutting carbon pollution is to put a price on carbon. Clearly the member for Wentworth could assist the opposition in understanding that proposition.

It is the government's intention, as I have outlined time and time before in this House and I have outlined again today and I am happy to outline further, to put a price on carbon from 1 July next year. That price on carbon will be paid by big polluters. Because they will now have a price on carbon they will innovate and change the way they work to create less carbon pollution. We will take a section of the revenue and assist Australian households. What that means is that big polluters pay and Australian households get the assistance. The Leader of the Opposition's plan is to take more tax off Australian families and give it to the big polluters in a plan we know will not work, courtesy of the words of the member for Wentworth. I say to the Leader of the Opposition that, rather than the fear campaign, rather than the cheap political points, he should read all of the report, think about it, move away from this path of negativity and actually try to make a contribution to this debate.

DISTINGUISHED VISITORS

The SPEAKER: Before calling the member for Robertson, I acknowledge that we have in the gallery the Hon. Jim Lloyd, a former member for Robertson and a former Minister for Local Government, Territories and Roads. I am not the author of the timing!

QUESTIONS WITHOUT NOTICE

Carbon Pricing

Ms O'NEILL (Robertson) (14:24): My question is to the Prime Minister. Will the Prime Minister update the House on the
government's efforts to undertake vital reform in tackling climate change and delivering the National Broadband Network?

Ms GILLARD (Lalor—Prime Minister) (14:24): I thank the member for Robertson for her question and for her high quality advocacy in this parliament of the needs and interests of her constituents. The member has directed to me a question which raises two reform areas important to keeping our economy strong. We want Australians to have the benefits of a strong economy and we particularly want Australians to have the benefit of being able to get a job. That is why we are proud that 750,000 jobs have been created since the government was first elected, and we look forward to the creation of half a million more over the next couple of years.

Keeping your economy strong always requires you to have a continuing reform agenda, to keep walking the reform road. We are engaged in reforms which are important to keeping our economy strong. Putting a price on carbon is important to keeping our economy strong and ensuring that we have the clean energy jobs of the future. Last week I received the report of the Climate Commission entitled The critical decade. It said unambiguously that the science was in. Today I received the report of Professor Garnaut, and he says in his report unambiguously that pricing carbon is an economic reform where the benefits far outweigh the costs. He tells us a fixed price followed by a carbon trading scheme is the best path forward to reduce the dangers of climate change without damaging the prosperity of the Australian nation. He talks about how pricing carbon is the lowest cost way of tackling climate change and dealing with carbon pollution. I know that those opposite dispute the science and do not believe in climate change, and I know they refuse to look in a serious way at the works of serious economists like Professor Garnaut, but that is what Professor Garnaut has found.

Continuing to keep our economy strong also means we need to have access to the infrastructure that our competitor nations will have, and that is national broadband that enables us to move information at the same speed that people are moving it in the economies with which we compete. The construction of the NBN is only the first step in that reform journey to make sure that we have the productivity benefits that come with this new technology. That is why, today, the government released the digital economy plan. It is a roadmap of how we will build the digital economy and a key part of that is how we will aim to be one of the top five OECD nations for the use and take-up of broadband by 2020. It contains important measures so that we can support small businesses and not-for-profit organisations in the first 40 communities to fully utilise the opportunities that the NBN brings, and we will also be investing in education to make sure that students, whether they be in schools or TAFEs or universities, have the full benefit of the National Broadband Network. In all of these reforms, whether it is climate change or the NBN, we will focus on the facts—we will not allow ourselves to be distracted by the diversions—and we will always act in the national interest.

Carbon Pricing

Mr HOCKEY (North Sydney) (14:28): My question is to the Treasurer. I refer the Treasurer to his own economic note of three days ago, where he said that only the biggest polluters, less than 1,000, will pay for the pollution they emit. I ask whether the Treasurer agrees with the Prime Minister that Ross Garnaut is 'a serious economist' and whether he therefore agrees with Professor Garnaut, who has just said:
Australian households will ultimately bear the full cost of a carbon price.

Mr SWAN (Lilley—Deputy Prime Minister and Treasurer) (14:29): I think that Mr Garnaut has produced an excellent report. It is the policy of those on this side of the House that the biggest polluters will pay the price on carbon. We will use every cent from that price paid to assist households and to assist industry. There could not be a clearer contrast with the other side. The other side want to tax households to pay big polluters. That is the policy on that side of the House. And the authority for that is not Professor Garnaut; it is the member for Wentworth. The member for Wentworth, in his interview last week, made the point that a direct action policy such as they have is the policy that you have when you are not serious about dealing with climate change.

Mr Pyne: Mr Speaker, I rise on a point of order on relevance. The Treasurer was asked whether he agreed with Professor Garnaut or the statement by the Prime Minister that only the big polluters will pay. He was not asked anything about any member of the opposition. I ask you to draw him back to the very straightforward question that he was asked.

The SPEAKER: The Treasurer will directly relate the material he is using to the question.

Mr SWAN: The government has a policy of a market based mechanism. It is the most efficient mechanism; it is the least cost mechanism. Those on the other side of the House—

Opposition members interjecting—

The SPEAKER: Order!

Mr SWAN: I know why they are so embarrassed. It is because the shadow Treasurer used to have a policy for a market based mechanism as well. He used to support the member for Wentworth on a market based mechanism. We know when he changed his mind, because he went on Twitter and asked everybody to tell him what his convictions were.

We on this side of the House support a market based mechanism that will price carbon for the 1,000 largest polluters and use the revenue to assist households. What they want to do is to increase the tax on average taxpayers and give the money to the biggest polluters. We have not seen a serious policy from those on that side of the House in 3½ years.

The SPEAKER: The Treasurer will relate his remarks to the question.

Mr SWAN: The shadow Treasurer last year was found to have the biggest costing bungle seen in political history. He now expects to be taken seriously in this House.

Mr Hockey interjecting—

The SPEAKER: If the member for North Sydney would be quiet he would learn that I asked the Treasurer to return to the question. But he is so noisy that he cannot hear anything other than himself. The Treasurer will directly relate his remarks to the question. Those on my left will sit in silence.

Mr SWAN: Those on that side of the House are so bereft of policy that there is nothing left for them to do but to run baseless scare campaigns. That is what they are doing with question after question.

Climate Change

Mr PERRETT (Moreton) (14:33): My question is to the Minister for Climate Change and Energy Efficiency. Will the minister update the House on the government's receipt of Professor Garnaut's update to his climate change review? How has the update been received? What is the government's view?
Mr COMBET (Charlton—Minister for Climate Change and Energy Efficiency) (14:33): I thank the member for Moreton for his question. As the House has heard, Professor Garnaut today released the final update of his study into climate change and how the country should best respond to this important challenge. Professor Garnaut's update makes it absolutely clear that climate change is occurring, that it is caused by human activity and that it poses a serious risk to the prosperity and quality of life of all Australians.

For the benefit of the member for Tangney, Professor Garnaut states the following in his report:

Since 2008, advances in climate change science have ... broadly confirmed that the earth is warming, that human activity is the cause of it and that the changes in the physical world are likely, if anything, to be more harmful than the earlier science had suggested.

That shows the quality of the contribution made last week by the member for Tangney in suggesting that there had been no warming in the last decade, despite the empirical evidence being emphatic that it was the warmest decade on record. That is testament to the control of those opposite by the climate science deniers. We know the influence that Senator Minchin has over the Leader of the Opposition in this regard.

The views that Professor Garnaut has expressed on the climate science are based on expert advice. That advice is consistent with the advice received by the government from sources including the CSIRO, the Bureau of Meteorology, the Climate Commission and the Australian Academy of Science. Any government taking its public policy responsibility seriously to act in the national interest must respond to this challenge.

It will also come as no surprise to the House, to economists generally and to anyone wanting to act on climate change that Professor Garnaut's proposed solution to this challenge is a carbon price delivered through a market mechanism. In his words in the report, he said 'market-based approaches to mitigation can bring out the best in Australians, and a return to regulatory approaches the worst'. Furthermore, Professor Garnaut had the following to say about the coalition's subsidies-for-polluters policy in his speech to the National Press Club today. He said 'Direct action for reducing carbon emissions is likely to be immensely more expensive than a market approach.' He in fact went on to make the obvious observation about a subsidies policy: that it is in the worst traditions of old protectionism, subsidies and antimarket philosophy. That is exactly where the Leader of the Opposition sits: subsidies for the big polluters and no revenue to assist households with the slug on taxes that they will be hit with.

This is not a view that is shared by all of those who are associated with the Liberal Party. We know the views of the member for Wentworth and many others on the other side of the House. But we know, too, that former Prime Minister John Howard understands and respects the science and understands and respects the need for a market mechanism, having taken an emissions trading scheme to the election in 2007. We heard from Dr John Hewson yesterday that a market mechanism is the best position. We heard Malcolm Fraser supporting a market mechanism to tackle this problem. Holding a public political leadership position, you are irresponsible on this issue. It is time that the opposition and the Leader of the Opposition took this issue seriously and made a serious contribution to and an effort in this debate. (Time expired)
Carbon Pricing

Mr ABBOTT (Warringah—Leader of the Opposition) (14:37): My question is to the Prime Minister, and I refer her to page 77 of Professor Garnaut's latest report—and I hope she listens carefully to this—which says:

Every dollar of revenue from carbon pricing is collected from people, in the end mostly households, ordinary Australians. Most of the costs will eventually be passed on to ordinary Australians.

That is the quote from Professor Garnaut. I ask the Prime Minister: how can she possibly maintain the pretence that only a thousand big polluters will pay her toxic tax?

Ms GILLARD (Lalor—Prime Minister) (14:38): I have the page of the Garnaut report that the Leader of the Opposition refers to. It will not surprise anyone in this parliament to know that he is misrepresenting the force of Professor Garnaut's words. When you read these words, try to understand them, digest them and think about them in the national interest rather than try to clip a few out to use for a petty political agenda. What you actually find when you read Professor Garnaut's words is this, and very clearly: Professor Garnaut is there contrasting and comparing the costs for Australian households of two ways of pricing carbon—the way that the government is talking about by putting a price on carbon which businesses pay or the way that the Leader of the Opposition is talking about through regulatory mechanisms. He is comparing and contrasting those two approaches. The Leader of the Opposition cannot rely on one sentence in this document and not use the force of every other sentence. Professor Garnaut very, very clearly concludes that the mechanism the Leader of the Opposition is advocating is more costly for Australian households. Let me read the quote:

Using direct action measures to achieve a similar amount of emissions reduction would raise costs much more than carbon pricing …

Mr Abbott: Mr Speaker, a point of order on relevance: it was a very simple question about who pays—big polluters or households. The truth is that it is households—that is the point. She should be directly—

The SPEAKER: Order! The Leader of the Opposition will resume his seat. Having made his point of order, he cannot then proceed to debate. The Prime Minister is responding to the question.

Ms GILLARD: I refer to the section of the report that the Leader of the Opposition referred to to ensure that, rather than having it misrepresented in this place, people understand what Professor Garnaut is putting here. He puts very clearly—these are his exact words:

Using direct action measures to achieve a similar amount of emissions reduction would raise costs much more than carbon pricing, but would not raise the revenue to offset or reduce the costs in any of these ways. The costs might be covered by budgetary expenditure, but this affects who pays the costs, not whether the costs are there. Other people’s taxes have to rise to pay for expenditures under direct action.

Who are those 'other people' whose taxes have to rise? They are probably better known to the Australian community as mums and dads with jobs who would need to pay the increased taxes that the Leader of the Opposition would need in order to subsidise big polluters.

What we have said consistently, and Professor Garnaut makes this point too, is you put a price on carbon pollution. Big polluters pay that price. We have always been very clear indeed that there would be some price impacts, which is why we take revenue from pricing carbon and we generously assist households who need it the
most. I have said that many times before. The Leader of the Opposition may only just have heard it: we generously assist households who will need that assistance the most. The difference here is more tax for Australian families and no assistance compared to a price on the biggest polluters and using that money to assist households. I suggest the Leader of the Opposition, instead of looking at the occasional word in Professor Garnaut’s report, reads the whole lot.

Mr Perrett interjecting—

The SPEAKER: Order! The member for Moreton, yet again. The Leader of the Opposition.

Mr Abbott: Yes, Mr Speaker. Yesterday, the Prime Minister said:

This price wouldn’t be paid by households, it would be paid by the 1000 biggest businesses—

The SPEAKER: What is the Leader of the Opposition asking?

Mr Abbott: I seek leave to table this document which shows that the Prime Minister is deceiving this House.

The SPEAKER: Leave is not granted.

DISTINGUISHED VISITORS

The SPEAKER: I inform members that we have in the gallery this afternoon, Mr Sajid Javid, Parliamentary Private Secretary to the Minister of State (Further Education, Skills and Lifelong Learning) in the UK and MP for Bromsgrove. He is a guest here under the special visitors program. On behalf of members, I extend to him a very warm welcome.

Honourable members: Hear, hear!

QUESTIONS WITHOUT NOTICE

Live Animal Exports

Mr KATTER (Kennedy) (14:44): My question is to the Minister representing the Minister for Agriculture, Fisheries and Forestry, Mr Burke. Can the minister assure the House of more humane processing in the three South-East Asian meatworks media targeted yesterday? Could the minister further assure the House that we are not going to impose our religious beliefs and values on our neighbours? Is the minister aware that an estimated one-third of Indonesian people go to bed hungry every night?

But these people are not allowed to fish in our waters nor prawn farm our empty land, and an ox processed in Australia costs $7,500, precluding purchase by any Indonesian. In light of this, Minister, wouldn’t they be entitled to say, ‘Fair go, mate’? Could the minister advise, since it will no longer pay to provide water and feed, how our nature lovers intend to deal with cattle now dying? Could the minister finally advise these people parading as nature lovers to watch the worldwide nature program National Geographic, whose advertisement is of one animal ripping another to pieces? (Time expired)

Mr BURKE (Watson—Minister for Sustainability, Environment, Water, Population and Communities) (14:45): I thank the member for Kennedy for the question in my capacity here representing the Minister for Agriculture, Fisheries and Forestry. I appreciate the perspective and the concerns of the electorate of Kennedy when anything relates to the live export industry. I have been with the member for Kennedy to Normanton and Cloncurry and met with some of the graziers and pastoralists there. It is a similar story across much of the north of Australia, going across through the Northern Territory and into Western Australia. There are a large number of jobs, family businesses and Indigenous employment operations which are underpinned by very large pastoralist industries.
It is also true that the reason that this debate has taken off in such a way over the last 24 hours is that the footage that was on television last night was just awful. I felt that watching it, I am sure every Australian felt that and I am sure every farmer felt that as well. I note the comments that have been made by the New South Wales Farmers Association already about the distress that many of their members have felt in seeing their own stock treated in the way that we saw last night at a number of establishments. The footage was only made available to the minister for agriculture shortly before that program went to air. In that time, a number of actions have been taken and shortly before we went to question time the minister for agriculture provided a detailed media conference where he went through the gravity of what had been sighted and also the specific actions which he had already undertaken and further actions which he has left the way open for.

Suffice to say of those specific establishments that have been involved and have been seen in that footage that Australian farmers do expect that their stock will be treated better than that. The Australian people expect that animals originating from Australia will be treated better than that, and the actions taken thus far by the minister have centred on those specific establishments.

**Carbon Pricing**

Mr HOCKEY (North Sydney) (14:48): My question is to the Treasurer. I refer him again to the words of Professor Garnaut in his report, when he says:

In the long run, households will pay almost the entire carbon price as businesses pass carbon costs through to the users of their products.

Will the Treasurer now admit that he misled the Australian people just last Sunday when he said, 'Only the biggest polluters—less than 1,000—will pay for the pollution they emit'?

Mr SWAN (Lilley—Deputy Prime Minister and Treasurer) (14:48): What we have is yet another example of just how shallow the shadow Treasurer is. By the day he gets more hollow. We have been very clear about what we are doing in pricing carbon. Of course the price is paid by the 1,000 largest producers and of course there will be price impacts. That is why we have said every single cent will go to households and will go to industries and will go to programs to drive renewable energy. Every single cent will go in that direction. But there is no credibility left on that side of the House, not when it comes to the shadow Treasurer and not when it comes to the Leader of the Opposition.

The shadow Treasurer was once a believer in a price on carbon, but his situation has got so bad he now has to write performance appraisals for the Financial Review saying how good he is, because he has become a hollow man. There is no alternative policy on that side of the House.

Mr Hockey: Mr Speaker, on a point of order. Again, it goes to relevance. The Treasurer was asked a simple question about his own words versus those of Professor Garnaut, not anything else.

Mr Swan: What they do have is a policy they call direct action. That policy taxes consumers, taxes households and gives the benefits to the biggest polluters. That is what it does and that is what they are so embarrassed about.

Mr Hockey: Mr Speaker, on a point of order. Again, it goes to relevance. The Treasurer was asked a simple question about his own words versus those of Professor Garnaut, not anything else.

The SPEAKER: I have indicated that I desire the Treasurer to relate his material to the question. The Treasurer has finished.
Live Animal Exports

Ms SAFFIN (Page) (14:51): My question is to the Minister for Sustainability, Environment, Water, Population and Communities. Will the minister please inform the House of the government’s response to recent reports of the appalling treatment of animals in abattoirs in Indonesia?

Mr BURKE (Watson—Minister for Sustainability, Environment, Water, Population and Communities) (14:51): I want to thank the member for Page for the question and acknowledge in similar terms to the job opportunities that I referred to across the north of Australia that there are many members on this side of the chamber, and some over there as well, with very significant meatworks within their electorates. They are very conscious of wanting to make sure that we maximise opportunities for the downstream processing jobs in Australia, as well as the animal welfare concerns which were aired last night. The member for Page has been pursuing these issues very strongly for quite some time. As I said a moment ago, anyone who saw that footage last night would have been horrified. The footage was just awful, and Australian farmers have been quite distressed by it as well. Shortly before question time, Senator Ludwig, the Minister for Agriculture, Fisheries and Forestry, put forward an initial response on behalf of the government. As I say, he was presented with this footage shortly before the program went to air but shortly before question time was able to go through the responses which the Australian people would expect we would have to what was presented overnight. Our response is to: first of all, ask the Department of Agriculture, Fisheries and Forestry to conduct an immediate investigation into the specifics of the footage; next, to ask for the minister himself to receive a briefing on the full range of legislative and regulatory options which are available to respond to issues concerned with animal welfare.

In the interim, Minister Ludwig has asked for orders to enforce the suspension of live animal exports to the facilities which were identified by the evidence which was broadcast last night. The minister will also add further facilities to the banned list in the future if required. He has implemented a moratorium on the installation of the restraint boxes that were seen being used in the footage. This will apply to the installation of any new boxes with Commonwealth funds across all global markets. He has also asked the Chief Veterinary Officer, the chief vet, to coordinate an independent scientific assessment of the restraint boxes which are under use in Indonesia.

Following the completion of this work, the government will consider what further actions may be necessary. The government does share the legitimate concerns of the Australian community about animal welfare abuses and is taking the necessary action to investigate the footage. I thank the member for Page for raising the issue.

Carbon Pricing

Ms JULIE BISHOP (Curtin—Deputy Leader of the Opposition) (14:54): My question is to the Treasurer. Will the Treasurer confirm that under Professor Garnaut’s proposal compensation for business will reduce from 35 per cent to 20 per cent over 10 years? How does the Treasurer expect struggling manufacturers to survive against overseas competitors who do not pay a carbon tax when the government is independent reviewer to investigate the complete supply chain for live exports up to and including the point of slaughter; and next, to ask for the minister himself to receive a briefing on the full range of legislative and regulatory options which are available to respond to issues concerned with animal welfare.
almost halving compensation for Australian businesses?

**Mr SWAN** (Lilley—Deputy Prime Minister and Treasurer) (14:55): It sounds like the member for Curtin wants to make a comeback as the shadow Treasurer! As the Prime Minister and the Minister for Climate Change and Energy Efficiency have indicated, we think this is a very good report from Professor Garnaut. It is a very important report that means that there can be a thorough community debate about dealing with dangerous climate change and its impact not just on our environment but on our economy. Of course, it is a serious piece of work. It is a serious piece of work which feeds into the work that the government is doing with the multi-party committee, the business community and the wider community. We will take that on board as we go through developing an emissions trading scheme based on the principles that have already been announced by the Prime Minister and the Minister for Climate Change and Energy Efficiency.

What we have seen here today is the pretence that somehow the government have already taken those decisions. We have not. The opposition want to go out there and run a scare campaign. Why are they running a scare campaign? It is because they are acutely embarrassed about their lack of economic policy. They have been coming into this House and calling for an election despite the fact that their election policy from last year had a $10 billion hole in it.

**Ms Julie Bishop:** Mr Speaker, I rise on a point of order. I asked about struggling manufacturers who have to compete against overseas competitors who do not pay a carbon tax when the government has been advised to almost halve the compensation to business over 10 years. I ask the Treasurer to answer that question.

**The SPEAKER:** Order! The Deputy Leader of the Opposition will resume her seat.

Mr Abbott interjecting—

Mr Swan interjecting—

**The SPEAKER:** Order! The Treasurer does not have the call. Both the Treasurer and the Leader of the Opposition will come to order.

Mr Robb interjecting—

**The SPEAKER:** Order, member for Goldstein! The Treasurer can resume his seat while the House comes to order. I am happy to wait. The Treasurer has the call and he understands the requirements that he has to keep in mind in making his response. He is responding.

**Mr SWAN:** We on this side of the House take our responsibilities very seriously, unlike those opposite. We are going about in a methodical way producing a policy which deals with dangerous climate change and protects our economy for the future, unlike those opposite, who simply want to tax Australian families and hand the money to large polluters. We have a serious policy process in train for the benefit of the country and we are proud of what we are doing, unlike those opposite, who can only run a cheap scare campaign.

**Tobacco Products**

**Ms ROWLAND** (Greenway) (14:59): My question is to the Minister for Health and Ageing. Given today is World No Tobacco Day, what support is the government receiving in its efforts to implement anti-tobacco measures such as introducing plain packaging and reducing tobacco company influences, and what is the government's response?
Ms ROXON (Gellibrand—Minister for Health and Ageing) (14:59): I thank the member for Greenway for her question. People might have heard the member for Greenway this morning talking about her earlier habit, as a young woman, of smoking and choosing the packet that was the most glamorous and the fact that she has been able to quit that habit and now is supporting the introduction of plain packaging—a world first. On World No Tobacco Day, it is an appropriate time to congratulate all those campaigners who for years and years have been calling on governments to take this action, and I am very proud to be part of a government that is taking this action.

I want to congratulate the Leader of the Opposition. I know he does not normally like listening to me here at the dispatch box but this might be an occasion when he does. I congratulate the Leader of the Opposition for finally declaring that he is going to do the right thing and that the Liberal Party will support this measure when it comes into the parliament. More importantly, I want to congratulate the member for Moore, the member for Hasluck and the member for Fairfax. There were many members on the Liberal Party backbench who finally brought the Leader of the Opposition to this position. It was against his instincts; his instincts were to say no. He did not want to do it, but he has been forced to do it by the weight of evidence that this is the right thing to do. I am pleased that the Leader of the Opposition has decided to support this measure, and I want to congratulate him for that. I do think, however, that on World No Tobacco Day there is a remaining habit that he needs to kick and that is a habit that goes to the receipt of tobacco donations. I report to the House that the AMA last week—

Opposition members interjecting—

The SPEAKER: Order! Those on my left. The minister has the call. She should be heard in silence.

Ms ROXON: I report to the House that on Friday last week the AMA presented its tobacco awards and I am pleased that our government was the recipient of one of those awards. But another government was also a recipient. We shared the AMA award for tackling tobacco with a state government. I want to give you this quote:

… I do not support receiving donations from tobacco companies. That is the position we had at the last state election; it is the position we will maintain.

These comments from the Western Australian Liberal Premier, Colin Barnett, earned him an award from the AMA for resisting the influences of big tobacco companies who are donating large amounts to the Liberal-National Party. Far from being embarrassed about this, the Leader of the Opposition went on television last week and said that not only were people welcome to donate to the Liberal Party but he would invite them to donate more. It seems that British American Tobacco giving 97 per cent of their donations to the Liberal Party is not enough; they want 100 per cent of the donations from British American Tobacco.

Obviously, we are delighted that the Liberal Party has seen what is the right thing to do. We want to congratulate the opposition for coming to its senses and I would like to nominate British American Tobacco for a Guinness Book of Records award for an own goal. The only reason we have been talking so much about this for the last two weeks is that Mr Crow went out and gave an extraordinary press conference which ultimately led to the Leader of the Opposition being so embarrassed that he had to change his position.
Carbon Pricing

Mrs MARKUS (Macquarie) (15:03): My question is to the Treasurer. Will the Treasurer confirm that under Professor Garnaut's proposal a typical single-income family with two or three children and one partner earning $80,000 per annum will get no compensation for the government's carbon tax?

Mr SWAN (Lilley—Deputy Prime Minister and Treasurer) (15:04): I thank the member for Macquarie for her question. What she has said is entirely baseless because we have not completed the design of the scheme. It is a continuation of the scare campaign that we are seeing from those opposite. They have been fond of quoting Professor Garnaut, so I would like to quote from page 77 of his report where he talks about the opposition's so-called direct action options. He says:

Other people's taxes have to rise to pay for expenditures under direct action.

In the long-run, households will pay almost the entire carbon price as businesses pass carbon cost through to the users of their products.

That is Mr Garnaut's view of their so-called—

The SPEAKER: The Treasurer will resume his seat. Has the Treasurer concluded?

Economy

Mr NEUMANN (Blair) (15:05): My question is to the Treasurer. Will the Treasurer update the House on today's balance of payment numbers and what they mean for the economic outlook?

Mr SWAN (Lilley—Deputy Prime Minister and Treasurer) (15:05): I thank the member for Blair for this very important question. Today's balance of payments figures do show the very dramatic impact on both the economy and our exports of recent natural disasters, particularly in Queensland. It is appropriate that that question is asked by the member for Blair, and there are plenty of members on this side of the House whose communities were dramatically impacted—not just the economic impact but the social impact. And there are many on the other side of the House who also felt the full brunt of not just the floods in Queensland but also the impact of Cyclone Yasi in Far North Queensland, the rains in Western Australia—in the north-west—and the bushfires in Victoria. This was a traumatic time and a dramatic time in our economy.

The March quarter balance of payments show a sharp fall in export volumes in the first three months of this year. Export volumes fell by 8.7 per cent in the March quarter. This is the biggest quarterly fall in export volumes in 37 years. This contributed to a widening in the current account deficit of $2.3 billion to $10.4 billion, representing three per cent of the December quarter GDP. It is no surprise after those disasters that the biggest factor behind today's results was a very significant reduction in coal exports. Coal export volumes fell by $4.6 billion in the March quarter, which were down 26.8 per cent on the previous quarter. A large part of this lost coal production did occur in Queensland, with the Minerals Council estimating that 85 per cent of Queensland's coalmines suffered production losses in the quarter, mainly due to flooding. But of course there were also significant disruptions particularly to rail. And, as I said before, we had cyclones and heavy rainfall in north-western Australia earlier this year. Iron ore export volumes were down $1.3 billion or 7.7 per cent less than the previous quarter. So, of course, the impact of the summer floods and the cyclones and the events in Western Australia will take a heavy toll on GDP growth in the March quarter. Overall, net exports are expected to subtract around
2.4 percentage points from growth in the quarter. This is estimated to be the largest quarterly subtraction from GDP growth since records began in 1959. So there has been a dramatic impact on our economy from these natural disasters, and it is somewhat larger than the Treasury initially estimated.

But whatever the outcome for the national accounts, the one thing we are absolutely certain of is that the fundamentals of our economy are strong. We still have low unemployment, at 4.9 per cent—lower than just about every other advanced economy. There is strong job creation, with over 700,000 jobs having been created since we came to office. And, of course, there is a record terms of trade and an unprecedented pipeline of investment. That is why it is important to bring the budget back to surplus in 2012-13. That is why it is important to invest in our workforce, to build a bigger and better trained workforce. This government is absolutely determined to get the fundamentals right for our economy so that we can turn our success into a stronger economy for all Australians.

Carbon Pricing

Mr Hunt (Flinders) (15:09): My question is to the Prime Minister. Given that Professor Garnaut advocates an increase in petrol prices for households after year one of the carbon tax, will the Prime Minister rule out a new tax on petrol?

Ms Gillard (Lalor—Prime Minister) (15:10): I do genuinely thank the shadow minister for the opportunity to answer a further question about the Garnaut review, because I think it is very important for anyone who is watching question time today to not fall for the false premises that are behind the opposition's question. The opposition is mounting its question time—I certainly would not use the word 'attack'; I would not use the word 'strategy'; I must admit the word really escapes me. Anyway, whatever this kind of shambolic display is, No. 1, the opposition is trying to say that Professor Garnaut's review is the government's policy. It says that if the government does not agree with that proposition, somehow the government is walking away from Professor Garnaut. Of course, all of this analysis is a false premise and absolutely absurd. So let us be clear about Professor Garnaut's work. Yes, Professor Garnaut was asked to update his earlier report. We are a government that thinks public policy is best informed when you invite experts to participate and to put forward their views. Professor Garnaut has put forward his views and I thank him very much for doing that. But of course the government will make the decisions about the final design of carbon pricing and we will work through the Multi-Party Climate Change Committee and our usual cabinet processes to do that. Clearly, I understand that those opposite do not like proper public policy processes.

Mr Hunt: Mr Speaker, I raise a point of order on relevance. The question was whether or not the Prime Minister would rule out a new tax on petrol.

The Speaker: The Prime Minister is aware of her responsibility to directly relate her remarks to the question. The Prime Minister has the call.

Ms Gillard: I was asked about a matter dealt with in Professor Garnaut's report, and I am clarifying and dealing with that. I am definitely going to clarify this point because of the game playing we are seeing from the opposition today. Of course, they do not want Australians to have a rational debate about climate change and carbon pricing because in the face of a rational debate their fear campaign runs off the rails. Professor Garnaut has put his views
into the public domain and they actually
deserve a considered public policy response
from those opposite. Of course, they will
never get that because those opposite are
climate change deniers and they are
determined to run a fear campaign. What we
will do with Professor Garnaut's work—of
course, it is there to inform the public
discussion—is consider it deeply and the
government will make decisions at the
appropriate time and we will outline all of
those decisions to the Australian people.

Coming to the question that I was asked,
can I say this about the cost of living and
Australian households: the Leader of the
Opposition has distorted today words from a
chapter of Professor Garnaut's work that is
called 'Better climate, better tax'. That is,
Professor Garnaut is talking about tax cuts.
What I can certainly say to the House today
is as we work through designing household
assistance and carbon pricing, tax cuts are a
serious option. To the Leader of the
Opposition, I would say: what that means is
that he has decided to go to the next election
ripping assistance out of people's hands and
taking money away from Australian families.
Of course, we understand the cost-
- of
- living pressures on Australian families and we will
make the appropriate decisions to generously
assist Australian families. (Time expired)

Tobacco Products

Mr ZAPPIA (Makin) (15:15): My
question is to the Minister for Home Affairs
and Minister for Justice. I ask him: what
action is the government taking to combat
illegal and counterfeit tobacco in Australia?
Is the minister aware of recent commentary
about the size of the illegal tobacco trade in
Australia? What is the government's
response?

Mr BRENDAN O’CONNOR (Gorton—
Minister for Privacy and Freedom of
Information, Minister for Home Affairs and
Minister for Justice) (15:15): I thank the
member for Makin for his question, a very
good question on World No Tobacco Day. It
is a good question, because I would like to
tell the House that Customs, through its own
very strong regime, has been detecting illegal
tobacco in this country for some time and
has been prosecuting those involved in that
very illicit trade. The government is
committed to combating illegal tobacco
smuggling in this country. We work very
closely with law enforcement agencies, with
the states and, beyond our shores, with
intelligence agencies to ensure we detect
these transnational crimes.

A strong indication of the success since
2007 is that potential revenue losses of
customs duty of more than $400 million have
been prevented because of the detection and
confiscation of illegal tobacco items. Last
year alone, Customs was involved in 10
separate tobacco-smuggling cases,
successfully prosecuting those cases, which
involved 35 convictions, eight custodial
sentences, and very hefty penalties and fines
for those who were involved in that
behaviour.

I raise those issues because the tobacco
industry—for their own vested interests, I
purport—have indicated that the problem is
larger than it really is. Indeed, the tobacco
industry have indicated that one in every six
smokers in this country consumes illegal
tobacco. That is an exaggerated claim. Those
claims are based on reports that have been
paid for by the tobacco industry themselves.
So not only do they fund the Liberal Party
but also they fund self-serving research to
undermine the facts and to substantiate
bogus claims that are being made to scare the
public. They are wrong. According to the
2007 National Drug Strategy household
survey, 0.2 per cent have consumed illegal
tobacco for most of the time that they smoke.
That is 0.2 per cent.
The tobacco industry also asserts that plain packaging will lead to a huge increase in criminal offences. That of course is not true. That is baseless. The facts are that the illegal tobacco smugglers have had ready access to software technology to replicate specific brand packaging for some years. Indeed, they have very sophisticated counterfeit items. So any transition from specific brand packaging to plain packaging will not in any way, other than perhaps a negligible way, have an effect upon crime in this area. That is very important to note given the scare campaign that has been running.

We know plain packaging will remove the allure, the romance or the glamour that some people see in smoking. It will reduce the likelihood of people, young people in particular, becoming addicts of this particular drug. The Minister for Health and Ageing has applauded the efforts of the opposition—and I do so too—in coming to the party, even if it is the case that the Leader of the Opposition came to the party kicking and screaming. I would like to commend the health minister for her good work and commend the member for Moore, the member for Hasluck, those on the other side who knew that this was good public policy and supported it not because of their political interests but because it was good public policy. This government will continue to do that. As we continue to do that, Tony Abbott will remain the Dr No of Australian politics.

**Carbon Pricing**

Mr TRUSS (Wide Bay—Leader of The Nationals) (15:19): My question is to the Prime Minister. Is the Prime Minister aware that the Labor Chief Minister in the Northern Territory wants a 50-year moratorium on the carbon tax, the Labor Premier of Tasmania says he has deep concerns about the job losses as a result of the carbon tax? Can the Prime Minister name one premier who is in favour of her carbon tax?

**Honourable members interjecting—**

The SPEAKER: Order! The House will come to order!

Ms GILLARD (Lalor—Prime Minister) (15:21): I thank the Leader of the National Party for his question. I am very happy to name people who are in support of pricing carbon.

**Opposition members interjecting—**

Ms GILLARD: For example, there is former Prime Minister Howard. For example, there is former Prime Minister Malcolm Fraser. For example, there is former Liberal leader Malcolm Turnbull. For example, there is former Liberal leader Brendan Nelson. For example, there is Andrew Peacock, who took a cut in emissions to an election. And the list goes on and on. As I understand it, the Leader of the Opposition—

**Opposition members:** Name one premier!

The SPEAKER: Order! The Prime Minister has the call. She will be heard in silence.

Mr Schultz: Premier Wen Jiabao!

The SPEAKER: The member for Hume is warned!

Ms GILLARD: My understanding is that the Leader of the Opposition is the only living national Liberal leader in this country who is opposed to a price on carbon.

**Opposition members interjecting—**

The SPEAKER: Order!

Ms GILLARD: The Deputy Leader of the Opposition interjected 'pathetic' before—
Mr Hockey interjecting—

The SPEAKER: The member for North Sydney is warned!

Ms GILLARD: and, yes, it is. The Leader of the Opposition has allowed his political negativity to mean that he has turned his back on the Liberal tradition of—

Ms Julie Bishop interjecting—

The SPEAKER: The Deputy Leader of the Opposition is warned!

Ms GILLARD: successful prime ministers like John Howard. They have walked away from that tradition because they are preferring the path of negativity to putting an idea in the nation's interest.

Honourable members interjecting—

The SPEAKER: Order! I declare a general warning!

Ms GILLARD: And then, of course, I was asked about who I can name who supports carbon pricing. Let me actually go—

Mr Baldwin interjecting—

The SPEAKER: The member for Paterson is named!

Mr ALBANESE: I move:

That the member for Paterson be suspended from the service of the House.

Question put.

The House divided. [15:28]

(The Speaker—Mr Harry Jenkins)

Ayes.................71
Noes...................72

Majority.............1

AYES

Adams, DGH
Bandt, AP
Bowen, CE
Brodmann, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D'Ath, YM
Elliot, MJ
Ferguson, LDT
Fitzgibbon, JA
Georganas, S
Gillard, JE
Grierson, SJ
Hall, JG (teller)
Hussey, EN
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Melham, D
Murphy, JP
O'Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Vanvakinou, M
Zappia, A

NOES

Abbott, AJ
Andrews, KJ
Andrews, KL
Baldwin, RC
Bishop, BK
Briggs, JE
Bachholtz, S
Christensen, GR
Cobb, JK
Crook, AJ
Entsch, WG
Forrest, JA
Gambaro, T
Griggs, NL
Hartsuyker, L
Hockey, JB
Jensen, DG
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ

AYES

Danby, M
Dreyfus, MA
Ellis, KM
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP (teller)
Jones, SP
King, CF
Livermore, KF
Macklin, JL
McClelland, RB
Mitchell, RG
Neumann, SK
O'Neil, DM
Parke, M
Plibersek, TJ
Risbyworth, AL
Roxon, NL
Saffin, JA
Smith, SF
Snowdon, WE
Symon, MS
Thomson, KJ
Wilkie, AD

CHAMBER
Mr ABBOTT (Warringah—Leader of the Opposition) (15:32): by leave—I move:

That this House has confidence in the Member for Scullin’s Speakership.

I thank members opposite for the opportunity to move this motion. I may not detain the House for quite as long as the time I have on the clock. Obviously, we have been in uncharted and difficult parliamentary waters ever since the parliament resumed after the last election. Obviously, in the circumstances where the government cannot naturally command a majority, the job of the speakership is even more difficult than usual. Under difficult circumstances, Mr Speaker, you have done your job with commendable impartiality and with considerable forbearance. I know that all members of this House from time to time try your patience; I know from time to time I do and I suspect from time to time the Prime Minister does. All of us in this House are trying to make political points, as we should, given that the job of this House is to determine the great questions before our nation. I do not think anyone on this side of the House has anything other than respect for the job you do under difficult circumstances, and the last thing any of us would want to see is you feeling that you have been compromised in your ability to discharge your office by the vote that has just been taken. Whatever we on this side of the House think of a particular decision that you might have just made, we do have deep and abiding confidence in your ability to run this House.

I want to put it on the record that it is not the opinion of this side of the parliament that anyone could do a better job than you, Mr Speaker, in maintaining the order and the discipline of this House. Mr Speaker, you discharged your office very effectively in the previous parliament and, if I may say so, you have done your job with even more dignity, more assurance and more command in the more difficult circumstances of this parliament. As you know, Mr Speaker, when there was some question as to whether the government would renominate you in the weeks after the election, it was the position of the coalition that you should be renominated, and nothing has changed in the intervening nine months to alter that view of the opposition that you are by far and away the best person to take the chair, that you are by far and away the best person to do what is inevitably a difficult job in the circumstances of a hung parliament.

Mr Speaker, I really do understand how you would be feeling at this present time. You made a call. It was the best call that you could make in your judgment at that time. On this side of the House, we respectfully disagreed with the call that you made. As it happened, our judgment was backed by the
House. But please do not for a moment think, because of the fact that on this particular occasion, this solitary occasion, your judgment has not been supported by the House, that that indicates any want of confidence in your speakership. That is why I moved this motion. Please, Mr Speaker, do not judge what is the appropriate thing to do in the circumstances of this House by what might be the appropriate thing to do in the circumstances of very different houses. In this respect at least, this is genuinely a new paradigm and please, Mr Speaker, do not add to the difficulties of this day by feeling that you cannot continue in the chair.

The SPEAKER: Is the motion seconded?

Ms GILLARD (Lalor—Prime Minister) (15:37): Mr Speaker, I rise to second the motion and of course the government has continuing confidence in you as the Speaker of this parliament. It is not an easy job. It is definitely not an easy job in contested political circumstances to deal with all of the things that come before you in this parliament. I understand that and the government understands that. The government understands that you make the best judgment calls you can at the time. I thank the Leader of the Opposition for moving this motion and I am very pleased to second it.

Mr Speaker, we understand that there is a continuing obligation on members of this House not just to support this motion but to support your rulings as they are delivered to this parliament. That is an obligation that we will acquit on the government side. I do believe you should take the combined view of me and the Leader of the Opposition on this occasion. I understand the precedents that have borne down on these things in the past but this is a different circumstance and I believe that in this different circumstance, having heard from me and the Leader of the Opposition, you should act differently to speakers in the past. You should acknowledge that the House has made a decision on this occasion, but that should be the end of it.

But I would say this to members of the House who are now presumably behind the Leader of the Opposition and, in the exercise of their own independent judgment, about to support this confidence motion in you: the reality is that we should avoid future occasions where we find ourselves in this position—when we are called on to back your judgment on a matter such as a naming, the obligation will fall on us to do so. Mr Speaker, that is not something that should be second-guessed if people are going to have confidence in the Speaker. The government, in its conduct today, has shown full confidence in you by backing your judgment on the naming and, of course, we back this motion now. My words now are not directed to you but they are directed to the opposition: to provide continuing confidence in the Speaker, you need to provide continuing confidence in the Speaker's rulings.

Mr Speaker, in terms of the vote that we have just had, as I think was very evident from my conduct at the dispatch box, I did not hear you even name someone as the noise was so great. I am not able to say, standing at this dispatch box, what you named them for. I could not hear that either because the level of noise was so great. But I exercised my vote and the government exercised its vote in the way that we did because to provide confidence to the Speaker requires providing confidence in individual rulings of the Speaker. Whether or not we were in a position to judge as individuals the circumstances of any individual ruling, we provided that confidence. That is the attitude that the government will continue to take to
providing confidence in you and I would ask members of the opposition to reflect on that for the future.

As for today, Mr Speaker, we are where we are and the Leader of the Opposition has taken the appropriate action given the way in which the opposition has cast its votes. In those circumstances I think the Leader of the Opposition has done the right thing, which is why I am prepared to second the proposed resolution to confirm to you that the government has complete confidence in you continuing. I believe that you, having heard from both me and the Leader of the Opposition, should accept that display of confidence in the full exercise of your good judgment on this matter.

Mr Oakeshott (Lyne) (15:41): Mr Speaker, I know there is a great deal of interest in this particular parliament and in six particular members of this parliament. In light of that, it is worth putting on the record support for full confidence in your continuing role in the chair as Speaker. I think it is important in this parliament to have some reflection on and backing up of the words of the previous speaker, the Prime Minister, in consideration of the place that naming has in the full life of the 43rd Parliament. The position that I just took, for example, is not without precedent; it is the same position I have taken before in regard to naming—where possible, in my view, to defend a private member's rights within this chamber. You will see that consistently in regard to issues such as the gag and in the full range of issues in regard to the rights of private members in this chamber. If I do not hear or see a particular issue that leads to a member being named, then I would have difficulty doing anything else other than defending that member's rights. So my position is not without precedent but I do not think it then necessarily leads us to the next step in this 43rd Parliament, which is incredibly tight, of a lack of confidence in your position as Speaker of this chamber. So I appreciate the motion being moved—I think it is appropriate that we do clarify this—and I would hope as a consequence of that today we do see the House once again express full confidence in your ongoing role as Speaker in this chamber.

Question agreed to.

Ms Gillard: I ask that further questions be placed on the Notice Paper.

CONDOLENCES

Buckley, Mr Peter

The Speaker (15:43): Order! It is my sad duty to inform the House of the death yesterday of an officer of the Department of the House of Representatives, Mr Peter Buckley. Peter joined the department on 8 September 1969 and was a member of staff until the time of his death. A career of over 41 years made him the longest serving officer of the department. Nobody associated with the Australian parliament today has known life within this parliament without Peter. He was good humoured and courageous, given his increasing physical limitations. Members might remember Peter as he zipped around the halls on his red electric scooter. This led to some of us, including me, referring to him as 'Fangio'. Peter was extremely well liked and well respected by all. His work colleagues within the House department have been greatly affected by the loss of such a loyal and cheerful colleague.

On behalf of the House, I extend sincere condolences to Peter's family and his many friends, especially his work colleagues within the department. As a mark of respect, I ask members to rise in their places.

Honourable members having stood in their places—

The Speaker: I thank the House.
QUESTIONS TO THE SPEAKER

Questions in Writing

Mr RANDALL (Canning) (15:46): Mr Speaker, under standing order 105(b), I request that you write to the Minister for School Education, Early Childhood and Youth, the Hon. Peter Garrett, to seek the reasons for the delay in responding to my questions in writing Nos. 319 and 320 that appeared on the Notice Paper on 24 March 2011.

The SPEAKER (15:47): I will write to the minister as required.

PERSONAL EXPLANATIONS

Dr JENSEN (Tangney) (15:47): I wish to make a personal explanation.

The SPEAKER: Does the member claim to have been misrepresented?

Dr JENSEN: Most grievously.

The SPEAKER: Please proceed.

Dr JENSEN: Today the Minister for Climate Change and Energy Efficiency accused me of misleading the House by saying that global average temperatures had not increased in 10 years. I suggest the minister go to the data on global average temperatures with the Hadley Centre and do a linear regression. Further, Professor Will Steffen, the government's own climate change adviser, in an interview with Andrew Bolt repeatedly refused to contradict Bolt's statement that the globe had not warmed in 10 years, despite being invited to do so.

The SPEAKER: The member is now straying into debate.

AUDITOR-GENERAL’S REPORTS

The SPEAKER: I present the Auditor-General's Audit reports for 2010-11 entitled No. 45, Performance audit: administration of the luxury car tax, and No. 46, Performance audit: management of student visas.

Ordered that the reports be made parliamentary papers.

DOCUMENTS

Presentation

Mr ALBANESE: Documents are tabled in accordance with the list circulated to honourable members earlier today. Details of the documents will be recorded in the Votes and Proceedings and I move:

That the House take note of the following document:

Sydney Airport Demand Management Act—Quarterly report on movement cap for Sydney airport for the period 1 January to 31 March 2011.

Debate adjourned.

MATTERS OF PUBLIC IMPORTANCE

Carbon Pricing

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

The imminent risk to Australia of the government's decision to delegate the carbon tax to an unelected committee.

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 HUNT (Flinders) (15:49): It has come to this: on a day when the Prime Minister proudly tells the Herald Sun that her contribution to helping the planet is to run the pool pump at the Lodge at least one hour less per day, she refuses to rule out a petrol tax on the Australian people. It has come to this: on a day when the Prime Minister also tells the Herald Sun that her contribution to protecting the planet is to buy
local fresh and in-season fruit and vegetables when in residence at the Lodge—and you can just imagine her down at Coles Manuka pushing a trolley in the tracksuit pants before going back to what the Minister for Foreign Affairs politely calls 'Boganville'—the Prime Minister of Australia is announced to be contemplating an unelected citizens assembly of one, with maybe a few friends, to determine Australia's taxation policy and the tax rates on petrol, electricity, gas, groceries, automobiles and housing.

On this day, when the Prime Minister is happy to talk about running the pool pump at the Lodge for one hour less, when she is happy to talk about an occasional trip to Coles Manuka to pick up a few fresh fruit and vegetable items, she is contemplating an unelected citizens assembly of one, with maybe a few friends, to determine the tax rates for electricity, petrol, gas, groceries, automobiles, housing and the cost of farming and food production in this country. That is what we are seeing in terms of the democratic deficit in this country on this day in this place. That is why this matter of public importance is important, because it is about the imminent threat to Australia in both our economic health and our democratic health.

There are two great democratic threats in the way in which the government is approaching this carbon tax. The first is about participation. What we have is a principle, which the government will not renounce, of allowing unelected officials to set tax rates on the most basic, essential items for this country. Call me nostalgic, but I seem to remember that the Boston Tea Party focused on the issue of taxation without representation. That small principle of taxation without representation has a reasonable heritage in Western parliaments around the world. It was rejected 240-odd years ago and it has been rejected ever since. This government is unable to make a decision and form an agreement with its alliance partners and puppet-masters, the Greens. It cannot make a decision, so it seeks to refer responsibility for a most basic decision on taxation to an unelected committee, effectively a citizens assembly of one or two or three, that can determine the tax rates that Australian families will pay for electricity, petrol, gas, groceries, houses and automobiles, amongst many other items. This is an abrogation of responsibility. The nature of governance, the purpose of a prime ministerial role, the task of a parliamentarian, is to allow the people of Australia to have a voice and have a role in and a responsibility for determining the rates of taxation of this nation and their impact on households so they can determine, through their representatives, the effective prices that they will pay for goods and services and the effective rates they will pay through taxation.

We are at a critical and extraordinary moment in Australian political history, where an unelected body has been proposed and a prime minister is refusing to rule out the creation of an unelected body with effective control over the taxation rates of essential services. As I say, for over 240 years the Western world has been somewhat suspicious of taxation without representation. What we are seeing now is a policy where the government is refusing to rule out accepting, acknowledging and endorsing a committee which would effectively take power away from this parliament and disenfranchise the people of Australia over a fundamental decision. I repeat: the reason is that the government has no authority. It is a government which is fundamentally lacking in authority, lacking in legitimacy and lacking in the capacity to implement its own decisions. It is not in control of its own destiny; it is certainly not in control of the country. In order to resolve an internal
alliance matter with the Greens, the ALP—the government of Australia, the Prime Minister of Australia—are contemplating ceding sovereignty over taxes to an unelected body. That is what it has come to in this parliament on this day.

We make it clear that this is an imminent threat to Australia. I make the point that the democratic deficit operates firstly in terms of participation and secondly in terms of truth. In terms of participation, the most fundamental right that an Australian citizen has is to make or break governments on the basis of the policies they take to an election. All members of this House will remember that the government of today, led by the Prime Minister of today, went to the election with the Prime Minister stating on the Monday prior to the election:

There will be no carbon tax under the government I lead.

That statement could not have been more categorical, and it was made in the context of an opposition campaign to say that there would be a carbon tax. It was not a casual statement; it was not a chance statement. This was the primary issue of the day because we foresaw that, whatever happened in the House of Representatives, a deal would have to be done in the Senate which would bring on a carbon tax as a consequence of the government's relationship with the Greens. This was foreseen, the government was forewarned, but it was denied by the Prime Minister and by candidates seeking a mandate from the people of Australia to carry out policies. This happened not just once. On the day before the election, the Prime Minister said on the front page of the Australian:

I rule out a carbon tax.

The question has to be, why did she say that? What was there to lead her to object so much to the term 'carbon tax'? The Prime Minister said that because she knew that the Australian public would not endorse her, would not endorse her government and would not allow her to form government if she advocated a carbon tax, because it conveyed to the Australian people, in the words that the emissions trading scheme did not, that the people would pay in terms of higher prices for electricity, petrol, gas, groceries—all the essentials of life. It was an act of fundamental dishonesty on a critical issue at a critical juncture. It was an act of betrayal of the Australian people because it was fundamentally dishonest, and every member of the government today knows that.

The reason the Prime Minister said 'I rule out a carbon tax' is that she knew that, if she did not, she would have lost the election. So she went to the election on a grand deception—a deception of the Australian people which goes right to the heart of legitimacy. And lest it be said 'we always intended a carbon price', the government's policy in the weeks leading up to the election was, firstly, no carbon tax and, secondly, a citizens assembly to produce—I remember the words clearly—a deep and lasting consensus. I suspect there has not been a deep and lasting consensus in favour of the carbon tax at this stage. Thirdly, and this is my favourite of all the policies, there was cash for clunkers. Cash for clunkers had a half-life of about three hours, before everybody realised it would produce emission savings at about $400 per tonne. They were the official election policies.

The democratic deficit is real, and there should be a chance for the Australian public to genuinely vote on who determines the taxes Australians face, who determines the circumstances under which they pay those taxes and who determines what those taxes will be. This government went to the election denying that there would be a carbon tax and it should now take the proposal for a tax to
an election. Anything less than that will be a travesty of the democratic process, a betrayal of the Westminster system, and will be a simple insult to the ordinary working families of the Australia, who deserve to have the trust placed in them to make their own decisions about their own future.

The second great democratic issue at stake in this debate right now, when it is proposed that unelected officials be given the chance to levy taxation on Australian families, on Australian pensioners, on Australia farmers and on Australian small businesses, is the issue of truth. The government has told us that families will be no worse off. The government has told us that it is all some mythical 1,000 companies. But let me quote from the Garnaut report today:

Australian households will ultimately bear the full cost of a carbon price.

Elsewhere in the report there are words to the effect that in the long run households will pay almost the entire carbon price as business passes on the costs. Those statements are both true. This system is designed to increase the cost of electricity; it is intended to increase the cost of electricity; its sole purpose is to increase the cost of electricity. And it will do it. It will do it over and above any other effects, and we do not walk away from that. But it will increase the cost of electricity.

Lest it be said that we are quoting our own material, Treasury's modelling has talked about an $863 increase in the cost of living for families under a $30-per-tonne carbon tax. No matter where it starts, no matter what games they play in the first year, the impact will be a rise every year. The Garnaut report today confirms that there is an escalator that will continue for many years.

Petrol will go up by 6.5 cents a litre. And if they play an offset game in the first year, what the Garnaut report also confirms, and the Prime Minister would not deny today, petrol indexation is effectively back. Every year after year one petrol will go up, and they cannot deny that. They must rule out increasing the cost of petrol.

Gas will go up by 10 per cent. Groceries will go up by 5 per cent, according to the Australian Food and Grocery Council. Then there are the impacts on business, which are very simple. Let me give you an example that I think sums it all up. The cost of an Australian made car, according to PricewaterhouseCoopers, will increase by up to $412 per vehicle. The cost of a foreign vehicle from China, Japan or Korea will not change at all. How can it be that an Australian made vehicle will increase by $412? There are members from South Australia in this chamber and I ask them: do you think it is acceptable that an Australian made vehicle goes up by $412 while a foreign vehicle does not increase in price by one dollar? That goes to the heart of the flaws in this model and this approach. What they are saying is that we will increase the price of Australian made goods while imported goods are not penalised. Again, lest it be said that this was our work, this is the work of PricewaterhouseCoopers, and they have built on the findings of the National Farmers' Federation, which only yesterday said that there would be a $36,000 increase on a Western Australian wheat farmer at a carbon price of $36-per-tonne. The cost of food will go up and the profitability of farming will go down but the cost of imports does not change. That is the critical element that this government will not acknowledge.

On the same day, the government has withheld the Productivity Commission report into the impacts and approaches to dealing with carbon pricing in other countries. The reason is that they are ashamed of it, and they want to release it out of the parliamentary session. So, they are willing to
leak the fact, as they did overnight, that they are happy to have a new citizens' assembly of one or two or three to determine the taxation rates, but they are not willing to release the work of the Productivity Commission in this parliamentary session so that we can talk about the real action occurring around the world, whether it is in China, the United States, Japan or Canada. That is the democratic deficit that is occurring.

Also, let me make it absolutely clear that the cost of a house, according to the Housing Industry Association, will go up by $6,000. Against all of that background—electricity, petrol, gas, groceries up $863 a year, Australian made cars going up by $412 whilst foreign cars from North Asia do not increase by a dollar at all—what we see here is a plan for an advertising campaign, with no plan to protect the Australian economy, and a plan for unelected officials to determine the taxation rates in Australia. It is time for the Australian government to stand up for Australia and reject this tax and adopt a better way that will not drive up the cost of living for Australian families. (Time expired)

Mr DREYFUS (Isaacs—Cabinet Secretary and Parliamentary Secretary for Climate Change and Energy Efficiency) (16:04): The member for Flinders has raised this matter today because what he fears most in this current debate is any independent voice on what the science of climate change means for Australia's efforts to reduce its own pollution. What we have heard today is a ringing independent voice, that of Professor Ross Garnaut. Professor Garnaut is, I repeat, an independent voice, and that is what the opposition cannot stand about the report that he released today. I add my thanks to those the Prime Minister expressed earlier today in question time to Professor Garnaut for the continuing excellent service he has rendered to our nation over the course of his working life.

This debate today is not, as the topic chosen for it by the member for Flinders might suggest, about the role of government. It is not about the role of parliament, which will continue to be the body that has responsibility and accountability for the legislation that it makes. It is grossly misleading for the member for Flinders to come into this House and make any suggestions about what the government is proposing to do in relation to the carbon price scheme that we will be announcing in the middle of the year and introducing legislation for later in the year. It is grossly misleading for him to have made the suggestions that he has made about what the government is proposing.

The fact of the matter is that the opposition is fundamentally opposed to any climate change policy that achieves the long-term reductions in pollution that we need to make. As outlined in his recent interview on the 7.30 Report, the member for Flinders has admitted that his polluter subsidy policy is only a temporary solution that has nothing to offer Australians for the long-term adjustment that Australia needs to make. The coalition's policy will not make a dent in Australia's emissions and fundamentally ignores the economic transformation that our nation needs to make. Far from being a long-term vision, which is what one might expect from a mainstream political party, the coalition's policy is a fig leaf to convince the sceptics who sit opposite and make up a large proportion of the coalition parties that, in proceeding with the direct action policy, they have committed only to a pot of money that can be quickly reallocated and abandoned once they gain power. As outlined by Professor Garnaut today, direct action is immensely more expensive than a price on carbon. To make it clear what our
policy is, the carbon price that we aim to introduce in this country is a price on pollution, which will make dirty energy more expensive and clean energy like solar, gas and wind cheaper. The carbon price will apply only to the biggest polluters in our economy—fewer than 1,000—and they will be required to pay for every tonne of carbon pollution that they emit. It is the most effective and the cheapest way for us to build a clean energy economy and every single reputable economist has said that, in comparison to the fig leaf of a direct action policy that the coalition has put forward, it is absolutely clear that putting a price on carbon, a market mechanism, is to be preferred.

I do need to make clear what the governance arrangements for the carbon price might be—first, by making clear that those governance arrangements are still under consideration by the Multi-Party Climate Change Committee. No decisions have been taken on aspects of governance, which are those that have been raised in this matter of public importance by the member for Flinders today. All details will be announced once the deliberations of the Multi-Party Climate Change Committee have been finalised, but it is apparent that it is necessary to correct a complete misconception that has been advanced today by the member for Flinders not about the government's proposal, not about what has been decided in the Multi-Party Climate Change Committee but about Professor Garnaut's proposal for an independent committee.

Ms Ley: Three committees.

Mr DREYFUS: I am corrected by the member for Farrer, who says that Professor Garnaut in his report recommended as part of his proposed governance structure for the carbon price scheme some three independent bodies. But the particular independent committee that the member for Flinders has directed his attention to is one which, in his imagination, was going to set the price. I need to make clear—and I invite the member for Flinders to actually read Professor Garnaut's report before he next raises this, and perhaps other members opposite could read Professor Garnaut's report before they raise these sorts of allegations—that the independent committee as proposed by Professor Garnaut would not set the price. It is proposed that it would make recommendations on emissions reduction targets and that those emissions reduction targets would remain the prerogative of the government. The independent committee would not be setting the carbon price, because under the emissions trading scheme which we will be moving to after the fixed price period is completed it would become a market price.

Mr Hunt: The target sets the price under the ETS.

The DEPUTY SPEAKER (Hon. Peter Slipper): The honourable member has had his opportunity. I counsel him to remain silent.

Mr DREYFUS: Thank you, Mr Deputy Speaker. The independent committee would make recommendations to government and parliament concerning the implementation of targets under emissions trading. It would be up to the government and the parliament to respond to these recommendations.

Despite Professor Garnaut making this crystal clear in black and white in his report, the coalition has wilfully misrepresented what he has proposed. We have heard it again just now from the member for Flinders. The member for Flinders seems to be suggesting that the entire carbon tax, including the carbon price, and carbon pollution reduction targets would be
outsourced to unelected officials—indeed, he has just used that phrase, referring to unelected officials setting tax rates. That is a wilful misreading of this parliament and it is not what Professor Garnaut said today in his speech, it is not what he said in his report and it is not what he said in the summary of his report. I read to the House what Professor Garnaut says:

... some of the governance functions related to the scheme, are by their nature, the prerogative of Government. These include decisions about establishing the scheme, setting the medium and long-term emissions reduction targets, deciding which sectors should be covered by the scheme; the broad principles for providing transitional assistance to emissions intensive, trade exposed industries, and the principles governing the point at which the scheme should switch from a fixed to a floating price.

It is very clear, Professor Garnaut goes on to say, that the ultimate decision on recommendations put forward by the independent committee that he is proposing lies with the parliament. That is what he says:

Should the Government wish to take an approach that differs from the Independent Committee’s recommendations, it would be required by legislation to present to Parliament the reasons for its alternative decision.

This approach is similar to the arrangements for setting carbon budgets or national emissions reduction targets in the United Kingdom. That is right: this is the approach that is followed by the Conservative led government in the United Kingdom, and that is why those opposite are so keen to misrepresent the proposal from Professor Garnaut. By the way, this is the same United Kingdom government, now led by the Conservative Party, which is continuing with the emissions trading scheme that has been established in the United Kingdom since 2002. It is the same Conservative led government which just two weeks ago adopted the most ambitious emissions reduction targets of any developed country. To make it clear what those are, it is a pledge, under the annual carbon budget adopted by the United Kingdom government, to cut emissions from 1990 levels by 50 per cent by 2027. It ought to be an embarrassment to those opposite that a Conservative led United Kingdom government, in a bipartisan fashion, has simply continued with the emissions reduction policies of the former Labour government. It has continued with the scheme. It has indeed adopted more ambitious targets. The suggestion which was made to us yesterday in this House that the United Kingdom government has said that there is going to be a review in 2014 is simply appropriate, cautious government. It is the appropriate, cautious government that would be brought by our government to bear on any emissions trading arrangements that we introduce, because the national interest must come first. That is why we are introducing an emissions trading scheme after a fixed price period, that is why we are moving to a carbon price, because it is in the national interest that we do so. The review update from Professor Garnaut released today could not have been clearer. This is the report that Professor Garnaut could not have been clearer. This is the report that Professor Garnaut released today. Making it clear, he said that climate change is real, it is caused by human activity and it poses a serious risk to the prosperity and quality of life for all Australians. He said:

Since 2008, advances in climate change science have ... broadly confirmed that the earth is warming, that human activity is the cause of it and that the changes in the physical world are likely, if anything, to be more harmful than the earlier science had suggested.

It is a view that is based on the advice of expert climate scientists. It is consistent with the advice that the government has received from sources like the CSIRO, the Bureau of
Meteorology, the Climate Commission and the Australian Academy of Science. Of course, just last week the Climate Commission released its report, entitled the *The critical decade*. Any serious government—indeed any serious political party—has a clear responsibility to act in the national interest and, consequently, cannot ignore advice of that kind. Only an opposition which is more concerned with its own political self-interest than the national interest would choose to ignore such advice.

I will say again, as was said several times in answers in question time, that Professor Garnaut could not have made it clearer that the appropriate response to the challenge of climate change is a market based mechanism. It is the introduction of a carbon price and it is not the so-called direct action policy that those opposite seem to favour. This is what Professor Garnaut said in his speech today about direct action: 'Direct action, or reducing carbon emissions, is likely to be immensely more expensive than a market approach.' That is consistent with the views of all mainstream economists.

**Mr Hunt:** That's not true. There are three Nobel laureates who disagree.

**Mr DREYFUS:** It is consistent with the views of former Liberal leaders. As has been accurately said, the only living leader of the Liberal Party, past or present, who does not support a price on carbon—

**Mr Hunt:** That's not true either—Downer.

**Mr DREYFUS:** Oh yes, Mr Downer, apparently. I have not heard from him.

**The DEPUTY SPEAKER (Hon. Peter Slipper):** Order! The honourable member for Flinders will restrain himself.

**Mr DREYFUS:** But what has been made clear is that John Hewson favours a price on carbon. Malcolm Fraser favours a price on carbon. Malcolm Turnbull, the member for Wentworth, favours a price on carbon and the former Prime Minister John Howard favours a price on carbon. That ought to give a pretty clear message, one would think, to those opposite that they are definitely proceeding on the wrong track with their direct action policy.

I want to again commend Professor Garnaut for the great service that he has done to Australia with the update of his 2008 report. In the report that he released today he made very clear points, one of them being that in mainstream science the expectations of what will happen if we 'let emissions rip', to use Professor Garnaut's phrase, have become a bit more grim. A second point, and it is a somewhat optimistic point that Professor Garnaut made today was that technology is advancing faster than expected. He gave us the example of the take-up rate for electric cars. The third important point that Professor Garnaut made today was that the case for action is stronger than it was a few years ago. We should have acted much earlier than we have. With every year that passes the cost of taking action will grow, and that is why it is important that we proceed now with as much speed as possible to introduce a carbon price in Australia, starting on 1 July next year with a fixed price.

This is a reform which is in the national interest. It is a reform which will see Australia doing our fair share. It is a reform in which we will be able to show the rest of the world how to reduce emissions and, by doing so, urge the rest of the world—because we need the rest of the world to act—to reduce their emissions. It is a reform which will let us move our economy towards the low-carbon economy of the future, towards the clean energy of the future. We will withstand pressures from sectional interests
because it is in the national interest that we continue to do so. (Time expired)

Ms LEY (Farrer) (16:19): I am delighted to speak on today's matter of public importance, the imminent risk of the government's decision to delegate the carbon tax to an unelected committee. Since the government is determined to quote Professor Garnaut, we should put one of Professor Garnaut's quotes front and centre in this debate—that is, that 'Australian households will ultimately bear the full cost of a carbon price.' We already know that a carbon tax will attack the living standards of forgotten Australian families and households.

I received a letter this week from a young mum in Kalgoorlie, Western Australia, where the Treasurer believes our two-speed economy is going at full throttle. This is a young mum who wants to get back into the workforce, but is worried about the skyrocketing cost of child care and about being able to give her family all that she hopes and dreams of. So what is the Prime Minister's response? She is going to hit her with even higher costs of living. For starters, a $20 to $30 per tonne carbon tax will raise power bills by 25 per cent. It will add 6½c to the cost of a litre of petrol. Up go grocery prices by five per cent—and that is all just for starters because Labor's shaky, flaky single-issue partners in government, the Greens, say the tax must be $40 a tonne to drive change from coal to gas. Then it would have to go to $100 to drive the change from fossil fuels to renewables. We know that that is exactly what the Greens want to do. I am at a loss as to how I should respond to Tanya from Kalgoorlie, but I might also add that she wrote at the end of her email: 'I would have written this letter to the appropriate minister from the ALP, but it has become very clear that the Labor Party is not listening to middle-income Australia.'

Labor set the tone for the debate on unelected committees in the last parliament, when they kicked off with the 2020 Summit. Having sneaked into government with 97 per cent of the former government's agenda, they had to bring a summit to Canberra to tell them what they had to do. 'We're not sure of our agenda. We've sneaked into power. What should we do?' The citizens assembly is another example of this. It popped up during the last election campaign. It was to consist of 150 members from across Australia, one from each electorate, and we pointed out to the Prime Minister then that we already have such an elected assembly in parliament. But again it was an initiative designed to tell the government what to do and what to think. Wind the clock forward to the Murray-Darling Basin debacle. The government flicked the development of a basin plan to the Murray-Darling Basin Authority, absolving itself of responsibility for the outcome, and kept referring to the Murray-Darling Basin Authority as the independent authority. What a mess! Members of this parliament, in a committee chaired by the member for New England, have had to travel around the basin, picking up the pieces and cleaning up the mess because, again, we saw the decision making of this parliament hived off to an independent committee. We had to bring the decisions back into the parliament where they belong.

We now have a proposed independent committee to set Australia's emissions reduction level, to break the deadlock between the Labor Party and the Greens, and to resolve the hissy fits of the Prime Minister and Senator Bob Brown. Professor Garnaut's final carbon price report is quite prescriptive. There is $11.5 billion—55 per cent of which goes to households and 35 per cent to businesses. It will be budget neutral. There will be tax cuts and a tax-free threshold. Pensions might be indexed. Petrol taxes are
in the mix. Transitional assistance will be provided and so on. No fewer than three independent bodies will be set up to implement it—one to tell us what our future targets and scheme caps should be, another to tell us what assistance should be provided to trade exposed industries and a third is the carbon bank to administer the final emissions trading scheme. But if the government disagrees with recommendations then it has to come back to parliament and so on. The problem here is not the existence of sound, independent organisations to manage whatever disastrous policy emerges from this mess. The problem is the referral, handballing and dumping of the decision making that belongs in this parliament to outside bodies.

Like many, I watched the Garnaut National Press Club address today and paid particular attention to the questions. During the questions, Professor Garnaut was asked: 'What target would the independent committee set? Would it be more than five per cent?' His answer was: 'Well, the independent committee would look at this in more detail. It would have the resources on the job to do it properly. It would have a whole seven months to do it.' So one can only conclude that the independent committee might well set a target of greater than five per cent. The point of this is not so much the five per cent target but the clear impression that the responsibility for the setting of the target does not lie within this parliament but lies with one of these three independent committees. Do people really think that if the committee that determines a target of more than five per cent does not have its advice taken by the parliament that all of the other work that is being done by independent committees outside this place would stand up? It would not. To me, that is a strong indication that this government is devolving responsibility to a body that is not elected. Every other piece of advice or decision hangs off that target. The Prime Minister needs to 'fess up here. She has no idea what to do with this train coming down the track.

I represent a rural electorate, like many members in this place. I refer now to the Australian Farm Institute report which says that the impact of a carbon price on Australian farm businesses—the case I am going to use is grain production—is going to be quite devastating. The proposed carbon price mechanism will increase the price of energy and hence the cost of farm inputs that involve the use of energy in their production or delivery. It does not matter how many tax offsets or structural adjustments you put in. It does not matter whether agriculture sector emissions are in or out. The on-farm costs will rise and, for my own electorate, disturbingly so. The report notes the impact of a carbon tax will be relatively greater for the smaller New South Wales farmer, with the lower productivity of a modest sized grain farm hit harder by the rise in costs. This simple report comes up with the figures the government apparently needs a full-blown committee to consider. Even at a modest carbon price scenario of $20 a tonne, this would add $15,000 to the bottom line of this farm business. Farmers have enough to cope with—droughts, floods, locusts, mice and the scourge of other things that they face—without adding the carbon tax.

As I said, the Prime Minister has no idea of what to do with the carbon tax problem. But what the coalition says to this government is that, no matter how many independent committees, expanded government bureaucracies, experts or actors you wheel out to ram your message down the throats of the Australian people, nothing is going to substitute for your government's shocking leadership, the incompetent way that you have managed this debate, your
muddle and your confusion. The simple truth is that the government's carbon tax will impose excessive deadweight costs on the Australian economy. A carbon tax will increase the cost of living. It is, most disturbingly, a tax which is actually designed to go up as soon as it commences. It will transform into an emissions trading scheme down the track. It will start as a carbon tax at some level yet to be set—the mystery will be revealed by the multi-party committee—but as soon as it is legislated it is designed to go up. Compare that with the GST where checks and balances and legislation were put in place and agreements were made to make sure that that did not happen. This is a tax that by its very design will go up the minute it hits the pockets of everyday Australians.

The government is not brave enough to put its stamp on this tax. It is not brave enough to bring the decision making that it should be doing across the parliament inside the parliament. Instead, it is hiving it off to a committee of unelected people that will have, as the member for Flinders pointed out, extraordinary power. The wide-ranging discussion we heard at the Press Club indicates that Professor Garnaut's committees will have their fingerprints all over all sorts of aspects of government policy, particularly tax, pensions, FBT and fuel prices. How could they possibly get it right? How could they possibly make it budget neutral in the end? I do worry, as I said, about those deadweight transaction costs with money moving around the economy. Who knows where it will end up?

If the Prime Minister wanted an actor to help get the message across, she would have been better off choosing Chopper Read than Cate Blanchett because Chopper Read was quoted in the press on the same day as Ms Blanchett and Michael Caton saying, 'Look, I just make it up as I go along.' It appears that the Prime Minister and this government are also making it up on this topic as they go along.

Mr HUSIC (Chifley) (16:29): At the outset, I agree with the member for Flinders in one aspect of his contribution to the House today—that is, we are at a critical point. We are pressed to do something of paramount generational importance, and that is to tackle the influence of climate change—an issue that on their side they grappled with for years. They ignored public pressure to deal with what the public wanted to see: support for Kyoto, support in tackling climate change and some sort of action taken for the sake of future generations. They comprehensively failed to do anything until the last moment when their former leader, John Howard, agreed that they would need to do something and support an emissions trading system. He was ultimately required to face the grinding weight of facts and the compelling case to act. Again, it is worth noting that 2010 was one of the warmest years on record. The previous decade was one of the warmest. The graphs recording movement in temperature might bounce up and down but the trend line is undeniably moving upwards. The turning point for us—

Mr McCormack: It is getting warm in here.

Mr HUSIC: Is it warm in here? Well, from the hot air that comes from the other side it does not surprise me that you would feel that way. The turning point was the election of the Leader of the Opposition whose strident opposition has caused splintering, forcing people to argue against the very things they strongly believe in. In particular, the member for Flinders, whose own academic work declared support for a pollution tax, is now forced to advocate for a pollution subsidy. One of the good things to come out of the 1990s was the work of the member for Flinders in which he advocated
some sort of pricing mechanism, through a pollution tax, that he now argues against in this House. We have two of the more moderate and reasonable people from their side advocating immoderate and unreasonable positions through the course of this debate, knowing full well in their heart of hearts that they cannot ignore the fact that we are required and almost compelled to do something.

You have to be astounded by the gall of the opposition who come here as the defenders of democracy, who come here as the advocates for mandates, who wring their hands on the issue of cost of living, and yet where was all this when they up-ended the lives of workers and brought in Work Choices. They never went to an election advocating or indicating in any way, shape or form that they would be rampantly introducing individual contracts, stripping away penalty rates, squeezing overtime and putting pressure on working families. They never came in here and said, 'This is what they were going to put forward at the next election.' Now they come here as if they have discovered the virtue of mandate, that they have discovered in some way, shape or form the importance of a democracy and of being upfront and transparent. Yet, they seek to demonstrate this line here today.

We asked them, given that this matter of public importance is talking about the way we intend to approach this whole issue of dealing with climate change, to be involved in the Multi-Party Climate Change Committee. They had a chance to be involved and they refused. Why? Because they wanted to be able to sit on the sidelines and do whatever they could to support the position of Leader of the Opposition to not undertake any sort of comprehensive action on climate change. What they wanted to do was to sit outside the process, and yet when invited to have an input and to put forward the issues that they now claim they are most concerned about, they did not do it. We now have an opposition that are effectively cast in the scientific Dark Ages. While the frontbench makes lukewarm support for the science, you have some incredible comments being made by people in a position of responsibility who should know better. They say, for example, that they do not know whether carbon dioxide is quite the environmental villain that some people make it out to be—and that comes from the Leader of the Opposition. While the member for Flinders and the member for Wentworth will, with their hands on hearts, say that they do accept the science, their own leader is unable to comprehensively say that he accepts that the earth is getting warmer and that something needs to be done about it.

At the back we have people like the member for Tangney, Senator Minchin, Senator Joyce and Senator Boswell—this column of sceptics—and the Leader of the Opposition is unable to articulate or form any sort of comprehensive policy on this because they are out there white-anting the coalition in coming forward with some sort of meaningful, durable way of dealing with this issue of climate change. They remain on the outer because they have put themselves there in an effort to wreck any chance of being able to form the type of community consensus that is required on this pressing issue. Amazingly, stunningly, as part of this scare campaign, they are out their misleading the public as to what the impact would be and they doing so in quite an economically illiterate campaign.

They have been picked up on this. Lenore Taylor of the Sydney Morning Herald dissected this quite neatly after the Leader of the Opposition visited a butcher store in Coffs Harbour as part of the annual charity bike ride that he did down the eastern seaboard. He stopped into a butcher's shop
and he said that the carbon tax would contribute $4,000 to the energy bill of that butcher. The journalist then went back into the butcher's shop and asked if this was the case. They said, yes. Then they were asked what impact this would have on their turnover and their prices. The butcher said the impact would be, for example, that for a kilo of T-bone that costs currently $22, the price would move, stunningly, up to $22.04. On a kilo of mince it would move from $11 to $11.02. This scare campaign is unable to deliver the facts. We had previously demonstrated under other potential options that grocery prices, on average, might move from 80c to $1.30 a week. They are going out there doing all sorts of scare campaigns, almost encouraging people to horde Weet-Bix under their bed because the carbon tax would have a 0.0006 per cent impact on Weet-Bix. I know that they are prone to their three-word slogans, so now it is 'Bix Under Beds' for the opposition because they want to beat the price rise caused by the carbon tax.

Look at what we have done. We have worked on the science. We have provided comprehensively through the Climate Commission the report that was tabled last week, The critical decade, to be able to detail in clear, factual terms what is going on. I am astounded that the response to try to undermine this work by notable scientists has been, 'They have been paid by the government.' This is the sum total of the response by the coalition. Yet if people put their hands in their own pockets on this issue critical to Australian public life and they fund a campaign to demonstrate their commitment to seeing climate change tackled, the opposition then undermines their efforts, as we have seen on the weekend with someone who has made their fortune from the ground up: Cate Blanchett, and some of the others. The opposition has sought to undermine their commitment to the cause. We have had consultations with business, NGOs and the farm sector looking at the household impacts.

What we have on the other side of the House are the sultans of subsidy—those people who would be willing to hand over at the outset $10 billion in subsidies to businesses who pollute and would do this in a way that would be ineffective in discouraging climate change, as evidenced by the Grattan Institute, which said that this type of work does nothing and will, in fact, by 2050, lead to an $8 billion per year extra cost to the budget. The other side do not have the will, the willingness or the ability to cooperate, as we have provided them the opportunity to do so through the Multi-Party Climate Change Committee. They stand as vandals on this issue, as opposed to what we are trying to achieve for generations to come.

(Time expired)

Mr McCormack (Riverina) (16:39): The very thought of a carbon tax has made big business shudder and small business, the engine room of our economy, very surely catch pneumonia. The carbon tax did not get much of a run in the recent federal budget, but there was funding for a $13.7 million advertising campaign to sell this unwanted and unnecessary tax which will have such a negative impact on the lives of everyday Australians. The ad blitz started on Sunday. There was Michael Caton of The Castle fame spruiking the merits of a carbon tax. Someone, anyone, 'Tell him he's dreaming.' Cate Blanchett, wonderful actress, was also there on the small screen talking up the initiative. If Labor thinks it can sneak in this toxic tax via celebrity endorsement then it is wrong—plain wrong, morally wrong. Ms Blanchett would know that human and industrial activity has ensured CO2 levels are different than those in the Elizabethan era. It will not be any golden age if Labor, being dictated to by the unrepresentative Greens,
forces a carbon tax on hardworking, long-suffering Australians. Our modern-day Maid Marian, Cate Blanchett, also ought to realise that a carbon tax will take hard-earned money from the pockets of the poor and will not decrease sea levels or lower the global temperature one iota—not one millimetre, not one degree. Robin Hood would not be proud. Perhaps our Treasurer is invoking the ideas of old King John from medieval times, who imposed harsh taxes on the working class.

This morning I received an email from an age pensioner in my electorate, who wrote:

When I listen to debates about a carbon tax, apart from it placating the Greens, I wonder if Labor's real intention is to have a new source of income in order to achieve their promised surplus?

The sender, Peter Piltz, is a fairly typical sort of person—a father, a grandfather, a former small business man, someone who knows a con when he sees it. He is like a whole host of other fairly typical sorts of people—regional Australians and city dwellers too—who can see straight through Labor's deception, spin and the fact that it has caved in to the Green pressure to keep a tenuous hold of its minority government.

Just before the 21 August election, the Prime Minister, who has shown she will say anything, do anything and be anything just to stay in The Lodge, declared: 'There will be no carbon tax under a government I lead.' She is right about that. Greens Senator Bob Brown is running this sorry show. The Prime Minister has no mandate to introduce a carbon tax and inflict financial pain on the Australian people. She should do the decent thing, the honourable thing, the democratic thing and call an election. Now.

There is an imminent risk to Australia of the government's decision to delegate the carbon tax to an unelected committee—a huge risk that we as a nation ought not be taking. What sort of committee makes such critical decisions affecting the nation without the Prime Minister and without the Deputy Prime Minister? The member for Lyne, who I might add represents an electorate which gave just 13 per cent of primary preferences to Labor—the party he took 17 days and then 17 minutes to give power to after the hung election result—has talked about imposing a carbon price sufficient to 'let the market rip' and 'let the science fly'. Carbon tax is Labor's big lie—another of its broken promises. As we have heard from the member for Farrer this afternoon, we have had the 2020 Summit, the citizens' assembly, the independent Murray-Darling Basin Authority, which made such a mess of water, and now the unelected carbon pricing committee all telling this government—which has no idea how to do anything—how to do its job. Labor will relish the opportunity to impose high-reduction emissions in line with its minimum 40 per cent cut by 2020 via a suitably stacked member for Lyne, Ross Garnaut style independent authority led by, say, Tim Flannery, Garnaut himself or carbon queen Cate Blanchett.

In the Garnaut review it is stated that Australian households will ultimately bear the burden of the full cost of a carbon tax—householders, not big polluters. A $26 a tonne carbon price would push up electricity prices by an extra $300 a year per household in just the first year. Prices would continue to soar every year thereafter. Petrol would rise by 6.5c per litre. Gas would rise by up to 10 per cent in the first year. Grocery prices would increase. The price of Australian made cars will increase by $412. Manufactured goods would rise. It will push up farming costs, as the member for Farrer indicated, particularly in the Riverina, an area I represent. Compensation will be temporary. Compensation will not change
people's carbon-producing habits to stop what the Deputy Prime Minister ridiculously and hysterically calls 'dangerous climate change'. The introduction of a carbon tax will hurt Australian manufacturing, and dependent industries and communities, for no environmental gain.

United States President Barack Obama abandoned his planned emissions trading scheme, further proving that this Labor government is now completely isolated from its major trading partners. How many jobs are we going to lose overseas, and what damage will be done to our economy before the US, Japan and China get on board, if ever? Labor's carbon tax will send manufacturing overseas to countries which use more emissions to make the same things which are currently being made here. Businesses will be forced to cut jobs to be able to afford the carbon tax.

Labor claims that 29 out of 38 countries with Kyoto obligations already have an ETS. Those 29 countries all operate under the European Union ETS—27 EU countries and Norway and Switzerland. The EU ETS is not comparable to Labor's carbon tax and certainly is no justification for proceeding with it. Eighty per cent of EU trade occurs amongst EU countries; therefore less than 20 per cent of its trade will be exported outside the EU to countries where the producers do not face ETS costs.

Common sense has given way, yet again, under Labor to economic recklessness. Australians are going to be burdened by significant extra costs, for no environmental benefit; our economy has been distorted by the misallocation and redistribution of resources for no reason; and our exporters are going to be placed at a disadvantage in the international market.

The Labor government have set a target for reducing emissions without having any clue about the effects it will have on the country—

Mr Champion interjecting—

Mr McCORMACK: The member for Wakefield can interject all he likes, but he knows what I am saying is correct—or at least they will not reveal to the public what effects it will have.

Australia contributes 1.4 per cent of world energy CO2 emissions, according to 2002 figures. For the purpose of comparison, the USA contributes 23.5 per cent of global emissions; China, 14.6 per cent; the EU, 11.6 per cent. Why is this Labor government pushing for us to be world leaders with a carbon tax? Is it because Labor may be the government but the Greens have the power? Internationally renowned and respected environmentalist Bjorn Lomborg says there is no hurry; carbon taxes will only force us to spend all our money rolling out patently inefficient current technology when smaller investment in research would give much more innovative and much better and cheaper solutions in a few years.

Using agriculturally rich soil for forestry instead of for growing Australia's food supply will significantly impact on the produce that is supplied to cities and regional Australia. It might be fine for city slickers to support a carbon tax, but they will be the first to complain when they can no longer access fresh Australian produce. It is produce, not forests, which will feed our nation. We need to remember who puts food on our plates and supports the economy of this country. Crippling the agricultural industry will have major economic and social ramifications in regional Australia.

Just this afternoon Oxfam, in a media release entitled 'Broken food system could see millions go hungry', indicated that Oxfam's new Growing a better future report explains the world's broken food system,
showing how rising food prices and increasing scarcity of arable land and water—rapid changes—will undermine access to food across the world. The media release reads:

Oxfam Australia Executive Director Andrew Hewett said: "Although the world produces enough food for everyone, the broken food system means one in seven people are still going hungry.

"Oxfam was created in response to the food crisis caused by the Second World War in 1942, but this is a new food crisis that threatens us all.

… the Australian aid program reflects the global trend over recent decades of declining investment in the food and agricultural sectors of developing countries. We must address this and prioritise support for small-scale primary producers who make up more than 80 per cent of the world’s hungry people."

The media release goes on:

The Growing a better future report reveals that:

- By 2050, demand for food will rise by 70 per cent, yet production is not keeping pace.

And it certainly will not keep pace with a carbon tax. As a nation, Australia is best placed to grow the food to feed ourselves and the world. A carbon tax and an unelected committee determining it will do nothing to help the world food shortage.

Coming from a government which claims to be for regional Australia, this carbon tax drives a stake deep into the heart of regional Australia. The unelected committee deciding the carbon tax does not stand for what Australians need, does not represent the views of ordinary, everyday families and is just being led by the nose by Labor, which is being led by the nose by the Greens, who are very on the nose. (Time expired)

Mr CHAMPION (Wakefield) (16:49): This has to be the strangest matter of public importance ever brought before this House. It is a very strange issue to debate, this issue of an unelected committee. I was really quite perplexed about what the debate might be about. But I have listened carefully. I listened in particular to the member for Flinders talking about the Boston Tea Party and other things. I cannot really understand it. This parliament is elected. The government is elected. Any committee report comes to us. The committee recommends things to us. It is subordinate to this parliament, to the democratic process, to the national interest, in the same way that every other institution set up by this parliament is—in the same way that the Reserve Bank, the Murray-Darling Basin Authority and other bodies and authorities set up under Australian law are always subordinate to this parliament.

I could not work out what we would be debating for such a length of time, but I now realise it is the Boston Tea Party; it is this attempt to conjure up a dark Orwellian fantasy in which we are ruled not by the parliament, not by democracy, but by some unelected body tucked away somewhere. This is the Liberal Party's new politics. It is an attempt to undermine this parliament's legitimacy, it is an attempt to undermine the policy intent of the government and it is an attempt to appeal to the extremists and fruitcakes who now populate the activist base of the coalition.

The first signs of this appeared in February of last year, when Tony Abbott, just two days after launching his climate change policy, met with Lord Monckton, a British lord. He met with him in secret. The member for Warringah refused to let us know what it was all about, but Lord Monckton told us what it was all about. He said that the proponents of climate change wanted to establish a world government that would shut down democracy worldwide. We can see that there are elements of that view
in the MPI today. What else did Lord Monckton say after that meeting? Lord Monckton added:

... that Mr Abbott's policies to encourage tree planting and to help industry save energy would help address "genuine" environmental problems.

"It is indeed better to have a policy which nods to the issue of climate change for those who still believe, and there are some diehards who still believe, that fixes some of the genuine environment issues that are a lot cheaper than the enormous amounts—

of money—

diverted to this ridiculous climate thing." Lord Monckton said.

He said that it could be turned off if necessary. That is one of the things Lord Monckton said.

**Mr Tudge:** You're struggling. You're looking for your notes. You can't find them!

**Mr Champion:** No, I was just looking for what Mr Turnbull later said. That was what Lord Monckton said. He said that this is a great policy. It gives a nod to climate change and, if necessary, can be easily turned off.

Fast-forward a year and the member for Wentworth goes on Lateline and says:

... I think there are two virtues of that from the point of view of Mr Abbott and Mr Hunt.

One is that it can be easily terminated. If in fact climate change is proved to be not real, which some people obviously believe—I don’t. If you believe climate change is going to be proved to be unreal, then a scheme like that can be brought to an end.

So we can see here, from Lord Monckton to Malcolm Turnbull's quotes, that the opposition basically have a policy which is all about chicanery. It is all about conspiracy theories. It is all about designing a policy that will get them through the next election and provide them with a fig leaf for their resistance to the idea that the science is right.

We heard it in the member for Riverina's defence of this MPI topic. He clearly does not believe that climate change is a problem. The references in this MPI to an 'unelected committee' are really targeted, as I said before, at those extremists who now make up the coalition's activist base.

We then heard their attacks on good Australians. We heard their attacks on Cate Blanchett. We heard their attacks on Michael Caton. These are people who are part of our cultural life, who have worked hard and who are our exports to the world. We heard Senator Barnaby Joyce out there attacking Cate, saying she was hurting people, and we heard the Leader of the Opposition in this parliament yesterday abusing her for having an 'ecomansion'. This deliberate bullying and abuse of Australian actors, this revolting political abuse that we just heard from the member for Riverina, is an attempt to paint good Australians as elitists. That is what it is an attempt to do. It is all part of this Boston Tea Party Republican revolt against the elite—Sarah Palin. That is the political appeal. That is the strategy behind it. It is anti-elitist. It is pitchfork-wielding conspiracy theorist. We saw them out the front of this parliament at their carbon tax rally, and right behind the Leader of the Opposition's head was a sign saying, 'Say no to carbon tax 4 UN/IMF global governance = agenda 21 genocide.' Those are the sorts of people who are supporting the opposition.

Poor Cate Blanchett. She must have thought that she was back in the *Lord of the Rings*, surrounded by hobgoblins, surrounded by orcs—these horrible denizens of the political world, horrible denizens of the conservative world, attacking her, having a go at her. The member for Warringah here, the Gollum of Australian politics, clutching his precious ring of negativity, his precious ring of opposition, desperately attempting to extract the last morsels of political gain out
of his opposition to sensible Australians, verballing Dr Garnaut—this is the opposition's political strategy. It has nothing to do with good policy in this country. It is all about pandering to foreign extremists like Lord Monckton, meeting with him in private—'Solved! Lord Monckton, your views are so good!'—and then talking about unelected committees. Well, at least they are committees of Australians. At least they are not foreign lords. At least we are not appealing to this weird collection of international conspiracy theorists.

All I can say is: if that is really the opposition's strategy, it is not going to work. It is simply a strategy that is designed to cover up their massive divisions, and their divisions are big. On one hand there are the believers in climate change—there are many in the opposition, and they are horrified at the position the party is taking—and then there are those like the member for Riverina who are quite happy to deny climate change, who are quite happy to do anything, who are quite happy to quote environmentalists who put it all on black, who put it all on some technology turning up in the future. If we have a problem, well, we will just learn to adapt as the planet burns and the next generation of Australians and citizens around the world have to deal with an increasingly warmer planet and all the consequences that go with that. They have a strategy that is basically to get through the next election with this policy of direct subsidy, which will cost the nation $30 billion to top-end polluters. If there are no changes in that, by 2050 it might cost the future government $18 billion a year. That will be the 'small investment' the coalition makes—this weird sort of pork-barrelling exercise for the big end of town.

This is what the Liberal Party has now degenerated to. Fraser, Hewson and others are walking away from the Liberal Party because this once great bastion of moderation in Australian politics, has become a sort of home for foreign extremists, for bizarre ideologies of world government, and it rejects the influence of sensible, decent, hardworking Australians, like Cate Blanchett. We hear the abuse in the parliament of a great Australian actress and of a great Australian actor like Michael Caton—this abuse of good Australians.

Why do they have this political strategy? It is to deny the undeniable. We know that a little while ago the member for Flinders said in his honours thesis:

… the market system is a preferable regime, as it … ensures that the polluter bears full responsibility for the cost of his or her conduct …

We know that the shadow Treasurer, the member for North Sydney, said last year:

… inevitably we'll have a price on carbon … we'll have to.

So the member for North Sydney knows that one day we will price carbon and the member for Flinders knows that we will price carbon. The only people who will not admit it are people like the member for Riverina, and basically they want to engage in appealing to conspiracy theories, listening to foreign extremists, abusing good Australians, purging all reason and good policy from their party and, finally, ignoring the national interest and the moral obligation we have to future generations.

The DEPUTY SPEAKER (Hon. BC Scott): It appears that the discussion has concluded.

MINISTERIAL STATEMENTS

National Cyber Security Awareness Week

Mr McCLELLAND (Barton—Attorney-General) (17:00): by leave—Yesterday, Senator Stephen Conroy, Minister for Broadband, Communications and the Digital
Economy, and I launched National Cyber Security Awareness Week. This event is about spreading the message that we all have an important role to play in improving our cybersecurity. The internet is now a part of our daily routine, from sending emails and doing business, to reading the newspaper, planning a holiday or even searching the yellow pages. It has literally become impossible for most of us to imagine surviving a day without using the internet in some way. While the internet has the potential to make our day-to-day lives richer and easier, we must remain vigilant to our online security. Advances in the technologies we use and the reasons we use them have been accompanied by developments in the number and type of cybersecurity threats that we face. That is why the Australian government has made cybersecurity a top national security priority and has invested significantly in enhancing our cybersecurity capabilities.

Our strategy focuses on three key objectives: first, securing our own government systems; second, working in partnership with the private sector; and, third, reaching out to individual Australians to assist them to deal with problems they may encounter. Dealing firstly with the government systems, the security of government systems is important not only to ensure the continuity of services to all Australians but also to protect the personal information of citizens that governments hold. We have established the Cyber Security Operations Centre, CSOC, in the Defence Signals Directorate to provide government with the complete picture of the online security landscape and the capability to respond to cyberincidents. The Australian Security Intelligence Organisation, ASIO, has also established a specialist cyberinvestigations unit to investigate and provide advice on state sponsored cyberattacks against Australian interests. We have also announced our intention to accede to the Council of Europe Convention on Cybercrime, the only binding international treaty on cybercrime.

The government is but one player; business is also crucial. And that brings me to the second pillar of the government's strategy: working with the Australian business community. The Computer Emergency Response Team Australia, CERT Australia, as it is known, provides a direct link between government and the private sector and seeks to improve cybersecurity for all Australian internet users by developing and sharing information about significant threats and vulnerabilities within Australian businesses, including, for instance, banks, utilities and phone companies. Additionally, the internet service provider, ISP, code of practice requires internet service providers to assist home users and businesses to stay secure online. The icode, as it is known, aims to promote a cybersecurity culture within ISPs and provides a consistent approach among ISPs to inform, educate and protect their customers in relation to cybersecurity.

The Australian government have also put in place crisis management arrangements in the event of a major cyberincident. To test these arrangements, the Australian government, along with over 50 businesses and government agencies, participated in last year's international Cyber Storm III exercise. That exercise allowed us to test our preparedness for cyberthreats and to strengthen relationships with business and with our international partners. This means that if something goes wrong, the government and the private sector have drilled and can work together to fix the problem. The government are also taking action to ensure that all Australians are aware of the cyber-risks that they face and
that they take steps to protect themselves online.

One very valuable tool available to home users is the Stay Smart Online website, which provides a free alert service and information on the latest cyberthreats and how to address those threats. Yesterday, the government launched the new version of the Budd:e cybersafety and security education package. Budd:e provides interactive, self-learning modules for primary and secondary school students, including advice on malware, how to secure personal information online and safe social networking practices.

Yesterday, Minister Conroy announced the development of another government initiative aimed at keeping young people safe online—that is, the Easy guide to socialising online, which aims to improve understanding of the risks associated with disclosing information about themselves online or other family members and ways in which privacy can be maintained.

I also draw the attention of parents and teachers to another program aimed at protecting children. The ThinkUKNow program has been developed by the Minister for Home Affairs and Minister for Justice, the Hon. Brendan O'Connor, and provides interactive training to parents, carers and teachers through primary and secondary schools across Australia using a network of accredited trainers. A particularly useful tool for home users is the cybersafety help button. The button is a free application that can be downloaded, giving internet users, particularly children, easy access to cybersafety information and assistance. The button is specifically designed to provide younger internet users with a confidential means of immediately noting content of concern and drawing it to the attention of authorities.

Another important initiative that I launched this week is the second edition of the highly successful booklet entitled, Protecting yourself online: what everyone needs to know. This second edition builds on the first with updates that reflect the changing cyberlandscape. It also highlights new government initiatives with links to resources to educate home users on potential risks and the starting points when looking for help.

The publication promotes eight simple steps that can significantly enhance internet security. Those steps include advice to:

1. Install and renew your security software and set it to scan regularly.
2. Turn on automatic updates on all your software, including your operating system and other applications.
3. Think carefully before you click on links and attachments, particularly in emails and on social networking sites.
4. Regularly adjust your privacy settings on social networking sites.
5. Report or talk to someone about anything online that makes you feel uncomfortable or threatened—download the government's Cybersafety Help Button.
6. Stop and think before you post any photos or financial or personal information about yourself, your friends or family.
7. Use strong passwords and change them at least twice a year.
8. Talk generally with your family about good online safety.

I encourage all members to read this booklet and promote it within their electorates. It is a good item to include in members’ newsletters and I can provide members with additional information if that would assist them to promote this resource through their electorate. The booklet itself is available for download and in hard copy format.
I hope members will also take the opportunity to participate in some of the many events that are taking place as part of National Cyber Security Awareness Week.

We all have an interest in maintaining a secure internet and members of parliament can play an important part in making sure that all of the community is cybersecurity aware.

To assist members, I table a schedule of useful links and contacts on the assistance that is available for their constituents.

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

Leave granted.

Mr McCLELLAND: I move:

That so much of the standing and sessional orders be suspended as would prevent Mr Keenan speaking in reply to the ministerial statement for a period not exceeding 9 minutes.

Question agreed to.

Mr KEENAN (Stirling) (17:09): I thank the Attorney-General for his statement. As he has pointed out, cybersecurity is a top national security priority and the government has the opposition's support in enhancing our capabilities and defences. The cybersecurity challenge is vast. We have now entered the age of cyberwarfare, where one nation's offensive capabilities can paralyse a target nation, causing chaos not only in its military response but in its key economic sectors as well—banking and finance, transport, electricity, manufacturing, medical, education and, of course, government. All are now dependent on computers for their daily operations.

There are nations in our region that are known to have such an offensive capability. Of course, such is the nature of the electronic theatre that physical proximity and the problems of supply lines are no longer relevant. Australia's formidable natural defences may as well not exist in an interconnected world—in fact, at a recent computer security conference the whole cyberworld was likened to the North German plain.

This nation must therefore commit itself to the task of closing the capability gap. However, it is not just in the science fiction-like world of cyberwarfare that the threats reside. The internet and in-house computer systems are an ideal environment for terrorism, organised crime and industrial sabotage. The threat is not merely that of lost money or stolen information—many private systems are important components of our critical infrastructure, the failure of which could wreak havoc in the civilian population.

The coalition strongly supports government efforts to help maximise security in critical systems. However, as the government plans to go ahead with their National Broadband Network, it is alarming that there has been little talk from the government about the security risks that might be associated with that network. The Australian Federal Police expressed their concerns in their submission to the Joint Committee on Cyber Safety on 25 June last year. That submission stated:

The National Broadband Network is a case in point. The AFP with other Australian Government agencies is working to minimise the criminal exploitation of the NBN. The inherent risk of the NBN is that it could facilitate the continual growth and sophistication of online criminal syndicates' ability to commit cyber offences against online systems due to the attractiveness of the increased speed. Increased bandwidth available via the NBN may result in increased bandwidth available for committing or facilitating computer offences.

The submission went on to say:

The proliferation of a large number of Retail Service Providers has the potential to increase the
difficulty law enforcement has to obtain telecommunications data.

The coalition strongly supports the AFP's concerns that security must be at the centre of the NBN initiative as cybercrime rises.

Also of concern to the coalition are the increasing cyberattacks on major resource companies, such as Woodside Petroleum, BHP Billiton and Exxon Mobil. It has been suggested that foreign hackers are looking for clues on government and business attitudes to major resources projects and foreign investment, along with intelligence on overseas activity.

Malicious cyberactivity is increasing to a point where systems in both government and the private sector are under continuous attack. It was alarming to hear, in February this year, that the security think tank Kokoda Foundation had released a report that concluded Australia is increasingly ill-equipped to deal with cyberattacks on the nation's energy, water, transport and communications systems. The report states that cybersecurity has become Australia's 'fundamental weakness'. The opposition is deeply concerned, given Labor's cuts to our national security agencies in the latest budget, that the government are not taking Australia's security as seriously as they should. Finally, as the Attorney-General has said, there are problems that individual Australians may encounter in the online environment every day. We are all familiar with online scams, privacy issues and cyber bullying, as well as the serious issue of the transmission of unlawful material such as child pornography and terrorist material. The Attorney has tabled a helpful list of resources available to individuals and businesses. I commend the agencies responsible for the production of this material and I endorse the Attorney's call for members of this place to keep them within our electorate offices and distribute them to our constituents as appropriate.

**BILLs**

**Migration Amendment (Strengthening the Character Test and Other Provisions) Bill 2011**

**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.

Question agreed to.

**Consideration in Detail**

Bill—by leave—taken as a whole.

Mr MORRISON (Cook) (17:16): I move:

(1) Schedule 1, after item 4, page 3 (after line 32), insert:

4A Subsection 501(7)

Repeal paragraphs (b), (c), and (d), insert:

(b) the person has been sentenced to a term of imprisonment or periodic detention; or

c) if the person has been convicted of an offence and the court orders the person to participate in:

(aa) a residential drug rehabilitation scheme; or

(ab) a residential program for the mentally ill; or

4B Subsections 501(8) and (9)

Repeal the subsections.

The amendment will ensure that the Migration Amendment (Strengthening the Character Test and Other Provisions) Bill to strengthen the provisions relating to general criminal conduct under the character test will apply to all persons who are not citizens, not just those who are or should be held in detention. The Minister for Immigration and Citizenship has opposed the amendment,
claiming it will cause chaos in the processing of tourist visas and deny access to subclass 976 visas provided through the electronic travel authority, the ETA.

There are some points I wish to bring to the minister's attention. Firstly, it is the government's preference that persons with any criminal conviction, including those carrying a custodial sentence of less than 12 months, apply for a 676 tourist visa rather than a 976 ETA visa. How do I know this? It says so on the government's website. It says:

Criminal convictions:
If you have had any criminal convictions in any country you may want to consider applying for a tourist visa subclass 676 rather than an ETA. If arriving on an ETA with criminal convictions, you could be refused entry into Australia.

I concur with the government's advice because offences that would attract a 12 month sentence or less in the UK, for example, include communicating a bomb threat and various forms of assault. It is important that we know about these sorts of things before people come to our country, or at least have the opportunity to know. The requirement to notify a criminal conviction carrying sentences of less than 12 months is also not uncommon in Western countries. For example, it is a standard requirement in both the United States and Canada. In fact, it is also a standard requirement in China, India and Russia.

Secondly, the condition to deny a person access to a 976 ETA visa is provided for under the migration regulations, not section 501 of the Migration Act that is the subject of this amendment. Regulations relating to the 976 ETA visa stipulate regulation No.8528 as a condition that must be imposed with respect to the 976 ETA visa. It is regulation 8528 that sets the bar of a 12-month custodial sentence for the ETA, not section 501 of the act that is the subject of my amendment.

The amendment that I have moved today does not alter the construction of the condition set out in regulation 8528. It will continue to operate as it always has. As a result, the ETA process will not be compromised by the amendment that I have put forward. The minister's objection is a red herring and he should know it.

Thirdly, and finally, the character test consideration is a separate issue to the decision as to whether or not to deny or cancel a visa. The decision to deny or cancel is discretionary. Using the minister's logic, every application for an ETA visa should currently be scrutinised under the general conduct provisions of the test. This is not done as these matters are triaged, as they will continue to be under my amendment.

The minister has a problem with making decisions. He has a problem with his discretionary powers under the Migration Act. In the earlier comments I made on this bill, we made it clear that on several occasions the minister had refused to use his discretionary powers and had simply allowed the opportunity to pass him by. Rather than seeking to delegate such decisions wherever possible, whether it is to the courts or his department or, as I just mentioned, just letting it go or just ignoring it, this is an issue the minister clearly has problems with.

The amendment that I have put forward would enable the same test to apply to someone on one side of the fence as it did on the other side of the fence. If the minister was of a mind to ensure that we had clear standards about acceptable conduct and behaviour, he would apply the provisions across the board and make whatever consequent adjustments he believed necessary either by a direction under section 499 or by changing regulations to achieve the desired outcome. But, prima facie, what I have put out here today is that that is
unnecessary, because the change that I am making is to 501 of the Migration Act—not to the regulations, which is where the ETA is considered and made clear.

The ETA position is not affected by this. The minister can conduct all sorts of fear-mongering campaigns as he likes, as he has issued a statement in the last 24 hours saying my amendment will bring down the tourist industry. He knows that if this amendment is passed the ETA will operate as it always has. He needs to decide whether he wants to use his discretion under the act to ensure that people who come to this country abide by our laws, our rules.

It is his government that abolished the community expectations test from the directive provided to the department's decision makers. It is his government that rolled back the strong border protection laws that have put us in the situation we are now in. It is his government, and this minister in particular, that has refused to use the discretion that is available to him. He continues to obfuscate. I commend the amendment to the House.

Mr BOWEN (McMahom—Minister for Immigration and Citizenship) (17:21): I do not intend to detain the House for long, because this is clearly a stunt from the opposition. As I said last night, the opposition's position on the Migration Amendment (Strengthening the Character Test and Other Provisions) Bill is that it does not go far enough and it is not necessary. The shadow minister has been saying for weeks, 'We don't need to do this, it is completely unnecessary,' and then he came out last night and said, 'It's not going far enough.'

The shadow minister in his contribution yesterday, he said that this amendment was necessary because if somebody who was in Australia on a visa commits an offence—and he used the example of Northies or down at the club; I think he used the example of the Coogee Bay Hotel—the Australian people deserve to know that if they are convicted of an offence they could then be deported. What he did not outline to the House were the implications for people who are applicants for visas. I suspect he did not even realise that was the import of his amendment.

Mr Morrison: I just addressed it.

Mr BOWEN: He is addressing it now, but he did not address it last night. He explained to the House last night the import of his amendment, and he was talking about the implications of this amendment for people in Australia on a temporary or a permanent basis. At no stage did he say to the House that this would have any impact on tourist applications or 457 applications or any other applications. I pointed that out to the House last night and now the shadow minister has gone back to his office and retrofitted his rhetoric to fit his amendment. He probably got his legal advice from George Brandis again—and you always get into trouble when you do that. You really need to get a better lawyer.

The member for Cook should show us the problem he is trying to fix. Which tourist committed an offence in another country and then came to Australia and caused trouble in Australia, which is covered by this legislation? Which 457 visa holder was it? Which case is the shadow minister pointing to to justify this amendment? Very clearly the opposition and the government agree that the character test was not strong enough for people in detention. People in detention can impact on government property and can impact on the wellbeing of Commonwealth employees and employees working on behalf
of the Commonwealth, not to mention other detainees. They are very serious issues.

There have been a number of instances under governments of this persuasion and under governments of that persuasion where people in detention have committed offences with a penalty of less than 12 months and the government has not been able to exercise the character power. It happened under Mr Ruddock, it happened under Mr Evans and it has happened under me. I have recommended to the House that that situation be changed, and the House endorsed it last night. The member for Cook found himself in a bit of a political situation where he thought he could not just back the government, so he was going to have to look tougher: 'What I do best is beating my chest, so how am I going to beat my chest if I just go in and support the government's legislation? I know what I'll do—I'll cook up an amendment; I'll bring in issues about tourists and 457 visas and all sorts of other things.

The member for Cook used the term 'red herring'—if the member for Cook looks in the mirror he will see a red herring in relation to this amendment. It is a stunt and a farce and I would invite the honourable member to call a division. If he really believes this is important, there are plenty of members in the House and he should call a division on this amendment—bring it on, let us have a division and see if every member of the opposition lines up behind the member for Cook. Let us see if every single member of the opposition supports him.

Mr Morrison: The Independents don't support it.

Mr Bowen: That has not stopped the member for Cook calling divisions before. We know the Independents do not support him; what we also know is that he is unlikely to get the support of the Liberal party room for this amendment. That is why he is running from this division. If he has nothing to hide, he should call a division. If he is hiding divisions in his party room, then he should not call for a division. I suspect we know the answer—he will not call a division because he cannot rely on the support of every Liberal party room member. We know that the Liberal Party is divided on many issues, and they are divided on this issue because there are several members opposite who think this amendment is a joke—as it is.

Mr Morrison (Cook) (17:25): I note the bluster of the Minister for Immigration and Citizenship, but he failed to address the issue he raised in the House last night. I flagged this amendment in the House last night and also in the briefing with the minister's department and with his own office, and I asked at that time: why are we only strengthening the character test for those in detention and not for all of those on visas, as currently these applications apply right across the board? There was no answer. They had not thought of it. I understand that last night the minister must have thought of it after that—they certainly had not thought of it before I raised it—but he did not give me the courtesy of a reply on the issue I had raised with his staff so I brought the amendment forward.

The amendment deals very specifically with changes to section 501 of the Migration Act. Last night in this place the minister said that this amendment would not work because it would require a complete collapse of the electronic travel authority system, which would destroy the tourism industry. He was even so bold as to talk about my previous time as the managing director of Tourism Australia. He said I should have known this. The minister should actually understand his own regulations and his own act. He came into this place last night and said that this amendment could not be practically
operational. Effectively that is what he said. Today in this place, in putting forward this amendment, I have made it very clear to the minister, and I have set it out, that the requirement to consider someone's criminal convictions under the ETA, which effectively would bar them from making an ETA application, is provided for under condition 8528, which reads:

The holder must not have one or more criminal convictions, for which the sentence or sentences (whether served or not) are for a total period of 12 months duration or more, at the time of travel to, and entry into, Australia.

That is where the power is created to bar someone access to the ETA. It is not an automatic progress from section 501 of the act and the character test into that condition. Even still, the minister knows that if he wanted to support this amendment and he wanted the same rules for everyone on both sides of the fence, he could quite easily introduce regulations and he could quite easily introduce a directive under section 499 of the act to ensure that these matters were operational.

I am happy for the minister to tell me where these things are out of place. After all, he has 9,000 people working for him in the Department of Immigration and Citizenship. On the opposition side, there are a few of us here working together with our staff in our offices, and we have some experience in dealing with these matters, but at the end of the day it is for the minister to be able to come to this place and understand specifically what occurs under the act he administers and under the regulations. I put it to the Minister: if it is not condition 8528 that is the key issue here for the operation of the electronic travel authority, then I am happy for him to correct me; I am happy for him to set me straight.

Equally, on top of that, the minister can also advise what changes he could therefore make to the regulations and what directives he could give under section 499 to make sure that they were operational. I am sure he would get support from the opposition to do that, because we are supporting this bill. We are supporting this bill and we will ensure that it passes through this place and the other place. But, in making this point, we offer the opportunity for the minister to ensure that we would be in a position to have this change effected. If the government is not prepared to support the opposition in passing this amendment then, frankly, there is no point in a division—because it will not go through this place, and I am not going to waste this chamber's time with the government's refusal to cooperate in a bipartisan way with the opposition over something of this nature.

The coalition have provided the government with support for their measure. We have put forward a practical proposal which, in our understanding, we believe can work. If the government do not believe that is the case, I am open for the government to actually tell me how this can be made to work at an operational level. But, from what I have seen to date, it would seem that the regulations are quite clear, and changes to section 501 of the act would not impact on the operation of the ETA system. But, even still, if the minister believes it does require changes, I am sure those changes can be made to the regulations or can be made otherwise by the form of a directive under section 499.

Mr BOWEN (McMahon—Minister for Immigration and Citizenship) (17:30): I am happy to address the matters raised by the shadow minister. First, the shadow minister raised the question: why the difference? I actually did address that last night, and earlier this evening, and I am happy to spell it out again as clearly as I can for the shadow minister tonight: the changes proposed by the government are there to fix a problem;
the changes proposed by the opposition are a solution in search of a problem. The Leader of the Opposition—the shadow minister for immigration, sorry; I am getting a bit ahead of myself: he might be the Leader of the Opposition soon, but he is not yet—has not outlined the problem he is trying to fix. When you bring in a change to legislation it is normal practice to outline to the House what is wrong with the existing legislation—what is wrong with the character test as it applies to tourists, to 457 visa holders and to all non-citizens and visa holders in this country. There are 4½ million applications for permanent and temporary visas in Australia each year. So what the shadow minister needs to do is point out where the problem is that he is trying to fix.

In relation to people in detention, the government has pointed out that offences committed by people in detention can result in damage to public property and harm to Commonwealth employees and to people in our care—that is to say, detainees. Of course, there have been a series of events which have shown that the character test needed to be strengthened, that it would benefit from more clarity in being strengthened. The shadow minister, in search of a political solution—which I completely understand as that is his role as shadow minister: to find political solutions to political challenges for the opposition—has put forward this amendment. But it is not a solution to a public policy problem—because there is no public policy problem which he has identified. I invite the shadow minister again to show us an example of somebody who has come to Australia, who has had a custodial sentence of less than 12 months at some point in their past, and who has gone on to cause a problem in Australia.

I will deal with the matter of ETAs, because the shadow minister has chosen to verbal me—or, alternatively, he has misunderstood. I will give him the benefit of the doubt and say he did not understand what I was saying last night. I was actually pointing out last night exactly what the shadow minister is pointing out: that there is an inconsistency, that ETAs, which apply to people who come to Australia from several countries, would not be covered, and you would therefore have an inconsistency in terms of how this amendment would be implemented. If you came from certain countries, you would be covered in a certain way; if you came from other countries, you would be covered in another way. This had not been thought through by the shadow minister, with due respect to him. This was a thought bubble, cooked up as a solution to making him look tougher. As a result, he would implement a system which would mean that the department would have to devote considerably more resources or see processing times blow out very substantially for tourists, for 457 visa holders et cetera. I wonder what the tourism industry would think about that. I wonder what the resources industry would think about that. I wonder what industries in search of more skilled labour would think about that. This government has worked hard to reduce processing times for 457 visas and has achieved considerable results, with much better processing times than in years past—yet we see this nonsensical amendment from the opposition. I invite him to call a division.

Mr MORRISON (Cook) (17:34): In addressing the points the minister has just raised, I will read the statement that he issued today. He said that, under this proposed amendment:

… every person with even the most minor conviction would fail the character test, which could result in visa rejection.

It is interesting, because every person arriving on an ETA right now, under that class of visa, when they present themselves
at the airport, having filled out the bit about a criminal conviction, can be rejected right there and then. My point about the amendment is that it changes nothing in terms of the normal operation of the department in issuing visas. Whether they are tourist visas, skilled visas, 457 visas, family reunion visas or humanitarian visas, the amendment I have put forward makes no change to the smooth working of any of those operations. But I can tell you what has caused a change to the smooth running of this department: the decision of this government in August 2008 to abolish the border protection regime put forward and run successfully under the Howard government. Since that regime was abolished by this government we have gone into absolute chaos. The cost associated with managing asylum seekers has gone from $100 million a year to more than $1 billion a year. If the minister is concerned about the impacts on the smooth running of the department of government policy changes, or indeed opposition amendments, I would caution him and ask him to look at the record of this government, because that is what has gridlocked this department, gridlocked business visa applications, gridlocked family reunion applications, gridlocked every form of visa application consideration across the full spectrum of what is offered in this country. My office, and members' offices on our side, are constantly having stories brought to them of frustrations in dealing with visa applications—including humanitarian applications, I should stress. Matters have been brought to me by members of the Salvation Army, specifically relating to humanitarian applications that have been delayed and not considered and rejected on the simple grounds that the government's program had been overwhelmed by those who had come by boat. That was the advice they got from this department. So the minister may want to come to the dispatch box and he may want to say, as he has said in the statements he has issued, that he wants to ensure consistency in our laws—because that is why this amendment has been put forward by the coalition. That is the issue he should be addressing. If the minister does not think there is a problem, if he does not think there is an issue in our community of those on visas breaking the law, if he thinks that every person who comes here on a visa never gets themselves into trouble, never engages in disorderly conduct, never has one drink too many, never engages in assault or never commits any sort of offence, then he should pick up the phone not just to the President of Nauru to fix his other problem but to the New South Wales Commissioner of Police. He should pick up the phone to the New South Wales Police Force, who deal with these incidents constantly. They tell me that they want to see a consistent approach applied to noncitizens. If there were the added sanction—faced by those who choose to act up while they are guests of our country—that a conviction of less than 12 months meant a clear failure of the character test, with the minister then able to deny or cancel their visa, it would be a welcome addition to the measures that are available to those who enforce our laws not just in New South Wales but all around the country.

The minister can choose to stay with inconsistency, as proposed in his bill, or he can choose the path of consistency. The path of consistency will not have the implications suggested by the minister. He has not been able to demonstrate that. He has come into the House today with no backup for his claim that this would cause havoc. The only thing that has caused havoc in the Department of Immigration and Citizenship is the way that this government has dealt
with asylum seeker management and refugee policy.

Mr BOWEN (McMahon—Minister for Immigration and Citizenship) (17:38): Again, the shadow minister for immigration, the member for Cook, attempts to verbal the government and me. He says that I believe that people who come to Australia on visas never commit criminal offences. I have not said that. In fact, the current regime works. Noncitizens who have been sentenced to a term of imprisonment in Australia for 12 months or more are already identified, at the rate of about 60 people of interest per month. That shows that the system works. The shadow minister needs to indicate where there has been a problem which his amendment seeks to fix. That is what he needs to do.

The shadow minister has again said that he will not call a division because he will not win the division. I have been in this House for seven years, and I can recall a number of instances where oppositions have called divisions when they did not think they could win—every division ever called in any of the previous parliaments before this one, for example, and several divisions called during this parliament.

Mr Morrison: Get with the new paradigm.

Mr BOWEN: This is a new precedent. I am sure the member for Cook will let the member for Sturt, the Manager of Opposition Business in the House, know that this is a new rule, that you do not call a division unless you think you are going to win it; otherwise, the House is entitled to conclude that the shadow minister for immigration is not calling a division because he cannot rely on the support of his own party.

Mr Morrison: Don't verbal me; address my points.
flexibility for families seeking an advance on their family benefit payments.

I am very proud to support this reform because it represents this government's strong and proud record of sensible and practical reforms to the welfare system. This flies in the face of the general criticisms by those opposite. They are strident in their false claims that this government has not succeeded with a reform agenda, that positive economic and welfare reform cannot be achieved and that reform cannot occur in this parliament. As the Minister for Infrastructure and Transport and the Leader of the House put on the record last Thursday, 26 May, as at 1.30 pm last Thursday the Gillard Labor government had passed 112 pieces of legislation through this House in eight months. This compares with 108 bills passed in the first 12 months of the Howard government. Apart from productivity and efficiency, however, this legislation reveals our Labor government's commitment to improving life outcomes for all Australians.

I represent an electorate with a high proportion of young families on low to middle incomes. Robertson is an electorate with a high residential population, many of whom make the daily commute to Sydney or Newcastle. One of my great ambitions as the member for Robertson is to see the level of youth employment and participation increase. I will always seek improvement in this area because sustained and stable employment is vital for young families with mortgages and tight budgets. Quite often these families, some of whom are on a single income, rely on welfare payments when balancing their family budget, and balancing the family budget can be a critical element of enabling young people to continue in education and in training. I am also confronted with these concerns when I meet constituents while I am doorknoicking through my electorate. This legislation is a step towards assisting regular Aussies who need a bit of flexibility to manage the challenges that life throws at all of us from time to time. Recently I attended an event named the Peninsula Links Day. This event was organised by the Peninsula Links steering committee. It was an innovative project brought together by great leadership from our local Centrelink agency. The vision for the day was to link customers, clients and companions to various agencies within the Central Coast. I am proud to represent an electorate where the charitable and community organisations are strong, well organised and have great support throughout the community. This was demonstrated at the Peninsula Links Day where a variety of community organisations were present to meet the different needs of the community and discuss the real and pressing concerns of many of our local families. Many of these local organisations operate on a not-for-profit basis and provide a great support to our local community. This extends to legal services, problem gambling and financial advice, which is critical to this bill.

Community organisations and charities can play an indispensable role in providing support to those who cannot afford or access it. But I am not one who believes that community organisations in any way supplant or remove the obligations of the Australian government in providing a strong and efficient system of practical welfare. Whilst I believe that there are limits to what welfare can achieve—and that obviously welfare must be provided efficiently and effectively—welfare must not be determined according to arbitrary ideological factors. Rather it needs to be able to respond to the complex realities of ordinary lives. Our eyes remain focused on the practical need for welfare to support families.

I will now address the second component of this legislation before the House this
evening and that is the Healthy Start for School initiative. This initiative will implement a condition upon the family tax benefit part A for parents and carers of four-year-olds. The condition is that children of four years of age go through a basic health assessment check such as the Healthy Kids Check. This will fulfil an important objective to ensure that children are healthy, physically and emotionally, and also socially healthy when they commence school and that they are prepared for learning. Health checks can also have the aim of helping with the detection of early lifestyle risk factors, delayed development and illnesses. These are varied and include illnesses such as vision and hearing problems in addition to intellectual, social and emotional delays.

It has been demonstrated quite clearly that health checks and the guidance that they provide and the opportunities for early intervention and access to support can provide incredibly powerful positive results for low-income families and children being brought up in those contexts. This is in no way meant to criticise parents on low incomes. Income is not an indication of love, or care, or ingenuity or a capacity to manage on a limited budget. This legislation does recognise that in many cases guidance in relation to healthy lifestyles and early intervention is, really, a very important thing.

I passionately believe that education is the primary means for enabling patterns of disadvantage to be broken down and to enable more Australians to access and thrive in the mainstream Australian economy. There is nothing to gain by leaving some of our fellow Australians behind. Indeed, it is a core Labor value that a quality system of public education is provided to enable the disadvantaged to access mainstream economic and social life. What we must always understand is that the early childhood years can be the most important in providing the foundations of a quality education and a good life. It is also in early childhood that academic, emotional and social concerns are very easily addressed.

I believe that the Healthy Start for School is a fundamental part of this package to reduce disadvantage in our community. It is also much more economically and socially effective to address these issues at an early stage of life. The reforms about which I have spoken are important in terms of giving all Australians access to the opportunities of a great economy. They also provide families with the necessary flexibility to manage their own finances at times when things happen such as the washing machine breaks down or when somebody in the family becomes unwell. I commend the bill to the House.

Mr NEUMANN (Blair) (17:49): I speak in support of the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Further Election Commitments and Other Measures) Bill 2011. There are three main measures here, all in fulfilment of election commitments that the government made. The first measure of better access to family payments with more flexible advance payments of the family tax benefit will improve the lot of 1.5 million Australians. The Healthy Start for School initiative will affect 92,000 children and strengthening compliance child support, as estimated by Treasury, will benefit the Australian taxpayer by reducing family tax benefit payments by $78.6 million as child support payments increase and as people fulfil their parental responsibility to care for their children, regardless of whether they are married or separated.

Family tax benefit A and B is an initiative of the Commonwealth government. Family tax benefit A is the main payment designed to help with the costs of raising children. It is
payable to a parent, guardian or approved care organisation for a child under 21 years or a dependent full-time student between 21 and 24 years of age. Family tax benefit B is designed to provide assistance to families who have one main source of income including sole parent families with a dependent full-time student up to the age of 18 years.

In August 2010 under our election package, Better Access to Family Payments, the Australian Labor Party committed to simplifying and making more flexible access to family tax benefits for unexpected costs such as the TV or freezer breaking down and where people needed to get access to money. It is already possible for people to get access to family tax benefit and to get an advance, but we wanted to make sure that this would help families in unexpected circumstances.

This is an important reform and it will go a long way to making flexible arrangements that people need as their circumstances change. For instance, in my electorate of Blair, which represents most of Ipswich and the Somerset region, many families, thousands in fact, have been flood affected. Their circumstances are such that they require assistance from social security, and many people lost furniture and household items such as TVs, fridges and freezers. More flexible advance payment of family tax payments would assist those people with these unexpected costs. Many of these people simply did not expect to be flood affected and so the benefits here will assist. The maximum amount of advance payment will be linked to a family's rate of payment and generally a maximum of 7.5 per cent of a family's rate of payment could be advanced. For a family with one child under 12 years of age it is around $312. For a family with two children under 12 years of age it is $625. Overall a maximum amount of $1,000 will apply. Advances will only be approved if Centrelink is satisfied that it will not cause financial hardship. This is a good initiative. It will help my electorate as it recovers from the flood. It means that families will have that capacity to provide for the recovery and reconstruction of their lives. I support it.

The second initiative, Healthy Start for School, is a commitment the Gillard Labor government made during the last election campaign. It is a measure for family tax benefit recipients on income support payments. It will make the payment of the family tax benefit A supplement for a child turning four in a particular income year conditional on the child undertaking a health check, such as a Healthy Kids Check provided on the Medicare benefits schedule or checks conducted by state or territory maternal and child health services.

The objective here is to identify whether children have hearing loss or a problem with their eyes, whether they are suffering from some illness or condition, and to treat and identify it early so that steps can be undertaken to give that child every chance in life, to prevent learning difficulties and to make sure that child gets appropriate and adequate medical treatment. I do not resile from the conditionality of this initiative. I think it is important. We want to make sure that children get every chance in life and this is an opportunity to do so. This initiative is helpful to children.

It is sad but true that some parents do not necessarily consider that the health of their child is a high priority. Regrettably that is a very common occurrence for those people who are struggling in circumstances where they are under pressure. They might have mental health or psychiatric problems. This does not occur in most families across the country but we want to make sure that even in those difficult circumstances children are
healthy and fit and ready to learn when they start school. This can only happen if parents really take that initiative. So the parents will need to confirm with Centrelink that the check has been done. The checks are serious checks. They are not simply a tick-a-box thing that someone decides they might go down the road for. They have to consult a medical specialist. It gives the opportunity for parents to get guidance in terms of a healthy lifestyle and what early intervention strategy can be undertaken if a child is suffering from some adverse health condition. This will break down patterns of disadvantage and socioeconomic hardship for families. If we can break that intergenerational cycle of poverty and disadvantage, which is so evident by postcode across this country, that will be a benefit from the Torres Strait right down to Tasmania.

It is important that children are able to participate in community life, get access to every educational opportunity and therefore provide financial security for themselves and their families by getting a good education. If they are suffering from some form of disability or illness, that needs to be identified early. I support that initiative. I think that is a worthy cause to undertake and it is important that we encourage parents on income support payments to ensure their children receive their health checks before they start school.

The third initiative deals with the area of child support. This is a vexed problem for many families across the country. Most people do not get charged with criminal offences, they do not have car accidents, they do not contact the legal system of the country, but many people across the country live in separated households. Their relationships have broken down, whether they have been married or otherwise, and generally children are born from those relationships. What happens in those circumstances is that those children need to be financially supported. If the parents are not fulfilling their statutory and common-law obligations to provide primary care for their children financially, then the taxpayers take up that cause. That is exactly what happens in circumstances where mothers or fathers fail to pay child support.

Child support has been the system in this country since 1989 and is paid under the Child Support (Assessment) Act and collected under the Child Support (Registration and Collection) Act. There is a formula in place and people should know their obligations. It is very much dependent on the payment of tax and people lodging tax returns. If they do not lodge tax returns it makes it difficult for the child support system to assess how much is payable. Therefore people can make arrangements to avoid paying child support. In my previous life as a lawyer practising in family law I met many people who adjusted their financial affairs to evade paying child support and was involved in literally thousands of cases in courts, family courts, federal magistrate courts or other aspects of the jurisdiction, where I was attempting to encourage people to pay child support and fulfil their obligations.

We are trying here to get a more accurate system of payment of child support. We are strengthening compliance. A more accurate default arrangement will be introduced that uses a parent's previous taxable income instead of a low default income—that is two thirds of MTAWE—in cases where they have not lodged a tax return. Sadly what happens if they say, 'I am not going to lodge my tax return', particularly if it is a situation where they see they are going to be paying more child support and be in a higher tax bracket. They arrange their financial affairs in a way that they do not lodge their tax returns.
return so we do not get the accurate figure and they end up with a lower default income under the legislation. This amendment will ensure a more accurate child support assessment and it removes the almost accidental disincentive for a parent on a higher income to avoid paying child support and getting a lower child support assessment based on the formula that has been established, the lower default income assessed support. The amendments in this legislation make a difference. This means that people's real income or, more likely, their more accurate income will be used for the calculation of child support and, therefore, they are more likely to pay a higher child support payment. The consequences of that are that we, the taxpayers—the taxpayers across the country—are more likely to pay less money to that particular family, as the payer, usually a male, will pay higher amounts of child support. That is good common sense. It is good that we require parents to take on their financial responsibility for their children. It also adds to the integrity of the tax system by making sure that parents fulfil that responsibility and that all of us pay less taxation payments to that particular family. Again, this is a good initiative. It is another federal Labor government initiative. We have stood up for families.

I am also proud to be part of a government that has cut income tax for three years in a row. That has made a big difference. Someone on $30,000 a year is now paying $750 less in tax than in 2007-08. Someone on $80,000 a year is paying $1,400 less in tax than in 2007-08. I am most proud of the fact that we have increased the childcare rebate from 30 to 50 per cent. That has had a big impact in my electorate. Since June 2008, we have seen more than 5,600 local families benefit from the additional childcare rebate payments. There is $3.143 million in additional assistance being paid to people in Ipswich and in the Somerset region as a result of our reforms. Unlike those opposite who, after they came to power in 1996, ripped $1 billion out of the childcare system, we are investing a massive amount of money in the childcare system across this country. We are providing $20 billion over four years for early childhood education and child care. That is a whopping $12.8 billion more than was provided in the last four years of the Howard government. We are providing $16.4 billion to help 800,000 Australian families annually with the cost of child care.

We have the runs on the board with respect to families. This budget has of course made a big impact on families in my electorate: 5,600 families in Blair benefited from an extra $4,200 per child aged between 16 and 19 years under changes to the family tax benefit system. This was on top of Australia's first paid parental leave scheme. We have extended education tax refunds to cover uniforms as well. You can see what this government has done with respect to helping families—and not just that, there is $16.4 billion for education. And there is almost a doubling of funding for health. This is after the coalition ripped $1 billion out of the health system when the Leader of the Opposition was the federal minister for health. They capped GP training places and disinvested in the health and hospital system—all of which was vital to Australian families and their interaction with the health and hospital system in order to care for their young children. When the opposition were in power they never had the wit nor the wisdom to make the reforms that we have to help Australian families.

We have also invested in our local schools through BER projects: $109 million in the electorate of Blair. Those wonderful projects provided the halls that acted as evacuation centres for flood affected families in my...
electorate and across the Brisbane valley. Those opposite can carp and snipe and whinge about what we are doing but they are hopeless, helpless and hapless when it comes to Australian families.

Ms HALL (Shortland—Government Whip) (18:04): I will start where the previous speaker finished, with 'hopeless, helpless and hapless'. Yes, the opposition certainly demonstrated to us on this side of the House that that is exactly what they are. They have demonstrated their lack of care for families. When the member for Blair talked about health and hospital reform, I could not help but go back to the days when the Leader of the Opposition was the health minister and remember the pain he inflicted upon Australians when bulk-billing declined. He constantly stood up in this House and said, with a smirk on his face, that he was the best friend that Medicare ever had, while, at the same time, he slashed benefits and undermined the effectiveness of Medicare.

It makes such a difference when you have a government in power that actually delivers on the promises that it made in the election. This is a really good-news piece of legislation. I can understand why members on the other side of the House get quite upset when I point out to them how we are delivering for families in Australia. We are delivering in a big way for families—something that they did not do. Those opposite took from families and made it difficult for them to visit their doctors, because doctors had stopped bulk-billing. People had difficulty in purchasing their medicines. What we have done on this side of the House is deliver better access to family payments and provide more flexible advance payments of family tax benefits. Healthy Start for School is a component of this legislation as well as a strengthening of compliance in child support, thereby making it easier for families.

I did not mention at the beginning of this contribution that I was rising to speak on the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Election Commitments and Other Measures) Bill 2011. This legislation delivers to the Australian people and to the people of Shortland. It is really, really good news. This legislation makes some pretty important changes to family tax payments. They are changes that will make it easier for families. This will provide for more flexible advance payments of the family tax benefit. Families need flexibility. Families will be able to receive a larger and more flexible advance of their family tax benefit entitlements to help meet unexpected costs. Anyone who has had children themselves or who has a young family knows how those unexpected costs arise. Everything is going along swimmingly and the car breaks down, the fridge blows up or the washing machine breaks down. Labor is recognising the fact that there are unexpected events in the lives of families and that not all families have a constant stream in their lives.

The maximum amount of advance payment will be linked to a family's rate of payment. Generally, a maximum of 7.5 per cent of a family's rate of payment could be advanced. For a family, with one child under the age of 12, this will be around $312. We all know that, if you have a problem with your car, $312 is a big help towards having that car fixed. For a family, with two children under age 12, it will be $625. An overall maximum amount of $1,000 will apply. Advances will only be approved where Centrelink is satisfied that the advances themselves will not cause financial hardship.

There will be one minimum rate for all payment advances, which will be set at an indexed amount of around $160. Some families on the base rate of FTB A will have
access to a smaller advance because of their smaller existing entitlements. Families who receive an advance will then have their subsequent fortnightly entitlements over six months adjusted to recover the advanced amount. Currently, the maximum advance is fixed at $324, and this can only be advanced twice a year—on 1 July and 1 January. This is a very inflexible arrangement. As I highlighted earlier in my contribution to this debate, these payments can be used for those unexpected events—the car, the washing machine or the refrigerator breaking down. Unfortunately, for families, those events do not happen on 1 July and 1 January each year. These events are unexpected. These changes are designed to incorporate those sorts of events into a family’s life. It is about flexibility and it is based on the needs of families; it is not about an unexpected event happening on 1 July or 1 January each year.

The other component of this legislation that I am particularly excited about is the measure that will make the payment of family tax benefit part A supplement for a child turning four in a particular income year conditional on that child undertaking health checks, such as the Healthy Kids Check on the Medicare Benefits Schedule.

I have a grandson, who is now aged five. When he turned four, I actually took him to the doctor and he had that Healthy Kids Check. I was very impressed with the health check that he went through. The doctor measured him, weighed him, tested his hearing and eyesight and went through a full medical history of young Sam. After about 15 or 20 minutes he was given the all clear. It was very beneficial. I walked away from there knowing that he was a healthy young boy who could play sport, who could hear, who could read and who should have no problems with his learning. A child who has a hearing deficit, a sight deficit or some other deficit that is not picked up can end up having problems when they start school. The height-weight ratio is a very important index. In this era where we are confronted with an obesity epidemic it is important to ensure that our children's weight and height are right for a child their age and that their weight correlates with their height. One of the biggest problems that we have in our society today is an increase in obesity. That obesity is starting at a younger age, and it leads to chronic diseases such as diabetes. Type 2 diabetes is now being identified and diagnosed in quite young children and adolescents. The Healthy Kids Check is important. If something such as obesity is identified, then the doctor can work out a healthy eating plan, an exercise plan and can talk through the issues with the parents. That can improve that child's health outcomes and, I suppose, their future—the choices that they will have in their life. Because, unless you are healthy, you have so many restrictions placed on you. If you are obese, it becomes a vicious circle. You find it harder to exercise and, because you find it harder to exercise, you do not exercise and when you do not exercise you put on more weight. And so it goes on. By the time that four-year old reaches puberty he or she is quite obese and by the time they are young adults the problem has been exacerbated.

I really want to emphasise how important the Healthy Start for School measure is and to encourage all families throughout Australia to recognise its importance and have their child undergo the Healthy Kids Check—not only the children who are covered by this legislation but all children—because it is about their child's future and also about the long-term health of our nation. The requirement in the legislation we have before us applies to families where either of the parents or their partners have been on income support at any time during the financial year in which the child turns four.
Income support families who do not meet the new requirements will have their family tax benefit A supplement withheld, as the objective is to ensure that all children have a health assessment. Families who take their children to a health check within two years of the end of the financial year will be able to claim the supplement. This measure is about putting in place an incentive to encourage all families to ensure that their children have this health check. As I have already mentioned, this is vital not only for that child, not only for its family, not only for the community but for the long-term health of Australian society.

There are two other issues in this legislation. One is strengthening compliance in the child support system. The current system will be replaced by a more accurate process. Each and every member of this House knows about the issues that surround the child support system and about the issues around compliance. The process that will be put in place following the introduction of this legislation will help with a number of the problems that exist at the moment with child support. The other component of this legislation will help with a number of the problems that exist at the moment with child support. The other component of this legislation, one that I particularly embrace, is streamlining the notification process for compensation recipients. This is a measure in the 2010-11 budget which will streamline the process of notifying Centrelink when payments are made by payers of compensation, such as insurers. In other words, if a person is to receive a compensation payment, it places an obligation upon the insurance company, or whoever it is, to pay compensation as quickly as possible. As somebody who has worked in rehabilitation and with people who have received compensation payments, I know just how much of a problem it is if people do not receive the payment quickly. They are unaware of it. They end up with a debt to Centrelink and, as well as that, they can miscalculate or be unable to calculate their financial circumstances for the next 12 months, two years, three years—or however long their preclusion period is—before they are entitled to receive Centrelink benefits.

This is excellent legislation. It is a Labor government delivering to the people what, before the last election, they promised they would deliver. This, along with the education tax rebate being extended to uniforms, the childcare rebate going from 30 to 50 per cent, the payments of childcare rebate being made on a fortnightly basis and the Paid Parental Leave scheme, is great news for Australian families. (Time expired)

Ms COLLINS (Franklin—Parliamentary Secretary for Community Services) (18:19): Can I begin by thanking both sides of the House for their contributions on this bill. This bill brings forward three further election commitments to improve support for Australian families. The 2010-11 budget measure and also some minor clarifications to family payments are introduced by the bill.

The first election commitment is an overhaul of the arrangements for advance payments of family tax benefit to better meet families' needs. Families will get a more flexible system, with more scope to choose the size and timing of their advanced payments. The new system, starting on 1 July 2011, will help families meet unexpected household costs such as having to replace a broken-down fridge or a damaged school uniform. Some families may find the new, more flexible system means they can avoid high credit card bills or high-interest small loans. Other families might find they manage their budget better around unexpected expenses like car registration. Families will choose how much they get in an advance payment, subject to set minimum and maximum amounts. The minimum
amount will be 3.75 per cent of the maximum standard rate for a child aged under 13. This comes to around $160 as the minimum advance amount for all families. The maximum amount will differ between families depending on their usual rate of payment. Generally, a maximum of 7.5 per cent of that rate will be available for advance payment. For example, if the family is not receiving rent assistance and has one child under 13, the maximum advance amount would be around $320. If the family is not receiving rent assistance and has two children under 13, it would be around $640. A family that is receiving rent assistance would have a higher maximum advance. An overall maximum will apply. This will be $1,000 in 2011-12 and it will be maintained at the same percentage of the maximum standard rate for one child under 13 as in the first year. Families will have their ongoing fortnightly family tax benefit part A entitlement adjusted to repay their advance. Under new arrangements, families will no longer be limited to receiving and repaying advances within two set periods of the year, those being 1 January to 30 June and 1 July to 31 December. Families will be able to request more of their entitlement in advance at any point in the year and the advance will be recovered in the following six months. Importantly, though, Centrelink will not approve advance payment requests if financial hardship would be likely to result. Also, families making repeated requests will be assessed to see whether financial advice or financial counselling will be of any benefit.

The second of the election commitments introduced by this bill is to establish a new requirement for income support recipient parents or carers of four-year-olds. This is aimed at giving their children a healthy start to school. Under this new requirement, family tax benefit part A supplement, which is paid to families at the end of the financial year, will become conditional on the kids in these families going through a health assessment. The Healthy Kids Check is such an assessment. A health assessment at this age will help ensure that children are healthy, fit and ready to learn when they start school. In particular, it will help with the early detection of lifestyle risk factors and delayed development, and illness such as vision and hearing problems.

The health check will also offer families guidance on healthy lifestyles and early intervention strategies. We know from research that opportunities such as these will be especially important for disadvantaged families, for a good education is so important in helping to break down patterns of disadvantage. The Healthy Start for School initiative will apply from 1 July 2011. Parents will need to confirm with Centrelink that the health check has been done. In exceptional circumstances, the new requirement may be waived—for example, when the child has severe disability or terminal illness.

The third and last election commitment in the bill will introduce a new, more accurate process for assessing income for child support purposes in place of the current policy that applies when a parent fails to lodge or is late with his or her tax return. Currently, the child support assessment for a parent in these situations is based on a figure equal to two-thirds of the male total average weekly earnings, a process that often leads to an understatement of the parents' actual income. The new process will achieve a more accurate child support assessment and, therefore, better support for children in separated families by generally using the assessment of the parents' last known taxable income, indexed by the growth in average wages. However, if the current process based on two-thirds of male total average weekly
earnings would lead to a higher income, that process will be used instead.

In a measure from the 2010-11 budget, this bill will streamline the notification process when payments are made by compensation payers and insurers. These compensation payers and insurers will now need to tell Centrelink before compensation payments are made to compensation recipients or their partners. The new requirement will apply to lump-sum payments as well as to ongoing periodic payments. It will help to simplify the notification process to Centrelink and will help to make sure that people are paid their correct entitlements and avoid unnecessary overpayments.

Amendments will be moved to this measure as a result of consultation with the insurance sector. These amendments will avoid any risk of conflict with state and territory compensation laws surrounding grants and payment of workers compensation and will make the new arrangements easier for the industry to manage. The bill currently provides for Centrelink to be notified at least 14 days before the payment is made. The amendments will allow the secretary and the compensation payer to agree on an alternative period within which notice must be given. Lastly, some minor clarifications within existing policy will be made to several family assistance and child support provisions.

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.

Ms COLLINS (Franklin—Parliamentary Secretary for Community Services) (18:26): I present a supplementary explanatory memorandum to the bill and I ask leave of the House to move government amendments (1) to (8) together as circulated.

Leave granted.

Ms COLLINS (Franklin—Parliamentary Secretary for Community Services) (18:26): I move government amendments (1) to (8) together as circulated:

(1) Schedule 4, item 6, page 41 (line 5), after “before a person”, insert “(other than a person covered by subsection (3A))”.

(2) Schedule 4, item 6, page 41 (line 18), after “before a person”, insert “(other than a person covered by subsection (3A))”.

(3) Schedule 4, item 6, page 42 (line 2), after “before a person”, insert “(other than a person covered by subsection (3A))”.

(4) Schedule 4, item 6, page 42 (after line 9), after subsection 1167A(3), insert:

Alternative notice arrangements—notification agreements

(3A) A person is covered by this subsection if:

(a) the person has entered into an agreement (a notification agreement) with the Secretary; and

(b) the notification agreement covers payments of the relevant kind; and

(c) the notification agreement is in force.

(3B) The Secretary may enter into a notification agreement with a person for the purposes of this section. The agreement must specify:

(a) the kinds of payments covered by the agreement; and

(b) the requirements relating to notifying the Secretary of the making of those payments, including the time within which notice must be given.

(3C) A notification agreement between the Secretary and a person commences on the day it is made and remains in force until the earlier of the following:

(a) the day specified in the agreement;

(b) if the Secretary determines that the person has failed to comply with the agreement—the day notice of the determination is given to the person.
(3D) Part 4 of the Administration Act (about review of decisions) does not apply in relation to a decision of the Secretary under subsection (3B) or (3C).

(5) Schedule 4, item 6, page 43 (line 13), after “for the payment”, insert “(other than an insurer covered by subsection (3A))”.

(6) Schedule 4, item 6, page 44 (line 15), after “for the payment”, insert “(other than an insurer covered by subsection (3A))”.

(7) Schedule 4, item 6, page 44 (line 33), after “for the payment”, insert “(other than an insurer covered by subsection (3A))”.

(8) Schedule 4, item 6, page 44 (after line 37), after subsection 1167B(3), insert:

Alternative notice arrangements—notification agreements

(3A) An insurer is covered by this subsection if:

(a) the insurer has entered into an agreement (a notification agreement) with the Secretary; and

(b) the notification agreement covers payments of the relevant kind; and

(c) the notification agreement is in force.

(3B) The Secretary may enter into a notification agreement with an insurer for the purposes of this section. The agreement must specify:

(a) the kinds of payments covered by the agreement; and

(b) the requirements relating to notifying the Secretary of the making of those payments, including the time within which notice must be given.

(3C) A notification agreement between the Secretary and an insurer commences on the day it is made and remains in force until the earlier of the following:

(a) the day specified in the agreement;

(b) if the Secretary determines that the insurer has failed to comply with the agreement—the day notice of the determination is given to the insurer.

(3D) Part 4 of the Administration Act (about review of decisions) does not apply in relation to a decision of the Secretary under subsection (3B) or (3C).

Mr ANDREWS (Menzies) (18:26): Speaking very briefly to the amendments I note the words of the parliamentary secretary in her summing up speech in relation to arrangements with the insurance industry as to alternative time frames being proposed by these amendments. I simply want to place on the record information provided to me just before I came into the House. I have not had an opportunity to compare what has been said to me with the amendments but I simply place on record that the industry, I am informed, have become aware of what they say is a major flaw in the legislation, with the debate resuming today. One part of the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Further Election Commitments and Other Measures) Bill 2011 requires insurers as the payers of injury compensation to notify Centrelink two weeks before making payments. However, insurers have various state obligations to make payments to injured persons in a shorter time frame—for example, to pay weekly payments to injured workers within one week or to reimburse out-of-pocket medical expenses within a number of days. The upshot is that insurers could not possibly simultaneously comply with both Commonwealth and state regulations, putting them automatically in breach of one or both regulatory obligations or resulting in unnecessary delays to the payment of income support and other payments to injured workers and other injury compensation recipients.

So, as I said, given that this advice was provided to me just prior to walking into the chamber and not having had the opportunity to look in detail at what the amendments are, I seek some assurance from the government that the amendments do go to this issue. If the minister is not able to answer that now then to come back to me after today, otherwise we would obviously seek to have
the matter examined in more detail when it goes to the Senate.

Ms COLLINS (Franklin—Parliamentary Secretary for Community Services) (18:29): I thank the member for Menzies for his contribution. I am advised that these amendments will deal with those issues. In fact, the reason they allow the secretary to deal with it is that the restrictions in each state and territory are different, and so those rules can be applied that relate to the relevant jurisdiction laws. We have been advised and we do believe that this will resolve the matter.

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Ms COLLINS: by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

Tax Laws Amendment (2011 Measures No. 4) Bill 2011

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Mr TONY SMITH (Casey) (18:30): On behalf of the opposition, I rise to speak on the Tax Laws Amendment (2011 Measures No. 4) Bill 2011. It is a bill, like most tax law amendment bills—you would appreciate from your time in the House, Mr Deputy Speaker—that the coalition will not be opposing. I will take just a short period of time in the House to run through each of the four schedules that comprise this tax law amendment bill. This bill was introduced last week by the Assistant Treasurer. In his tabling speech, which I had the pleasure of hearing because I was in the House at the time, he outlined the government's approach to the four schedules. In the case of most of those they were budget announcements and therefore this legislation to update the relevant tax laws, and in some cases other laws, flows from that.

Firstly, schedule 1, as the minister outlined, reduces the quarterly income tax instalments for the 2011-12 income year for those taxpayers whose instalments are adjusted for the previous year's gross domestic product growth. Essentially the amendments reduce that GDP adjustment factor for 2011-12 from the set adjustment level of eight per cent down to four per cent. The effect of this measure, as the explanatory memorandum outlines, is obviously to reduce what would otherwise be the automatic amounts of the adjustment factor. In terms of revenue over the course of the forward estimates, the explanatory memorandum shows us on page 3 that, whilst there is a cost in this 2011-12 year, it is made up for in the 2012-13 year. So essentially this is a timing issue of benefit in a cash flow sense to those businesses, mostly small businesses, in the affected area.

The second schedule relates to the low-income tax rebate and its relationship with income-splitting arrangements. Essentially what this schedule does, and again it was announced on budget night, on 10 May, is remove the ability of minors—children under the age of 18—to use the low-income tax offset to offset tax due on their unearned income. This includes, of course, dividends, rent, royalties and all the other examples outlined in the explanatory memorandum and in the minister's tabling speech. This will apply as was outlined in the budget statements and on the budget press release from the night, and we are told that the financial impact will be $240 million in 2011-12 and $250 million in 2012-13 and 2013-14.
Schedule 3 relates to total and permanent disability policies. These amendments in schedule 3 essentially do two things. They firstly enable regulations to be made to prescribe a certain percentage of premiums for certain TPD insurance policies that can be claimed as deductions. As the explanatory memorandum tells us in clause 4, the amendments will also extend the current transitional relief for the deductibility of TPD insurance premiums to funds that self-insure their liability.

The final schedule relates to the definition of reportable employer superannuation contributions. Essentially what this does is to change the definition of reportable employer superannuation contributions in order to not include involuntary contributions for the purposes of assessing taxable income for the eligibility of government assistance. As all honourable members would know, particularly my colleague the member for Indi, salary-sacrificing arrangements are counted for the purposes of qualifying for these benefits. That is obviously the case with superannuation. But what this legislation ensures is that, in circumstances where that contribution above and beyond those reportable limits is involuntary—that is, it is part of an agreement and it is something where by definition the employee does not have any control or choice—these involuntary contributions are not counted for the denial of assistance in that way. This was not part of the budget. I think it was announced by the former Minister for Financial Services and Superannuation back in June last year, almost a year ago. As I said at the outset, the opposition will not be opposing this legislation. I commend the bill to the House.

Ms BRODTMANN (Canberra) (18:37): It gives me great pleasure tonight to speak in favour of the Tax Laws Amendment (2011 Measures No. 4) Bill 2011. This bill covers a number of areas which are important for streamlining the tax system, supporting small business, strengthening the economy and restoring the budget to surplus in 2012-13. To begin with, this bill implements the government’s budget measures to strengthen the integrity of the low-income tax offset by removing the ability of minors to use the low-income tax offset. This is important because there is evidence to suggest that 200,000 distributions from trusts have increased in line with the low-income tax offset, taking advantage of an opportunity to minimise tax by allocating income to children. The low-income tax offset—or LITO, as some people refer to it—was never intended for this purpose. It was intended to assist low-income earners and not to be a tax minimisation vehicle. This measure will merely protect the integrity and fairness of the system by discouraging families from splitting their income as a means of avoiding tax. Further, the measure has no effect on the low-income tax offset for work income. Nor does it have any impact on the 660,000 small business trusts that operate in Australia. Small business trusts are a legitimate business tool and we are undertaking a significant review to look at simplifying their operation.

This bill also contains measures to assist super funds to transition to a new, better super system. Once again, these provisions are an example of how this government listens to the concerns of the Australian people and the Australian business community. We acted in response to the concerns raised about the potential difficulties that super funds will face in complying with the law once the current transitional relief expires.

This bill streamlines the process for claiming tax deductions for the cost of total and permanent disability insurance provided through superannuation. As it currently
stands, if a super fund wants to claim the deductibility for total and permanent disability, it must gain medical certification that an individual is incapable of being gainfully employed. Where broader insurance cover is provided, a super fund is required to obtain an actuary's certificate to determine the portion of the premium that can be claimed as a deduction. This bill allows a super fund to claim a deduction for a percentage of the premium of a TPD insurance policy specified in regulations. This will mean that super funds will no longer need to engage an actuary to determine the deduction.

I would like to discuss this TPD issue a little bit further. I know just from reading about superannuation funds, particularly industry superannuation funds, that there are a number of people who sign up to these funds and yet do not sign up to the TPD element of them. The last time I checked, it usually works out to be about a dollar a week. It gives a lot of people protection and insurance in the event of total or permanent disability. I would like to use this opportunity to encourage people who are in industry super funds to take up that opportunity of TPD because it is highly competitive. I know it is something that industry super funds have been mounting a campaign on for a number of years. I encourage people, and I encourage the members here tonight to encourage the people in their electorates, to take advantage of the TPD in whatever superannuation fund they have chosen to use or that their organisation has chosen for them to use.

Schedule 4 of this bill alters the definition of a reportable employer superannuation contribution to exclude certain employer contributions made for the benefit of the employee which are mandated by some requirement beyond the control of that employee. As it stands, additional super payments beyond the mandated nine per cent are considered part of income when determining a person's eligibility for government financial assistance. This is because such payments have the potential to be taken as cash or some other accessible benefit, not just super. This amendment follows concerns that some contributions mandated by law or industry agreement were being considered by the ATO as reportable employer super contributions. As these payments cannot be controlled by the employee or taken out as cash or another benefit, the government believe that these types of contributions should be considered part of income. So we have moved to amend that through this bill.

Finally, observant members will have noted that I have left schedule 1 until last. That is because I want to spend some more time talking about the importance of small business and also the fact that this bill has a significant impact on small business in a very positive way.

Before I do that, I just want to go back to the super issue. Again, it is of great concern to me. Every week I meet a number of women who are doing it tough in retirement. It is essentially because they have not put enough money away for their retirement. They have taken time out for their babies and have been in and out of the workforce. So I am very keen for women to be aware of their superannuation, to actually sit down and look at their super statements and get an understanding of what they have in there, how much they need for the future and how much they need to contribute between now and whatever age they choose to nominate for their retirement. Then they can plan around that. They can plan to take time off for a baby. They can plan to do part-time work. They can work out when they want to retire and that they may need to do part-time work in the lead-up to retirement. I
encourage all Australians, but particularly women, to take control of their super. Understand it, first off, but also take control of your super so that you are aware of what you need for when you retire so that you can work back from there and have complete control of your finances right throughout your working life.

As part of that exercise, I am going to be running a series of 'how to read your superannuation statement' seminars later in the year. I have colleagues who are very well versed in that. They have worked for a number of super funds. It will be a free seminar. It will not be telling people where to invest or which super plan they should be using. It is going to sit them down and get them to work through the super statement that they have now and decipher it—explain to them in plain English what it means and what it is saying to them about how much they will have when they retire and how much they may need when they retire if they want a particular lifestyle and, most importantly, how much they will need to contribute till that time. I have seen a number of women who are doing it tough in retirement because they just do not have the money and they did not have the money set aside to get them through.

Schedule 1 will also reduce PAYG instalments for the 2011-12 income year for taxpayers who pay quarterly instalments on the basis of the GDP adjusted notional tax method. This will have the benefit of freeing up some $700 million in cash flow for 2.7 million small businesses. It is a significant figure which, as a former small business owner myself, I can attest is most welcome.

Small business is the backbone of the economy, constituting up to 96 per cent of all businesses in Australia. This measure builds upon other measures announced in the budget such as the $7.1 million to continue the small business support line, instant write-off for assets costing less than $5,000 from 2012-13, a $5,000 immediate deduction for motor vehicles and improvements to Enterprise Connect centres and businesses. These measures build on the previous actions taken by this government to help small business in areas such as reducing the tax obligation of small business companies to 29 per cent in 2012-13—earlier than other companies. In addition, the small business support line is helping small business owners access information and referral services, and the program that is associated with that line is helping small business owners to go online and engage in the digital economy. There is also the award-winning website business.com.au which is connecting small business to information about start-up, taxation, licensing and legislation, as well as significant transactions such as ABNLook up, taxation compliance and licence applications.

I recently held a small forum—another free seminar—for people who are interested in setting up small businesses, who have got that little bright idea that they have been kicking around for a while and want to turn it into a business but do not know how. The seminar not only took them through the steps they need to take to set up a business but also made them think about a whole range of things that people often do not think about when setting up a business, particularly the fact that they need to spend money to make money. You need to put some cash upfront to get the business going, particularly for your public liability insurance and professional indemnity insurance, which can be very significant when you are first starting out in a business. I know that when I first started my small business my insurance bill was probably worth about four months of income. It was a significant chunk and when you have just got going and you have not got
cash flow because you have worked for three months and you are still waiting for the bills to be paid it means that you eat a lot of mince.

It is a challenge but it is very exciting to have your own business once you get going. There are lots of risks and there are lots of moments when you think, 'Why have I done this?' But, generally, the personal and professional rewards are great and it was great to be with these people who were thinking of setting up a small business and sharing with them my experience and the experiences of others in what to do, what not to do and, in a way, pointing them in the right direction.

As I have outlined, there are many services and support systems available to support small business throughout Australia at the federal level, the state level and at the local level. For small business there is an embarrassment of riches in the services and support systems they can access. Again, I encourage anyone who has got a small business, wants to expand the size of their small business or is just thinking about a small business to take advantage of these fabulous support systems that the government has provided in a range of areas.

I also commend the government for the tax reductions they are giving to small business, particularly to ease up cash flow. Cash flow is a significant issue, particularly when you are just starting, and if you want to make an investment it really does help out with the day-to-day running of the business. I am sure that will be most welcome.

This bill is very important for a strong Australian economy, it is very important for a strong small business sector, it is very important for streamlining the tax system and it is very important to bring the budget back into the black by 2012-13. I commend it to the House.

Mr FLETCHER (Bradfield) (18:50): I rise to make some brief comments on one aspect of the Tax Laws Amendment (2011 Measures No. 4) Bill 2011. This bill deals with amendments to the low income taxpayer rebate and the treatment of income paid through a trust to minors. As has been made clear, we on this side of the House will be supporting this bill, but I do note the manner in which this particular measure was dealt with in the lead-up to the budget and highlight some of the unfortunate consequences of the way that this matter has been managed. I recollect listening to Adam Spencer on ABC local radio interviewing a tax expert one morning shortly before the budget was brought down. There was a lengthy discussion about whether trusts as a vehicle were to be prohibited, and that of course caused understandable anxiety on the part of many people and businesses who use trusts for a range of important and legitimate business reasons. Operating a business through a trust can provide considerable flexibility and it can be of great importance in preserving assets, including for preserving assets to be passed to the next generation. For example, trusts are widely used in primary industry for precisely that reason.

What we have here is a government which is grasping for revenue as a consequence of the fact that it has been spending without restraint now for some four years, and it is finding every possible way it can to fill the increasingly large gaps which have opened up. I note with interest that the explanatory memorandum says:

In recent years the low income tax offset has increased significantly as a means of providing targeted tax relief to low-income earners. The low income tax offset has been available to all
taxpayers with incomes below its cut-out threshold, including minors. An increasing amount of distributions from discretionary trusts have subsequently taken advantage of this concession …

I simply make the point that this is an issue which could have been foreseen at the time the low-income tax offset was increased and if it were such a problem it could have been dealt with then. The consequence we have now is that a significant number of Australians will have arranged their affairs in reliance upon the law as it stood until the night of the budget and, in doing that, they were acting perfectly legally. In this government's desperate grab for revenue, what they have obviously done is ask the Treasury, 'What ideas have you got to find other ways in which we can claw in some money, because we are facing yet another yawning deficit in the coming year, 2011-12, of $23 billion to add to this year's yawning deficit of $49 billion and the previous year's yawning deficit of more than $50 billion and the previous year's yawning deficit of over $20 billion.' Cumulative deficits have reached over $150 billion since Wayne Swan has had his hands on this country's financial steering wheel.

It is clear that as a result of the urgent and desperate desire to find additional revenue to deal with the fact that this government has been spending without restraint, this government has thrown caution to the wind and has driven expenditure up from approximately $250 billion in 2006-07 to $349 billion this year—an increase of almost $100 billion in four years. It is clear that as a consequence of this unrestrained and profligate spending what we have is a government that is desperately on the lookout for revenue anywhere it can scrounge it. So this measure has been included in the budget, and a significant number of Australians who had arranged their affairs in reliance upon the law as it previously stood are now going to be inconvenienced and are now going to have to make changes. They also suffered considerable anxiety in the period leading up to the budget because of the way this matter was managed. There were deliberate attempts by this government to give the impression through the media that it was going to produce a tough budget and then it was going to be a fiscally responsible budget. As we have seen, the budget failed those tests. We were told that this was the budget which would return Australia to surplus. What we know is that the 2011-12 budget does no such thing. It produces yet another deficit following the dismal run, the increasing run, of deficit after deficit after deficit—and we do not in fact get a surplus until 2012-13. It is going to be a mere sliver of a surplus, at $3.5 billion, making almost no impression on the cumulative deficits of $150 billion and more which by that point will have been racked up.

It is an unfortunate consequence of this government's chaotic and incompetent financial management that amongst measures they have needed to introduce is this measure, introduced with no notice and at considerable inconvenience to many Australians who had arranged their affairs in reliance on the law as it previously stood. It is therefore a matter for regret that this particular aspect of budgetary and taxation management has been handled in the way that it has.

Mr STEPHEN JONES (Throsby) (18:57): I rise to speak on the Tax Laws Amendment (2011 Measures No. 4) Bill 2011, a bill which amends various taxation laws to implement a range of improvements to the Australian tax laws. The measures set out in the bill before the House today are all sensible measures to continue to improve and maintain the integrity of Australia's
taxation laws and to help in the difficult and challenging task of meeting our government's commitment to return the budget to surplus in 2012-13.

The first of these measures, set out in schedule 1, will reduce PAYG instalments, and I will explain that if I may. Under the pay-as-you-go instalment system taxpayers earning business or investment income pay instalments during the year towards their final tax liability for that income year. This helps taxpayers meet their income tax liabilities and it is important for the effective and timely collection of tax liabilities. Taxpayers may pay their quarterly PAYG instalments on the basis of either the GDP adjusted notional tax or on the basis of instalment income. For the most part, small businesses, individuals, trusts and small superannuation funds pay their instalments quarterly using the GDP adjustment method. The first of the measures set out in schedule 1 will reduce the PAYG instalment for the 2011-12 income year for taxpayers who pay quarterly instalments on the basis of the GDP adjusted notional tax method, by setting the GDP adjustment for the 2011-12 income year at four per cent. Setting the GDP adjustment at four per cent will provide taxpayers with a smoother transition from the two per cent GDP adjustment factor that has applied for the previous two income years as the economy recovered from the global financial crisis. Without the measures in this bill, the GDP adjustment factor would be eight per cent. In other words, this provides tax relief for small businesses. It is a practical measure which will assist small businesses throughout the year by providing what we estimate to be something in the order of $700 million in cash flow benefits.

The second of the measures in this bill deals with low-income tax offsets, which will reduce the incentive for families to split income with their children. The purpose of the low-income tax rebate was to provide tax relief for low-income earners, not to be used as a vehicle for tax minimisation. The measure in this bill removes the ability of children under 18 years of age to use the low-income tax offset to offset tax on unearned income such as dividends, interest, rent, royalties and other income from property. The level of tax for low-income earners has already been reduced by the Gillard government through the doubling of the low-income tax offset from $750 to $1,500, and a benefit has been delivered to taxpayers earning up to $67,500. But, as I said before, this offset was never meant to act as a tax minimisation vehicle. This is an important part of our plan to ensure that we return the budget to surplus and that tax offsets and rebates are used for the purpose for which they were designed.

The third measure goes to disability superannuation benefits. It is in essence a measure of simplification. Schedule 3 of the bill contains amendments to streamline the process for claiming tax deductions for the cost of total and permanent disability insurance which is provided through superannuation funds. The amendments in this bill will give funds the option of using a simple method for apportioning TPD insurance premiums with reference to a schedule of percentages in the regulations, without having to incur the cost of an actuary, which is the case at present.

The fourth measure is an amendment to the reportable employer superannuation contributions, otherwise known as RESC. The purpose of RESC is to assist in the accurate reportage of income, especially as that relates to an employee's entitlement to receive government benefits or to make certain government payments. The measures in this bill will introduce amendments to ensure that additional employer contributions imposed by an industrial agreement, or the
rules of a superannuation fund, will not be reportable employer superannuation contributions defined by the law. The definition of RESC is designed to reflect the fact that these additional contributions could be taken as income, and this definition prevents higher income earners from salary sacrificing a large proportion of their income into superannuation and, by doing so, reducing their income to become eligible for government financial assistance or to avoid payment of other requisite payments. The amendments in this bill clarify that contributions will not be considered RESC where they are mandated by an industrial agreement or the rules of a superannuation fund. That is to say, the purpose is to ensure that RESC is only applied to the non-compulsory contributions of a superannuation contributor.

The fifth issue I wish to address goes to some of the matters raised in the previous contribution, by the member for Bradfield. As I said in opening, the measures in the bill do two jobs of work. First, they are sensible measures to adjust and tweak the administration of our taxation system so that it is efficient and effective for both the administrators and the taxpayers, so that the taxation laws do the work they are intended to do. At the same time, they ensure that we are able to find savings to find the income to ensure that the budget returns to surplus in 2012-13 as promised.

Our taxation laws are the foundation of our system of financial management, enabling successive governments to fund the services and infrastructure that we all collectively rely on each and every day. It is a simple fact that there will always be competing priorities for spending measures and that making the hard decisions about those priorities is what characterises a government, a Prime Minister and a Treasurer. It is no accident that this budget has been described as a Labor budget that aligns with the core Labor values, because it is a budget which prioritises jobs and prioritises getting people who are at risk of long-term employment back into employment or re-engaging with the education system, by record investment in skills and assistance to the long-term unemployed to ensure that, as we move through mining boom mark 2, we do not leave people behind.

The second area of priority which defines this as a Labor budget is the record investment of $2.2 billion in mental health. In complete contrast to those opposite, we do not believe that we should be investing in the mental health system by robbing Peter to pay Paul—that is, we do not believe that we should run down the primary health system to enable us to make record investments in the mental health system. I am like every member and senator in this parliament; we all have our wish lists of local projects for which we seek funding. In my own electorate of Throsby, I know that the National Broadband Network, for example, will make an enormous difference to the lives of those who currently have to commute to Sydney for their employment and will create a great incentive for local businesses and new businesses to invest in the region. That is why I cannot understand the intransigence of those opposite—including the member for Gilmore, in whose electorate a trial site for the NBN exists—and how they constantly carp about and criticise the NBN project.

Like the member for Cunningham, I would dearly like to see Commonwealth funding for the Maldon-Dumbarton rail link, and we will continue to lobby for this project as a long-term goal for the Illawarra region. However, we on this side of the House understand that there are pressing national priorities and that we have to move away...
from the Santa Claus notion of federal budgets, which is that unless there is a present for everybody under the tree it is not a good budget or not a budget in the national interest. While we do not restrain ourselves from representing the interests of our electorates, we on this side of the House understand that it is the national interest which must come first. Prioritising jobs and mental health is in the national interest. Ensuring that we bring the budget back to surplus is in the national interest, as we deal with the record investment that is coming our way in mining and other industries in the outyears of the forward estimates.

I am proud to be a member of a government that has done so much over a short period of time, through measures such as those contained in this legislation, to attempt to rein in government spending, make savings where that is possible and ensure that we bring the budget back to surplus while investing in Labor priorities. That is in stark contrast to those opposite. We saw a typical contribution from the member for Bradfield earlier, where he stood up and criticised the measures in this bill as somehow a conspiratorial tax grab, or some backdoor way to attack family trusts or trusts. We on this side of the House understand that trusts have a legitimate purpose in business, but they should not be used for illegitimate reasons and they should not be used merely as a means for tax minimisation. Indeed, if there is a controversy in Australian politics in the area of the regulation and the use of trusts, it is on the other side of the House, not on this side of the House. We understand that there are some aggressive advocates for taking the axe to the use of family trusts in corporate arrangements—

Mr Perrett interjecting—

Mr STEPHEN JONES: including, as my colleague reminds me, the member for North Sydney. So, if the member for Bradfield is looking for a conspiracy, he should look inside his own party room and not at those on this side of the House.

But it was interesting, from the party that lectures us day in and day out about the need to do more to bring the budget back into surplus, that when you listened to the appropriation speeches of those opposite there was not one contribution on how we could bring the budget back into surplus. I will have more to say about this in future speeches. There were millions and millions of dollars in proposed new spending from those opposite in their appropriation speeches. The member for Hasluck made an Olympic effort in his proposals for new spending, and it will be interesting to see whether he gets up some of these proposals in his own party room. We are told they have $50 billion in spending. Well, the member for Hasluck has put a big dint in that $50 billion, I can tell you, and he is not alone. The member for Paterson, the member for McMillan, the member for Murray and many others have stood up here day after day and proposed new spending measures at the same time as opposing our saving measures. If there is to be a debate about spending and probity in this House, we should not be taking lectures from those opposite. In fact, they need to look closer to home.

The member for Bradfield was wont to talk to us about the need to rein in taxation. I remind the member for Bradfield, as I remind all of those opposite, that the coalition government was the highest taxing government in this nation's history. I will finish on this point. Under the Howard government, the tax to GDP ratio never dropped much below 25 per cent of GDP, whereas it runs at 22 per cent of GDP under
Mr PERRETT (Moreton) (19:13): I rise to speak in support of the Tax Laws Amendment (2011 Measures No. 4) Bill 2011 and commend the previous speaker, the member for Throsby, for his contribution and for some of the things he pointed out. I would also like to commend the Deputy Prime Minister and Treasurer for his great budget—a great Labor budget; a good, steady pair of hands. It is great to see that he is able to steer us back to a budget surplus in only about 13 months, I think it is. It is great to see. This bill implements a number of budget measures to reform the tax system. It supports small businesses and generates significant savings for the budget bottom line.

The Labor government has provided a steady hand on the nation's finances over four budget cycles. And, despite the toughest global economic conditions we have experienced for 75 years, we have ensured that Australia's fiscal position remains strong. The reality is that we are the envy of the OECD. The federal Labor government steered the Australian economy through the worst global recession in nearly 100 years. In preparing for this speech, I went back to look through a couple of newspaper articles and presentations I had made. It is so easy to forget just how bad things were—the worst in 75 years. If we look back at the early eighties and early nineties, we see that those recessions still had positive growth. I know they were tough times, but we still had positive growth, whereas in 2009 that was not the case. Obviously governments have no miracle cure for all the nation's financial woes, especially those that begin overseas, but we were able to pull the levers that we control to keep our economy strong. The bank deposit guarantee and the stimulus measures introduced by this government kept us out of recession and, more importantly, kept hundreds and thousands of Australians in jobs, as good Labor governments do. Thankfully, we avoided that dole queue schadenfreude that we so often see from those opposite. These measures helped keep 700,000 people in jobs.

The BER investments saw new and improved facilities at our schools. I know the member for Robertson, who is in the chamber, is a big advocate of education. Those investments will ensure better learning opportunities for our kids long into the future. As any education provider would know, this is a once-in-a-lifetime opportunity to provide for our children and also to set us up for an economic future—the high road of economic future rather than the low road of low wages. I see Australia as a service economy providing great service to South-East Asia and the rest of the world.

The government's investments in critical infrastructure will boost productivity not just at ports and railways; they will ensure Australians spend less time in traffic and more time with their families. I will not go into the NBN; I will leave that for later. Obviously the NBN is also a piece of critical infrastructure. I would particularly like to mention the $300 million in the budget for improvements to the Kessels Road and Mains Road intersection in my electorate. That intersection had been a weeping sore for years and years under the Howard government. I was elected on a plan to solve that problem and the early works are already underway. In fact, I saw some of the traffic lights were already complete when I went through there last week. The tender process for the main parcel of works is now in its final stages. I join thousands of motorists on the southside who will breathe a collective sigh of relief when this congestion-busting project gets underway in earnest. It will cut greenhouse gases from cars that sit idling at
the intersection and get commuters home to their families earlier as well as to school and work earlier.

The budget also delivered a historic investment in better mental health services. Obviously this was well overdue—and I acknowledge that—and it was very well received in my electorate. It is remarkable that these funding initiatives were delivered on the back of a horrific summer of natural disasters. In my electorate, more than 5,200 properties had water over their floorboards, so I know how horrible the situation was and how it is continuing for many people.

Thanks to the Treasurer, Wayne Swan, we have a very responsible budget that is still on track to return to surplus in 2012-13. Meanwhile, wasn't the Leader of the Opposition's budget response an experience? My diary said it was going to be a budget reply speech, but I note he steadfastly refused to outline an alternative budget. I am not sure whether the Great Sandy Desert is in the member for Lingiari's electorate—who I note is in the chamber—but in that desert you will find the golden fur marsupial mole. That animal has more vision than the Leader of the Opposition when it comes to outlining an alternative budget! After their $11 billion savings black hole debacle during the election, I can understand why he would want to avoid economics. But the reality is that a budget reply speech, as its title suggests—and there is no mystery— In stark contrast, the Gillard government have a proud record of delivering practical measures to support small business. This legislation will provide around $700 million in cash flow benefits to small business. This bill reduces the PAYG instalments for the next financial year for taxpayers who pay quarterly instalments on the basis of the GDP-adjusted notional tax method by setting the GDP adjustment at four per cent. During the global financial crisis, the government reduced the GDP adjustment factor to two per cent. This rate has applied for the past two years. Without this bill, the GDP adjustment factor would return to eight per cent. Obviously that would be too much of a shock for the many Australians who are still doing it tough—people are still not opening their wallets, though they are consolidating their debt.

We recognise that many parts of the economy are still in recovery and small business deserve a smooth transition back to an eight per cent GDP adjustment factor. It will ensure that small business have extra cash throughout the year when they need it
most. This bill also allows taxpayers who expect their income to grow by more than four per cent to vary their quarterly tax instalments. This will enable small business to avoid a significant tax liability for the 2011-12 financial year when the final figures come in.

This bill also introduces measures to stop taxpayers using family trusts to avoid paying their fair share of tax. In recent years, increasingly, discretionary trusts have been directing income from adults to minors to minimise tax. I understand that this has been perfectly legal—in fact, I know people who have them. But all fair-minded Australians need to ascertain the reasoning behind this past practice and why it should not continue. When we do that, we will see that it is a historical anomaly.

The government has increased the low-income tax offset from $750 to $1,500, delivering tax relief to taxpayers earning up to $67,500. However, while this was intended to benefit low-income earners, it has been exploited by trusts. The tax office is aware that at least 200,000 distributions from trusts have increased in line with the increase in the low-income tax offset. This bill amends the eligibility for the low-income tax offset to ensure it cannot be used to minimise tax. It ensures children under the age of 18 with unearned income, such as dividends, interest, rent and royalties, will not be eligible for the low-income tax offset. These rules concerning trusts hark back to a time when only one parent worked and mothers—usually—were in full-time care of their children. Australia has modernised significantly since those days and this amendment reflects that change. Importantly, this amendment does not apply to children who work. They will still get access to the full low-income tax offset for work income. This measure will discourage families from splitting income with their children to avoid paying tax, thus making the whole system fairer. Also, it will have no impact on small business trusts operating in Australia. I understand there are more than 650,000 trusts of apparently 12 different types and all serve a purpose. It is expected that this measure will save the government at least $740 million over three years.

This bill also helps streamline the process for claiming tax deductions for the cost of total and permanent disability insurance provided through superannuation. The amendments allow the percentage of certain total and permanent disability insurance premiums that is deductible to superannuation funds to be specified in regulation. This will simplify the process and reduce the costs for super funds—good things to do. Super funds are one of the great legacies of the Hawke-Keating government.

Finally this bill amends the definition of reportable superannuation contributions to clarify that contributions that are mandated by an industrial agreement are excluded. Because these contributions are beyond the control of employees, they should not be considered income. This bill makes that clear.

This bill introduces significant savings which are good for the budget bottom line and are important reforms that make our tax system fairer. I thank the Deputy Prime Minister for introducing this bill and in doing so I commend it to the House.

Dr LEIGH (Fraser) (19:24): I rise to speak to the House about the Tax Laws Amendment (2011 Measures No. 4) Bill 2011 and I want to focus in particular on the measures in the legislation around the low-income tax offset. I want to speak this evening about the important role that measures such as the low-income tax offset play in improving participation in Australia. Boosting employment rates is a core Labor
value. It lies at the heart of why many of us on this side of the House came into politics and making sure that we do all we can to remove barriers to workforce participation is an absolutely critical public policy objective.

The LITO is a mechanism that changes the tax-free threshold for the largest number of people. In 2007-08 the Henry review estimated that 6.8 million taxpayers had had their tax-free threshold changed as a result of the LITO. The full amount of the LITO, at the time that the Henry review was brought down, was available to individuals with a taxable income up to $30,000, beyond which it was reduced at 4c in the dollar. The LITO, which was put in place in 1993-94 at a maximum amount of $150, has been steadily increased under this government. In 2006-07 the LITO was $600 and then in the next financial year it was $750 and in 2008-09 we boosted it to $1,200. In 2009-10 it went to $1,350 and in 2010-11 it is $1,500.

The LITO is very much a measure that recognises that work provides dignity to Australian households. Work is important in terms of the income it brings. If you look at what drives inequality across countries, you see that with places like the US it is distribution of wages. There are many working poor in the US labour market. That is less true of countries like Australia. In Australia the divide between rich and poor really is mostly driven by the number of adults in a household at work. So, if we want to close the gap between rich and poor and if we want to reduce inequality in Australia, unemployment is really where it is at. But it is not just about the distribution of income. It is also about the intergenerational effects. The Prime Minister has spoken articulately about the value for children of growing up in a household where an alarm goes off in the morning and a parent goes off to work. She has spoken about the simple fact that a child in a household where no parent works is substantially less likely to hold a job when he or she enters the labour market. It is possible that some of this intergenerational impact is derived from the example of seeing a parent going off to work.

Over recent years a lot of other developed countries have put in place negative income taxes, also known as earned income tax credits. That is certainly a policy that I have a keen interest in. It is something that I did a lot of research on back in my PhD days. The closest thing that Australia has to that is the low-income tax offset, and it does reflect very much a recognition in Australian social policy that we have to reduce effective marginal tax rates, that when we have welfare phase-outs sitting on top of marginal tax rates that creates a substantial disincentive to work. Professor Bob Gregory of the ANU did some of the most important work on this, recognising that in Australia the highest effective marginal rates of tax were not paid by millionaires but, in fact, by those moving from welfare into work, who faced benefit withdrawal layered on top of an income tax system. LITO is a response to that. It recognises that we do need to put in place measures that encourage work, both for the income benefits and for the dignity that it brings.

One measure that is part of this legislation before us today ensures that the LITO does not become a tax minimisation vehicle. By increasing the LITO, the government has effectively doubled the amount of non-work income that can be allocated to children tax free. There is some evidence that around 200,000 distributions from trusts have increased in line with the increased LITO—essentially households taking advantage of the opportunity to minimise tax by allocating income to children.
Let me take the House through a couple of examples. In 2006-07, the effective tax-free threshold was $1,333 for non-work income for minors. When you look at the graph you see a sharp spike in the distribution from trusts in the range of $1,001 to $1,333. In the following tax year, 2007-08, the effective tax-free threshold rose to $1,667 for non-work income for minors and, lo and behold, the distribution shifts accordingly and suddenly you see a spike in the range of $1,501 to $1,667. In 2008-09, the effective tax-free threshold rose to $2,667 for non-work income for minors and, yes, you guessed it, the distribution of income from trusts again moves, suggesting that the trusts were taking advantage of this change to minimise tax.

LITO was always meant to benefit low-income earners. It was never intended to be a tax minimisation vehicle. We are putting these changes in place so that children cannot take advantage of the LITO for non-work income but will still have access to the full LITO for work income. The measure has no impact on the 660,000 small business trusts operating around Australia; it just discourages families from splitting income with their children to avoid paying tax. It is important that we do this to protect the fairness and the integrity of the Australian tax system. It is an important budgetary savings measure, saving around $740 million over three years.

I conclude by focusing on the big picture. We are speaking in this House about the importance of jobs. The member for Bradfield has also focused on the issue of public sector debt and so it is important to recognise what would have happened if those opposite had occupied the Treasury bench over recent years. In their book Shitstorm, Lenore Taylor and David Uren talk about the influence of US economists on the Australian political debate in early 2009. They say:

On the right, Stanford economics professor John Taylor argued there should have been more permanent tax relief. Turnbull was now firmly in the Taylor school, calling direct payments, like those he had supported in October, ineffective 'cash splashes'. Taylor argued that the temporary measures do little to stimulate demand because if people know a payment is a one-off they are more likely to save it and less likely to spend it, whereas across-the-board permanent tax cuts would encourage more spending because people knew they could count on the extra cash. His slogan was that the government policy should follow the three Ps—permanent, persuasive and predictable. It was an argument Turnbull embraced.

If those opposite had been in power, the effect of putting in place permanent tax cuts in the 2008 to 2009 period would have been that we would not have been able to get the budget back into surplus. We would have locked in substantial tax cuts rather than the timely, targeted and temporary fiscal stimulus which the Labor government put into place. That timely, targeted and temporary fiscal stimulus saved around 200,000 jobs. They may sound like statistics to those of us here, but each of those is a life that is not blighted by the impact of unemployment. Each of those is a career that is not scarred by spending time out of the labour market. Many of those are mums and dads whose households never felt the effect of unemployment.

It is that human effect of unemployment that is so easily discounted sometimes by those opposite. I graduated from high school in 1990—not a good year to leave school because of the impact of the early 1990s recession. There is good research on the impact of recessions on workers’ careers. You can still see that scarring effect a decade on. By putting in place timely, targeted and temporary fiscal stimulus, the Labor
government ensured that those jobs were saved, that the impact of unemployment did not blight so many careers. Because we did this in such a way that the fiscal stimulus could be withdrawn, we ensured that we were able to bring the budget back into surplus.

Australian public sector debt is extraordinarily low by OECD standards. Many developed countries now have debt levels well over half their annual GDP, some of them well over the total value of their annual GDP. By contrast, Australian public sector debt is well below one-tenth of our annual GDP. By contrast, the typical household carries debt loads that are often many times their household annual incomes. Looked at from that perspective, Australian public sector debt is low and manageable.

The government will bring the budget back into surplus in 2012-13 as expected, and in a way that would not have been possible had the prescriptions that the member for Wentworth was pushing in early 2009 been realised.

It is interesting, though, to look at what the member for Wentworth would have done in light of some correspondence to the letters page of the *Australian Financial Review* this week. The member for North Sydney decided that it was important to write in and correct *Australian Financial Review* readers. He said:

This article claims my budget address at the National Press Club was light on detail, yet fails to mention it was a collaborative effort with the Coalition economic team, including Tony Abbott, Andrew Robb and other senior policymakers.

That recognises that there is very little of policy substance on the other side of the House. The member for North Sydney then went on to compare his own performance as shadow Treasurer with that of the member for Wentworth. Neither performance, though, stands up against what Labor has delivered since coming to office. As in the climate change debate, we listened to mainstream economics. We recognise that Keynesian economics tells you what to do when a global financial crisis beckons. It tells you to act quickly. Australia’s fiscal stimulus was quick out of the blocks, faster than virtually any other developed country, with our household payments being delivered before Christmas 2008. We also used the opportunity to invest in much-needed infrastructure, in roads projects and in school infrastructure to improve educational outcomes in Australia.

But we also put in place stimulus that could be wound back because, as the Treasurer said, if you are Keynesians in the downturn you also have to be Keynesians in the upswing. You have to recognise that, just as government has a role to play in stimulating the economy and ensuring those 200,000 jobs are kept, it also has a role in ensuring that, as private sector demand expands, we step back, particularly in those areas where we are competing with the private sector. We continue with productivity-raising investments, such as the National Broadband Network and investment in trades training centres, better universities and better skills. But, where we are competing with the private sector, we step back.

Those opposite are in utter disarray. They are a Dad’s Army team when it comes to economics. In today's *Age* Michelle Grattan states:

It is believed Mr Abbott recognises that Mr Turnbull would be the stronger shadow Treasurer but the post would give him a greater platform to advance his leadership ambitions.

So, the Leader of the Opposition does not intend to have a reshuffle. The member for North Sydney believes he outperforms the member for Wentworth; the member for Wentworth believes he outperforms the
member for North Sydney. The Leader of the
Opposition does not know which side to
take, and Australians are left wondering
whether there is anyone competent on the
other side of the House—anyone who wants
to focus on the big, long-term challenges
facing the Australian economy.

I commend the bill to the House.

Mr SYMON (Deakin) (19:39): It is
always a pleasure to follow the member for
Fraser, although his memories of the 1990s
recession are probably a bit different from
mine. I left school a few years before he did
and, up until the 1990s, I had been in full-
time work. But due to the downturn I spent
quite a bit of time looking for work. Those
sorts of things obviously do play a part in
your life, and they stay with you. Anyone
who has been through that sort of downturn
should never forget the effect, because it is
real and so many people are affected in
different ways.

Tonight I am here to speak on Tax Laws
Amendment (2011 Measures No. 4) Bill
2011, and in particular I will direct my
comments to the first two schedules of the
bill. Schedule 1 sees the implementation of
the government’s budget measure that will
provide cash flow benefits to small
businesses, individual investors and other
eligible taxpayers. Under the pay-
as-you-go instalment system, taxpayers earning
business or investment income pay
instalments during the year towards their
final tax liability for that income year. This
helps taxpayers meet their income tax
liabilities and is important for the effective
and timely collection of that tax.

At the advent of the global financial crisis,
the federal Labor government implemented a
number of measures to protect our economy
and assist taxpayers. One of these measures
was the introduction of a two per cent gross
domestic product adjustment factor to pay-
as-you-go instalments, and it has applied for
the last two income years. The 2011-12
income year was to see the GDP adjustment
to PAYG, using the formula of the Taxation
Administration Act of 1953, go to eight per
cent. The common-sense measure in this bill
to smoothly transition to four per cent
instead of two per cent—that is, from two to
four per cent instead of up to eight per
cent—is welcome as our economy recovers
from the global financial crisis. It provides a
transitionary measure to help the many local
small businesses not only in my electorate of
Deakin but right across Australia.

It is always great to be able to talk about a
local business in this place. Michael and
Linda are the hardworking owners at
Mishou’s cafe in Mitcham and they know the
challenges of owning a small business. They
work particularly hard, making coffees and
lunches not only for the passing trade but
also for the many offices and workers in
Mitcham, which is where my electorate
office is based. Certainly my staff are some
of their best customers. It is good to support
local businesses such as Mishou’s. Measures
like this will make a real difference to
business people like them, and their bottom
line is important.

Even though things are not all that bad in
Australia compared to the rest of the world,
not everything is back to the way it was.
Local businesses will tell you that only two
or three years ago their trade was so much
higher and, although they have got some of
that business back, it has not all returned. For
them, a smooth adjustment is necessary.
Cash flow benefits from measures such as
this are important now but overall, of course,
there will be no net cost to the
Commonwealth because over the forward
estimates these measures will cancel each
other out. What is put forward one year is
uplifted later on.
The amendments contained in this bill do not reduce the income tax liability of the businesses and taxpayers affected by the measure but merely change the timing of those tax payments. They will also provide eligible taxpayers with a smoother transition from the two per cent GDP adjustment factor that applied for the previous two income years to the proposed four per cent as the economy recovers from the global financial crisis. There will be a reduction in tax collections of $700 million for the 2011-12 income year, which will be offset by a reduction in tax credits of $700 million in the 2012-13 income year.

It is also important to mention that a small number of taxpayers whose 2011-12 income year commenced before 1 April 2011 have already started paying their instalments for 2011-12 based on a two per cent adjustment factor. They will continue to pay quarterly instalments for the 2011-12 income year on that basis. I am sure that most people would agree that it would be potentially disruptive and confusing if this small group had to change to the four per cent rate part way through the year. I will also speak about the second schedule of the bill, which refers to the low-income tax offset. In recent years the low-income tax offset has increased significantly as a means of providing targeted tax relief to low-income earners, helping those who need it most. The low-income tax offset has doubled from $750 to $1,500. These measures deliver a benefit to taxpayers earning up to $67,500. The low-income tax offset has been available to all taxpayers with incomes below the cut-off threshold, including minors. The support of successive Labor governments for the low-income tax offset has provided an essential means to help working Australians who earn less than the average wage.

This bill will implement the government's budget measure to remove the ability of minors to use the low-income tax offset to offset tax due on their unearned income, such as dividends, interest, rent, royalties and other income from property. It is important to note that the measure applies to unearned income rather than earned income. For children under the age of 18, the low-income tax offset will still be available to reduce tax payable on income earned from work, whether that be a paper round, part-time work in a shop, an apprenticeship or similar.

In recent years, increasingly, distributions from discretionary trusts have taken advantage of low-income tax offset concessions to direct an ever-larger amount of income from adults to minors as a means of minimising tax. There has been a significant spike in the movement of money from discretionary trusts around the exact point where the effective tax-free threshold for minors has applied in each recent tax year. This spike has moved broadly in accordance with increases in the effective tax-free threshold for minors, and I think the figures speak for themselves.

In 2006-07, when the effective tax-free threshold for non-work income for minors was $1,333, there were nearly 200,000 distributions very close to that level. In 2007-08 the effective tax-free threshold relating to non-work income for minors rose to $1,667. That is very close to where this number of 200,000 distributions landed that year. In 2008-09 the effective tax-free threshold for non-work income for minors rose to $2,667, and guess what? This group of nearly 200,000 distributions from trusts to minors neatly landed very close to that new level of $2,667.

Of course these distributions were merely maximising the tax benefit of the low-income tax offset for unearned income, and it is obvious that many people have taken the full advantage of that provision. However,
the advantage has gone to those families that have had the financial resources to set up a trust, and it would be fair to say that many wage earners are either unaware of or cannot afford to follow that course of action.

I do not believe that the low-income tax offset was set up to be an opportunity for the well-off to minimise tax. Providing incentives for families that can afford it to split income with their children has created the effect of this use of the low-income tax offset. The low-income tax offset should be seen as what it really is: a helping hand from government for those workers in our society who for whatever reason are on lower incomes and need some assistance. This may be because they have a low-paying job or work part time or casually, or because they have not even been employed for a full year. There can be many reasons people's incomes are not as high as they had expected. Or maybe they never had the opportunity. As I said, the low-income tax offset provides benefit for those on lower incomes.

The effect of this amendment is to discourage families from splitting income with their children to avoid higher tax rates, effectively using their children to avoid paying tax. This is a common-sense amendment to the act and returns the intent of the low-income tax offset to that of helping those who need it most. It does not change the treatment of earned income through work by minors, such as by apprentices or those who have left school to enter the workforce. It also protects the unearned income of minors who are orphans or disabled.

As the government promised, the budget is set to return to surplus by 2012-13. It is savings such as these that the government has worked hard to find. This measure provides a budget savings amount of $740 million over the three years to 2014-15. This amendment does not set out to disadvantage but sets out to create more fairness in our tax system. It removes the opportunity for taking advantage of loopholes that the public constantly call on their representatives to take away. On that note, I commend the bill to the House.

Mr BRADBURY (Lindsay—Parliamentary Secretary to the Treasurer) (19:49): I take this opportunity to thank all those members who contributed to this debate on the Tax Laws Amendment (2011 Measures No. 4) Bill 2011. Schedule 1 of the bill reduces quarterly income tax instalments for the 2011-12 income year for those taxpayers whose instalments are adjusted for previous years' gross domestic product growth. This is called the GDP adjustment method of working out instalment amounts. The great majority of taxpayers who are required to pay quarterly instalments use this method, including most small businesses plus individual investors and small superannuation funds.

The amendments reduce the GDP adjustment factor for the 2011-12 income year from the default, which would be eight per cent, to four per cent. This delivers small businesses and the other taxpayers using the GDP adjustment method a $700 million cash flow benefit in the 2011-12 income year. This will provide eligible taxpayers with a smoother transition from the two per cent GDP adjustment factor that the government had applied for the 2009-10 and 2010-11 income years as the economy recovered from the global financial crisis.

This measure is part of the government's package of measures to improve the cash flow of small businesses and simplify their tax affairs. Those measures include the instant asset write-off for any asset costing less than $5,000, an immediate deduction of up to $5,000 for motor vehicles and a

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reduction in the small business company tax rate to 29 per cent. Schedule 2 reduces the incentive for families to split income with their children, therefore protecting the integrity and improving the fairness of the income tax system. These amendments will remove the ability of children under 18 years of age to use the low-income tax offset to offset tax due on their unearned income, such as dividends, interest, rent and royalties.

Since coming to office the government has increased the value of the low-income tax offset to provide tax relief to low-income workers. Increases in the low-income tax offset have, however, increased the amount of income that can be allocated to children tax free. These increases have been accompanied by increased distributions of income to children, especially from discretionary trusts. The low-income tax offset was never meant to act as a tax minimisation vehicle. Importantly, children will still be able to use the low-income tax offset to reduce tax payable on their income from work. This measure is one of those announced in the budget that will contribute to returning the budget to surplus by 2012-13.

Schedule 3 amends the tax laws to allow the percentage of certain total and permanent disability insurance premiums that is deductible for superannuation funds to be specified in the regulations. This will streamline the process for claiming tax deductions for the cost of TPD insurance provided through superannuation. The regulations containing the prescribed percentages will be developed following consultation with industry. The cost of TPD insurance provided through superannuation is deductible to the extent the policies provide cover, which is consistent with the definition of disability superannuation benefit in the Income Tax Assessment Act 1997. Superannuation funds are required to obtain an actuary's certificate to determine the deductible portion of the premium if broader insurance cover is provided. The amendments in the schedule will reduce costs to superannuation funds in complying with the law by avoiding the need to engage an actuary to determine the deductible portion of premiums in many cases.

The government introduced transitional provisions in 2010 which were designed to allow time for the industry practice of deducting the full cost of broader disability insurance policies to be brought into alignment with the operation of the law. During the transitional period, which covers the income years 2004-05 through to 2010-11, superannuation funds can deduct the cost of broader types of disability insurance cover. These amendments extend this transitional relief to funds that self-insure their liability to provide disability benefits.

Schedule 4 amends the definition of reportable employer superannuation contributions, or RESC. Additional contributions to super that are mandated by an industrial agreement or the rules of a super fund will no longer be considered income when determining a person's eligibility for government financial assistance. It was never the government's intention that such contributions be reportable employer superannuation contributions, so the amendment will be retrospective to July 2009 when the definition of reportable employer superannuation contributions first came into force. The bill deserves the support of the parliament, and I commend the bill to the House.

Question agreed to.

Bill read a second time.

Third Reading

Mr BRADBURY: by leave—I move:

That this bill be now read a third time.
Mr ANDREWS (Menzies) (19:56): I rise to speak on the Social Security Amendment (Parenting Payment Transitional Arrangement) Bill 2011. The bill amends the Social Security Act 1991 to limit the application of the parenting payment transitional arrangement so that recipients are covered by the transitional arrangement only for children who were in their care before 1 July 2011. The Gillard Labor government seeks to amend section 500D(3) of the act to provide that a child cannot be a parenting payment child of a person under that section unless the person was the principal carer of the child on or before 30 June 2011. We all too quickly forget that it was the Howard-Costello government which, in July 2006, introduced substantial reform to reduce the age of a person's dependent child, above which the person ceased to qualify for a parenting payment, from 16 years for their youngest dependent child to eight years for single parents or six years for couples. Those who immediately before 1 July 2006 were in receipt of a parenting payment were grandfathered, or grandmothered, under the act and could continue to qualify for a parenting payment until their youngest child turned 16.

It is appropriate at this point to turn attention to the notion of real reform. This grandfathering of the eligibility of existing parenting payment recipients is called the parenting payment transitional arrangement and is given effect in subdivision AA of division 1 of part 2.10 of the act via the definition of parenting payment child in section 500D(3). In basic terms, under current legislative arrangements a parenting payment transitional arrangement can continue to be paid to a person indefinitely while a person who was in receipt of the payment on 30 June 2006 continues, to use the words of the legislation, to acquire dependent children. For example, if a person is covered by the parenting payment transitional arrangement on 1 March 2011 when they give birth to a new child, that new child could be their parenting payment child until he or she turns 16 on 1 March 2027 and be covered by the parenting payment transitional arrangement for that whole time. Through its recent, self-proclaimed Labor budget, Labor has decided that a child cannot become a parenting payment child of a person for the purposes of the parenting payment transitional arrangement after 30 June 2011, although they will still be a parenting payment child until they turn six or eight. Labor argues that this will remove an unintended inequity. The practical effect of these changes is that they will limit the ability of parenting payment recipients to extend their grandfathered status by acquiring new parenting payment children. Any subsequent children that come into the recipient's care will not be covered by the grandfathering provisions. This will mean that all parenting payment recipients will be treated equally in a shorter time frame than would otherwise be the case. This bill was referred for inquiry and the coalition will carefully consider the report of the Senate Education, Employment and Workplace Relations Legislation Committee, due for release on 14 June this year.

As I pointed out earlier, Labor are quick to ignore the coalition's 2006 reforms. They are quick to ignore that more than 100,000 Australians have come off parenting
payment (single) and (partnered) since July 2006. Indeed, in 2005 there were approximately 618,000 people in receipt of the parenting payment. By 2010 that number had reduced to 459,000—a reduction of 160,000 people on the parenting payment as a result of the reforms which the Howard government introduced, and I was the minister at that stage in 2006. It was the coalition who pursued and who delivered significant social security reforms for this country. Labor have not given the coalition any credit for the reforms, other than by imitation through weak and directionless attempts to replicate real welfare reform in the guise of trials, reviews and of course more rhetoric.

Let me go back. In 2005 Labor were scathing of welfare reforms. They were scathing of reforms to parenting payments. Senator Wong from the other place said:

“These laws allow the creation of a working poor in Australia. And she said:

Let us be clear about this: these are the most drastic changes this country has seen in social security in decades. They will make hundreds of thousands of families worse off.

She could not have been further from the truth, as we look back on what were some of the most effective and important social security reforms in recent history—real reforms, not Labor type pretend reform. Senator Evans in the other place said at the time:

The so-called welfare reform package is confused, fails to meet the government’s own objectives, increases disincentives to move from welfare to work, is manifestly unfair and is not reform but, in large part, punishment of those on income support.

In concluding, this is another missed opportunity for real social security reform. Back in 2005, the member for Jagajaga, now the minister, said Labor opposed the welfare to work measures ‘because Australia needs real welfare reform’. Well, now she is the minister and while she loves talking about reform we all now know that it is just, unfortunately, regrettably, mere talk. We need real action, not inaction. Labor are not prepared to make the tough decisions. They are not prepared to do the hard yards. Theirs is a government based on spin and slogans and it is time they brought some real plans—

The DEPUTY SPEAKER (Ms AE Burke): I have given a fair bit of latitude and I would really like you to come back to the bill before the House. This is not an appropriations speech.

Mr ANDREWS: Indeed, Madam Deputy Speaker. It is time they brought some real plans for welfare reform to the table beyond what is in this bill. If history is anything to go by, the next policy announcement I make will become Labor policy soon after, like our mutual obligation announcements from 2010. The coalition will not oppose this bill.

Mr NEUMANN (Blair) (20:04): I speak in support of the Social Security Amendment (Parenting Payment Transitional Arrangement) Bill 2011. This is a good piece of legislation because it is about making sure that people have the benefit of equity and equality with respect to their arrangements. It is part of our broader framework in terms of learning or earning and getting people off welfare into work. It is about making sure that we give people an incentive to do so. We are unapologetic about the fact that there is a carrot and stick approach as well in what we are doing in social security. This bill will amend the Social Security Act 1991 so that only those children who are born to or come into the principal care of their parent before 1 July 2011 will count towards the grandfathered status of the parenting payment recipient.
Under the Welfare to Work reforms, the eligibility for parenting payment was changed so that recipients who claimed the payment from 1 July 2006 ceased to be eligible once the recipient's youngest child turned 16 if the recipient was partnered, or eight years of age if the recipient was single. Prior to these changes, the eligibility of parenting payment ceased when the child turned 16 years of age. Existing parenting payment recipients on 1 July 2006 are covered by the transitional grandfathering arrangement, whereby they continue to be assessed under the previous rules and if their circumstances change may remain eligible for the payment until the youngest child turns 16 years of age. So it is about making sure that people are treated similarly. The amendment in this bill will limit the grandfathering transitional arrangement so that only children who are born to or come into the principal care of the parent before 1 July 2011 will count towards the grandfathered status of the parenting payment recipient. This is a matter of equity. It is also a matter of encouragement. It is a matter of a stick in many ways as well.

I cannot let the previous speaker get away with saying some of the things he did. He talked about ducking the hard yards. This government did not duck the hard yards. We were faced with the global financial crisis, with what the Treasury said would be 200,000 jobs lost. There are 1.5 million Australians working in the retail sector and 250,000 Australians working in the construction sector. What did we do? We made sure that those jobs were secure. We took a temporary, targeted and timely approach, going into deficit but making sure that by way of our Keynesian response we kept people in employment. I cannot count the number of times that people told me they had jobs as a result of the BER projects, the infrastructure projects. We saw many people get a start, getting off welfare and into work—young people, apprentices, people who had opportunity, people who had in part been recipients of parenting payment and other social security payments who actually got jobs as a result of what we were doing. I visited Bremer TAFE at Bundamba in my electorate, which received $2 million under our payments—opposed, of course, by those opposite—to improve the campus to make sure that single mothers, young people and older people could take the opportunities in their lives to get off welfare. Many people there were single mothers. There was a childcare facility there where they learned responsibilities and parenting skills. They were given opportunities. There were also arrangements where people could learn skills, trades, English and computer skills. We put the money into Bremer TAFE, opposed by those opposite. That is our idea of getting people off welfare into work. We have given a record amount of money for higher education.

We heard people opposite talk about the fact that they were the great reformers on social security. The member for Menzies was talking about that. But I will tell you something. Their idea of social security reform not just in the family life of people but in the working life of people was to impose Work Choices on the higher education sector, whether it was Bremer TAFE or the University of Queensland at St Lucia or Ipswich. That was their idea. They feign concern. They say that they are for reform with respect to social security and family payments. They say that they are in favour of helping those in need. Yet their action within government was to oppose real reform, and their own reform was more a matter of punishing those who were poor, weak, oppressed or disadvantaged, such as migrants.
We see it every day not just by their actions but by their language. We see it in question time. There is a harshness, brutality, meaness and dispiriting anger that those opposite keep showing towards those on welfare, those who are poor and those who are suffering. There is a real born-to-rule mentality and it comes through from the member for Menzies and all those opposite in the way they go on in this place. Even the Nats do it.

The DEPUTY SPEAKER (Ms AE Burke): The member for Blair is also stretching my patience on the relevance rule. Many people may have forgotten but you need to be relevant to the bill.

Mr NEUMANN: This legislation is important. It is the first of many changes to the eligibility of groups of parenting payments. This is important. This is aligning rules to different recipients and ensuring over time the same rules apply to each person. I believe fundamentally that the laws and the social security payments and payments that people receive should be the same. They should be eligible regardless of where they live or what their circumstances are.

These amendments form part of a broader package, as I was referring to before—the Building Australia's Future Workforce package. It is a $3 billion initiative that we put into this budget. We are encouraging participation in work and other activities across the electorates in this country. In my electorate, we have seen it through the local employment coordinator, Samantha Wilson, and the work that her group does. The work that groups like those have done to get people off welfare and into work has been fantastic. Great organisations like Apprenticeships Queensland, WorkVentures, Bremer TAFE and the University of Queensland Ipswich campus are important to get people from welfare into work. This budget that this legislation forms part of sees $1.75 billion in funding payments to the states for vocational education and training. We have never seen anything like that from those opposite. Do not let the member for Menzies come in here and lecture us about moving from welfare to work, because their record does not show keeness for work, only keeness for Work Choices. They are not interested in the welfare of the Australian people; they are interested in the welfare of the Liberal and National parties.

Mr WYATT (Hasluck) (20:12): I just want to say to the member for Blair that, given the pathway I have walked in life, I do not find his comments applicable. I rise today to support and contribute to the debate on the amendments to the Social Security Act 1991 limiting the application of the parenting payment transitional arrangement. I acknowledge Senator the Hon. Chris Evans for proposing the amendments, which I support.

The bill forms part of wider reforms in the Building Australia’s Future Workforce 2011-12 budget package released earlier this month. If passed, the amendments contained in this bill will come into effect as of 1 July 2011. The bill will amend the act to tighten existing arrangements on the grandfather clause which allows parents covered under the clause to continue to receive parenting payments for any child born before 1 July 2011. This amendment is about equity and ensures all Australian families are on an even playing field in respect to parenting payments. This amendment is an important one and ensures that all the parents in the electorate of Hasluck are given the same level of benefits, as they deserve. It applies further amendments to the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other
The coalition agrees that government needs to do more to encourage sections of the community to re-enter the workforce or take that step for the first time. It is a long-held belief of the coalition that work is the best form of social security and its benefits far outweigh the obvious financial ones. This belief underpinned the previous amendments put forward by the Howard government.

I launched the Green Jobs Corps in Forrestfield, which is in my electorate of Hasluck, earlier this year. It is a 20-week environmental training program that offers young people, aged 17 to 24 years, a combination of work experience, skill development and accredited training to ensure they are ready for employment in emerging green and climate change industries. In talking to them, I asked them why they had not taken other pathways and they said that this gave them the opportunity to enter into the working arena and, from that, they were looking at pathways that they might consider at the end of their training. At the last election the coalition had a suite of policies designed to encourage and reward more Australians to enter or return to the workforce. The coalition planned to introduce a job commitment bonus to encourage young Australians who had been out of work for lengthy periods to take a job and commence a pathway back into the workforce. The proposed additional incentives would encourage these people to stay in work beyond two years. A reallocation allowance was proposed if unemployed jobseekers moved to a regional area to take up a position. Employers would have been rewarded for employing an eligible jobseeker. Our older Australians who have a lifetime of experience, corporate knowledge and skills would have benefited from the $3,250 seniors employment incentive payment for employers that hired mature workers aged 50 or older.

Australia finds itself in a unique geopolitical position in the 21st century. The rise of China, a burgeoning India and growing ASEAN economies will place huge demands on our workforce in the coming years and it is a government's responsibility to ensure that its people are as best placed as possible to take advantage of this growth. Australian governments have an obligation to build Australia's workforce and strengthen our domestic employment market. The availability of jobs is one of the most important issues to my constituents in Hasluck and I suspect that it would be the same for many other electorates. Hasluck suffers from one of the highest levels of unemployment in metropolitan Western Australia and there are many efforts underway to improve this situation by encouraging small business and giving people the skills they need to enter the workforce.

I want to refer to initiatives that encourage young people to acquire the skills which enable them to access employment opportunities. The Catalyst Clemente university education program, driven by Mission Australia in association with Edith Cowan University, is based in Maddington and helps provide education to fast track people into university courses. Jobs West, on Abernethy Road, is a community based registered training organisation which promotes hands-on learning, while the Smith Family group in Gosnells and Midland assists low-income families to enter its Learning for Life scholarship program.

The Small Business Centre South East Metro is proof of how local organisations, given the right support and encouragement, can make a real difference to the community. Since its inception, the Small Business
Centre has created hundreds of jobs in the south of my electorate. They manage a significant number of clients who after advice on training in small business creation are empowered to take steps to full-time employment and jettison their welfare dependency. In the north of my electorate, the Small Business Centre East Metro, under the watch of doyen chief executive officer, Tony Watts, is also helping one of Hasluck's most disadvantaged areas to thrive under difficult business conditions, and certainly he encourages young people to make that choice of stepping into the workplace, being supported and then having the opportunity of a full-time job in some key areas. They also look at the opportunity for pathways into the resource sector. They offer training advice to start up businesses, information on new tax regimes for existing businesses and knowledge on how to maximise business. This naturally results in employment flowing on into the community.

Hasluck is also blessed with strong chambers of commerce—namely the Swan Chamber of Commerce and its formidable chief executive officer, Sandra Wallis; the Kalamunda Chamber of Commerce and its president, Robert Bentley; and the Gosnells Chamber of Commerce oversighted by John Hardy, the chair, who is ably assisted by the chief executive officer, Denise Bradley. In my discussions with them we have been looking at the opportunities that we can create for young people within the electorate of Hasluck and allow them to have that second chance in life that will enable them to not depend on government welfare programs. As such, I have set up advisory groups sourced from businesses, agencies and constituents within Hasluck in the areas of training, environment and disabilities to meet regularly throughout the year to identify funding and policy opportunities and to progress the issues relevant to those key areas within Hasluck. The Hasluck Training Advisory Group is made up of representatives from different sectors in training, including industry, registered training organisations, the TAFE sector and the secondary schooling sector. Again, our focus as leaders within this area is to look at the opportunities that we can create to bring people into the skills pathway and into permanent work. This varied representation recognises that in the area of training all sectors have a significant part to play in the delivery and outcomes of training opportunities for the people of Hasluck.

The proposed bill is highly relevant to the work that we are collectively undertaking as leaders within Hasluck. My intentions are to address both the immediate needs of individuals within Hasluck and, more importantly, to work with a strong network of training providers who contribute to the skills development of Western Australians in this local area. I want to contribute to my belief in lifelong learning for all to enable individuals to have the capability and capacity to make choices, to access skills training and have the flexibility of career pathway options. This group will work on achievable areas of policy formulation and opportunities in training that will assist young people who want to work and come back into the workplace. This alliance of the Hasluck Training Advisory Group is to provide strategic directions for a local approach to providing training and skilling opportunities. The bill will contribute to my belief in lifelong learning for all to enable individuals to have the capacity to make choices, access training and have the flexibility of career pathway options that will increase labour market efficiency, productivity, innovation and ensure increased utilisation of human capital as opposed to the reliance on welfare measures.
The Skills Australia discussion paper, *Creating a future direction for Australian vocational education and training*, released in October 2010, is a salient reminder of the fact that the skilling of our human capital is critical. Australia is facing a stark reality in respect of our long-term economic and social prosperity and depends on the depth of skills in the population and the better use of those skills to overcome the risk of a fiscally unsustainable ageing population. There is an urgent need to provide individuals with the broad based skills and knowledge for changing labour market demands and emerging occupations and industries.

Having had an education background, I am often of the view that we sometimes undervalue the human capital that is often caught up on welfare dependency. I have had discussions on a couple of occasions with Noel Pearson about the incredible talent that we still have within our society but that we do not harness; nor do we capitalise on opportunities by taking them off dependency on welfare payments and getting them into pathways of learning, skilling and training in order to equip them to make choices for some of the job opportunities that exist within this country. To that end, I commend the government on the amendments within this legislation. The Social Security Amendment (Parenting Payment Transitional Arrangement) Bill 2011 is one step towards encouraging Australians to re-enter the workforce.

**Mrs D’ATH (Petrie) (20:23):** It is my pleasure to rise to speak in support of the Social Security Amendment (Parenting Payment Transitional Arrangement) Bill 2011. This bill is important to correct what has been referred to by the minister as an unintended consequence. We have heard the member for Menzies, who was the minister at the time that this transitional arrangement was brought in back in 2006, criticising the position that the government is now taking in relation to this bill. But the reality is that we are here today introducing this bill because there was a flaw in the way that this transitional arrangement was set up.

To set up a grandfathering arrangement generally means that you look at the entitlements being provided at the time and you protect those entitlements into the future for a period of time for that group of individuals that is receiving them. What grandfathering clauses are not meant to do is allow for those arrangements to indefinitely continue or, in effect, to expand those arrangements so that they not only protect those that were to be covered in the first place but in fact broaden their coverage, and that is what the changes back in 2006 did. The parenting payment transitional arrangements came in under Welfare to Work. The changes were in relation to the eligibility for parenting payment such that the recipients who claimed the payment from 1 July 2006 would cease to be eligible once their youngest child turned 16 if they were partnered or eight if they were single. Prior to these changes, eligibility for parenting payment ceased when the youngest child turned 16. So the purpose of the transitional arrangements was to identify those parents who were already in receipt of the parenting payment and to ensure that they, as recipients, continued to get that parenting payment until their youngest child turned 16. What that arrangement should have done is said ‘until the child or children who existed at that point in time in 2006 turned 16’, but it did not. It failed to put that clarity in the legislation at that time. It created a situation whereby not only the children who were born prior to 1 July 2006 but also children born post 1 July 2006 were included in this grandfathering clause; it applied to those children until they turned 16. And that is the case today. If those parents have another
child today, then the grandfathering clause applies for 16 years from that child's birth. That is the problem that was created as a consequence of a flawed transitional arrangement established in 2006.

I appreciate the member for Menzies standing here in this chamber this evening and criticising the government for this measure, saying: 'This is not a Labor government policy. This is not about looking after parents and entitlements.' But the fact is the reason this bill is here is that the member for Menzies did not do his job properly in the first place. Basically, he introduced a flawed piece of legislation. So we are here today to rectify that problem in relation to the transitional arrangements and to ensure that those parents in receipt of the parenting payment who have a child post 1 July 2011 will receive exactly the same entitlement as every other parent getting the parenting payment—that is, they will get that entitlement until that child reaches the age of six if they are partnered or until the child reaches the age of eight if they are single. I fail to see any unfairness in a proposal that ensures that we bring in equality of entitlements for parents, and that is what this bill seeks to do.

It is very good to hear the member for Hasluck talking about the importance of incentives for businesses to ensure we are delivering skills and training and that we are moving away from reliance on welfare, because that is exactly what this Labor government's budget for 2011-12 did and that is what this bill before the House today does. This bill is the first stage of the income support payment reforms contained in the Building Australia's Future Workforce package. This is a package of incentives for parents to engage in the workforce and to reduce their dependency on welfare. It will provide families with a greater measure of financial security. This government is committing to building Australia's future workforce, ensuring we are training people and getting them ready for work. We are doing this through Skilling Australia's Future Workforce, providing $3 billion over six years. There will be reform of the training system, placing industry at the heart of the training effort. We will be ensuring apprenticeships that work for more Australians. There will be vocational education and training to meet the longer term needs of the economy. We will be building better skills for workforce participation. We are ensuring more participation, through rewards, opportunities and responsibilities. We are improving incentives in the tax system; investing so more young Australians are earning or learning; rewarding and supporting single parents to engage in work; supporting very long-term job seekers; providing more opportunities for people with disability; and taking a new approach to addressing entrenched disadvantage in targeted locations throughout the country.

Since the December quarter of 2007, Australia's GDP has risen 6½ per cent in real terms, while real GDPs in the euro area and Japan are yet to return to pre-crisis levels. During the global financial crisis, Australia was one of only three advanced economies not to enter recession. Australia's economy is expected to continue to strengthen over the medium term, driven by the resources boom, which will have flow-on effects for the rest of the economy.

Workforce participation is around historical highs, at close to 66 per cent. Unemployment is forecast to fall to 4½ per cent by mid-2013, and it is estimated that close to 500,000 jobs will be created over the next two years. However, there are still some groups at risk of missing out on these opportunities. This bill, other bills currently being debated before the House and bills that
will be introduced over the coming weeks and months will implement the 2011-12 budget commitments. They will see this government committing to more workforce participation and ensuring that people who have been long-term unemployed, people who are single parents, people who have disabilities, young people and people in areas of entrenched disadvantage are getting the opportunity to participate in the workforce and have the dignity of work. That is what this government is about. It is about trying to move people away from the reliance on welfare and giving them that opportunity.

Some of the initiatives that are part of the Building Australia's Future Workforce package are about providing skills for workforce participation. This government is investing $263 million to help people attain the basic skills, such as reading, writing and numeracy, needed to participate in the workforce. If we want to move people out of the welfare system and back into work, we have to invest in the basic skills that those people need, especially if they have been long-term unemployed, especially if they have been at home caring for young children and out of the workforce for many years. That is why we will commit $143 million to provide 30,000 additional commencements for job seekers in the Language, Literacy and Numeracy Program; $80 million for additional training places for single and teenage parents; $20 million to expand the Workplace English Language and Literacy program to support businesses who want to boost the core skills of their workers; and $20 million to maintain the number of places in the Australian Apprenticeships Access Program to ensure apprentices have the basic skills they need. These measures build on the $116 million investment in language, literacy and numeracy in the 2010-11 budget through the Skills for Sustainable Growth initiative.

I have talked about workforce participation. This government is spreading the benefits of workforce participation through the most recent budget and through bills such as this. We are doing this by: rewarding work through more timely tax assistance, improved income tests for single parents and young people, and incentives for employers who hire people with disability and the very long-term unemployed; providing new opportunities to get people into work through training, education, child care and improved employment services; introducing new requirements for the very long-term unemployed, disability support pension recipients, teenage parents, jobless families and young people; and taking new approaches to address entrenched disadvantage in targeted locations.

That is what this Labor government are doing. We are doing everything possible to ensure that we are getting workforce participation. At a time with low unemployment but a skills shortage and businesses screaming out for workers, we need to do everything possible to make sure that people are not left behind. That is what we seek to do.

Before we started debating the Social Security Amendment (Parenting Payment Transitional Arrangement) Bill, a number of my colleagues were speaking on some of the new tax law amendments in relation to the budget. They were talking about the low-income tax offset. That is another one of those improved incentives in the tax system to make it more attractive for people to move back into the workforce but not be disadvantaged by doing so. Importantly, this bill is very much about rewarding and supporting parents who want to re-engage in work. It is so important that we do this. There are new opportunities and responsibilities for single parents. It goes both ways. We will provide the
opportunities, but there are also responsibilities that come with that. In order to encourage parents to get into work, the government will provide $179 million to reward part-time work by reforming the income test for single parents on Newstart allowance. Changing the taper rate from the current 50c or 60c in the dollar to 40c in the dollar from 1 January 2013 will let them keep up to an extra $3,900 of their income from part-time work each year. From 1 January 2013, the government will also gradually phase out grandfathering arrangements for parenting payment recipients with a youngest child aged 12 to 15, to make eligibility more consistent with the treatment of other parents. That is what we are talking about with the bill before the House today. It is about providing incentives at the same time as ensuring that we are moving people away from reliance on welfare. It is also about providing consistency and equality. If we want to get the system right, if we want to get the balance right, we need to make sure that arrangements such as grandfathering arrangements work the way they are intended to—that is, they have a certain lifespan. Once that lifespan is up—and it should be a reasonable lifespan—those people move into a system, getting the same benefits as everyone else. They are not worse off, as the member for Menzies would have us believe. It is about equality. I fail to see how the member for Menzies can stand here and argue that. Parents who have a child after 1 July 2011 will still get the benefits of the transitional arrangements for all of their children who were born prior to 1 July 2011, if they were part of the transitional arrangements from the 2006 legislation. All of the children they have from 1 July will get the same benefits as those of every other parent out there. I think this bill is fair, and I commend it to the House.

Mr CRAIG THOMSON (Dobell) (20:38): I rise to speak on the Social Security Amendment (Parenting Payment Transitional Arrangement) Bill 2011. We have just heard from the member for Petrie, who has given a very considered contribution on this bill and in particular has pointed out the hypocrisy of the member for Menzies in terms of his criticism. It was interesting. I was also able to be here in the chamber to listen to the member for Hasluck, who took a very different approach to the member for Menzies. In fact, the member for Hasluck recognised this bill for what it was, congratulated the minister, supported the bill and congratulated this government in relation to the particular initiatives that this bill seeks to bring in and the associated reforms that this government has sought to bring in around jobs. I almost thought that the member for Hasluck was sitting on the wrong side, because of his strong endorsement of government policy. He went on to talk about jobs and the need for further education.

Clearly the member for Hasluck has not spent too much time looking at the policies of the former Howard government, because if he had he would have been horrified with the party that he is in this parliament to represent. They had an atrocious record in relation to investment in human capital, which was something that the member for Hasluck spoke about at length. They had a terrible record in relation to higher education, the worst in the OECD. I think the next worst in the OECD had a positive contribution of something like 10 per cent in growing the budget for higher education. Under the previous government we saw a 15 per cent cut. I make a general invitation to the member for Hasluck that, with the strong views that he put and his obvious personal commitment to jobs and making sure that people get the opportunity to start, he should
come to this side of the parliament and join us more often, because clearly he is a very decent man and one who sees a good policy for what it is.

As the member for Petrie said, this legislation is about fixing up a mistake that the member for Menzies made in 2006. He left open the grandfathering provision so that it did not just apply to the children of those parents who were eligible in July 2006; it continued to apply, by mistake, by error in the legislation, to a whole category of children who were born after that date. That really is not grandfathering at all; it is the creep of middle-class welfare. It has effects, because it means that people are treated differently—that there is not equality in the way we treat children and parents who are eligible outside that grandfathering provision—and that is just unfair. One of the things we need to do is to make sure that we treat people fairly. It also has a detrimental effect in relation to encouraging people to get off welfare and back to work.

That is where this government stands, in stark contrast to the opposition and to the previous Howard government, in relation to what it believes needs to be done with jobs, what needs to be done about the dignity of work and what needs to be done to break the unemployment cycle that so tragically often affects many generations of families. It is not the first time—or should it be the last, because we are very proud of our record in government—that people from this side of the House have reminded the House of the fact that this government and only this government stood between Australia and a much, much higher unemployment rate that would have happened if those on the other side had been in charge of the Treasury benches when the global financial crisis took place. Quite frankly, those on the other side were not concerned about jobs at all. That was never part of their issue. They were happy to let the market rip and see what happened. The sort of attitude taken was that, in the long run, people will find a job.

We stood up for Australians. We made sure that jobs were a priority. We wanted to make sure that where we could keep people in jobs we did so. That is what the stimulus packages were about. All we ever got from the other side was negativity about why things should not happen, why we should be opposed to these issues, rather than looking at the very positive impacts that our stimulus package had in keeping people employed.

I remember in particular visiting a building site where a hall was being built at Tacoma Public School and meeting a young apprentice carpenter called Jeff. Jeff was in his third year of apprenticeship, but his previous employer had cut him loose because of the downturn and he was in the unfortunate situation of being a third-year apprentice without an employer. He was in a very difficult position to try and pick up and finish that apprenticeship, which would have given him vital skills and made sure that he was able to be employed and contribute to the economy. It was our stimulus package that made sure that he had a job, because he was picked up by the local builders. He was a local boy. He got a job at that school and was able to go on and finish his apprenticeship. That is a very local example of why jobs are so important.

This recent budget made sure it looked at particular areas around Australia where unemployment is entrenched, where unemployment is often intergenerational. One of the 10 areas identified is the Wyong Shire, which falls in the electorate of Dobell, my electorate. For a long time people in Dobell have said: 'Unemployment is always going to be higher than the national average. There is nothing you can do about it. That is just the way it is where I live. There are not enough jobs.' On this side of the House we do not share that
view. We take the view that no-one should be left on the economy's scrapheap, that people should be given training and opportunities. I note the member for Throsby is in the chamber. His electorate is also in one of those 10 areas. What is so exciting about this recent budget is that it made sure it looked at local solutions for these areas. That is the key. We are making sure that we approach unemployment from a local perspective, making sure we know the particular problems that exist in a local area, looking at local providers for local solutions and moulding and crafting those solutions to get people back into jobs. We are making sure that we connect employers who are looking for a certain sort of employee with those employees who are looking for jobs. We are making sure that we give training opportunities to those people who may not have the skills to match the jobs that are there. By making sure we are putting appropriate packages in a local area, we will be able to match these things up.

The previous government's Intergenerational report spoke a good game about participation rates and the need to increase Australia's participation rates because of the ageing population. But they actually did nothing about fixing Australia's participation rates. Even though Australia's participation rates are at record highs, we really need to focus on the participation rate of females in the 25- to 44-year-old bracket. Australia is not performing as well in that bracket as it should. In that area, we are 25th in the OECD out of 33 nations—a lot lower than we should be.

We have looked at ways to ensure that women of child-bearing age are able to participate in the economy for two reasons: one, for their own social reasons so they have a sense of purpose and wellbeing; and, two, for the economy, because we need to ensure that we are increasing participation rates. With unemployment down to 4.9 per cent, and estimated to go down to 4.5 per cent, it is vital that governments look at increasing participation rates for these women. The most obvious and most needed reform in this area was the introduction of the Paid Parental Leave scheme. Australia was one of only two countries in the western world that did not have such a scheme. How the previous government could say that they were interested in increasing the participation of women and not address this issue is beyond reason. Clearly, this scheme was long overdue and, over time, will have a direct impact on the participation of women of child-bearing age in the workforce.

Another area we looked at was child care. We made sure we increased the childcare rebate up to 50 per cent. Women in the 25- to 44-year-old bracket often did not have a choice but to stay at home because child care was difficult for two reasons: one, it was often unavailable—and we have looked at addressing that issue; and, two, it was too expensive—and by increasing the rebate to 50 per cent we have addressed that.

Also, more recently, we have reduced the effective tax-free threshold for low-income earners from $11,000 to $16,000, so the effective marginal tax rate is not a disincentive for people to get back into employment. That is a very important thing to help ensure we get people participating in the community.

This government have a track record of making sure that we look at measures to get people back into jobs, making sure that jobs come first and making sure that we put people who need to work into work. We have looked at areas of particular disadvantage and my electorate is one of those areas. I looked at the budget initiatives the other day and I went through some of the statistics. There is a suburb in my electorate
where unemployment is at 26 per cent. That is an indictment of the way governments in the past have failed to address these issues. In this particular suburb, unemployment has occurred over many generations. They have known nothing else. They are welfare dependent. We are about making sure that people have the dignity of a job, that we get them off welfare and into the workforce so they have self-esteem and the economy gets the benefit of their contribution.

This bill is part of a matrix of proposals this government is putting in place. It is an example of the way this government says, 'Jobs come first.' Without jobs, our communities disintegrate. Without an emphasis on making sure people have paid employment and are off welfare, our suburbs become more dangerous and develop a range of social issues that flow from long-term intergenerational unemployment. This bill is important in relation to that and it is a bill I commend to the House.

Mr STEPHEN JONES (Throsby) (20:52): It is with great pleasure that I follow my colleague and friend, the member for Dobell, in this debate on the Social Security Amendment (Parenting Payment Transitional Arrangement) Bill 2011 because he has made an important contribution, a devastating critique that goes to the very heart of the distinction between our philosophy and our position--how we manage the budget and how we manage the economy and how we deal with social security and welfare—and the position of those opposite. As the member for Dobell points out, as we have gone through the global financial crisis we have seen an interesting separation of views. Those opposite thought it was much more important for them to retain the political bragging points, that they could balance a government budget, than it was for millions of households to balance their budgets by retaining a job. They come in here day after day and talking about the importance of dealing with the cost of living, but there are millions of households out there who know that the most effective way to balance their household budget and deal with the cost of living is to have a job.

This legislation before the House today is a small part of our broader program to reform welfare and to reform our workforce policy. Our approach to welfare sits on three pillars. The first pillar is that we believe any good society has an obligation to assist its citizens in their time of need. The second pillar is that we believe there is an inherent benefit in work and engaging in the workforce. That is of benefit to the individual, to the economy and to society as a whole. The third pillar is that we believe that you can design a welfare system in a way that, on the one hand, provides a benefit to the welfare recipients but, on the other, builds in incentives for people to care for those whom they have been entrusted to care for, incentives for those who are receiving a benefit to actually get out there and engage with the education system—to learn and to build their skills and to re-engage with the workforce—and incentives to actually earn. A well-designed welfare system addresses each of those three points. That philosophy—that approach of those three pillars—is behind our approach to welfare, is reflected in our budget, in legislation that we have brought before this parliament and in this bill.

The Gillard government's first priority is to keep the economy strong so that we can keep families in jobs. We have a very strong record of creating jobs. There are now 750,000 more Australians in work than there were when we came to office in 2007 and we estimate that over half a million jobs will be created over the next three years. And the
measures in this bill and in our recent budget will facilitate that growth and facilitate our making more opportunities for our fellow Australians.

Joblessness amongst families is a significant social and economic problem in Australia. It is associated with higher rates of poverty, poorer health status and lower educational attainment for parents and their children. In my electorate of Throsby in New South Wales, which takes in large parts of the southern Illawarra suburbs and the Southern Highlands, there are areas of intergenerational unemployment much like those described before me by the member for Dobell. We have intergenerational unemployment and intergenerational social disadvantage. That is why I am pleased that a key objective of the Gillard government is to provide opportunities to equip jobless families to train and work and to provide a pathway to better life outcomes for both themselves and their children.

I am proud that this budget is a Labor budget that gives priority to jobs and opportunities for Australians, making sure that everyone can benefit from our growing economy. We all know that long-term parental joblessness and reliance on income support is detrimental to the long-term wellbeing of children. That is why I am particularly happy that in this budget a region within my electorate, the Shellharbour local government area, which falls within the southern part of my electorate, is one of the communities that have been identified for intensive assistance to deal with long-term disadvantage. All of the social indicators for the Shellharbour local government area—for income support, unemployment and youth unemployment—are higher than the national average. They paint a picture of a region that has been missing out on employment opportunities for far too long. That is why it is great news that Shellharbour is one of the 10 sites for the trial of new measures to make sure teenage parents finish school, for us to support jobless families and for us to provide additional support for their children. I am very pleased that recently the Minister for Human Services visited the Shellharbour area to have an initial consultation with the community groups and organisations and other stakeholders that are in the front line of dealing with people at the tough end of disadvantage.

The bill before the House today reflects another step in this government's budget to make sure parents remain engaged with the workforce and are helped to get back to work sooner. Currently, single parents that have claimed income support after 1 July 2006 are eligible for Parenting Payment until their youngest child turns eight. However, at the moment, parents who were receiving Parenting Payment before 1 July 2006 were grandfathered under the Welfare to Work changes and their eligibility ceases when their youngest child turns 16, including for any children born or coming into their care after then. This bill aligns the eligibility of grandfathered recipients with those who started receiving Parenting Payment after the Welfare to Work changes and their eligibility ceases when their youngest child turns 16, including for any children born or coming into their care after then. 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The primary change we are introducing is a more generous income test for single principal carer parents. This provides a strong incentive for single parents to take on part-time work. As part of a $178.9 million initiative, working single parents on Newstart allowance with a youngest child between eight and 15 will be able to earn almost $400 a fortnight or up to a total of $1,346 per fortnight before they lose eligibility for Newstart allowance.

The grandfathered group's eligibility for parenting payments will cease when their youngest child turns 12, or 13 from January 2013. This will give affected parents at least 18 months to prepare for the change. As a transition, parents whose youngest child is already 13 years old before 1 January 2013 will not be affected by the change.

We also make sure that parents have the right support and services to get the skills to go back to work. For example, the government will provide over $80 million for additional training places for single and teenage parents so that they can gain the skills they need to get a good job when they return to the workforce. In addition, there is $19 million for additional community based support for parents, like playgroups and mentoring, through the Communities for Children program and $4 million for access to career counselling through the Jobs Services providers. This career advice will be available to grandfathered parents in the year before they move on to the Newstart allowance so they can start to plan their return to work and access the training needed.

This is in addition to the support that we are providing through the new teen parents initiative. That assistance will ensure not only support, life skills and education opportunities but also generous childcare support, allowing every support possible to give these people the opportunity to re-engage with education and re-engage with the workforce to provide them with greater life opportunities.

In mining boom mark 2 we cannot allow whole regions to be left behind as they were during mining boom mark 1. It is notable that we have heard very little from the Leader of the Opposition on these new measures since the budget two weeks ago. Indeed, he continues to be all opposition and no leader. This budget has focused squarely on jobs. It has focused on education and training to ensure that the benefits of the mining boom make it into every corner of Australia, including some of our most disadvantaged communities.

In our new location based approach welfare recipients will have greater responsibilities to participate, but they will also have extra help. Centrelink is going to have dedicated case workers for the most disadvantaged jobseekers. These case workers will work closely with, and in many cases under the same roof as, financial counselling services, drug and alcohol counselling services, housing and homelessness services and other types of services to help long-term unemployed people back into the workforce by overcoming all the barriers that have kept them unemployed and unengaged with the workforce or education.

All of the initiatives outlined in the budget are designed to couple intensive support with increased obligations, to give that extra help that people need to get them into work and to make sure that they too are able to share in unprecedented economic opportunities. The Gillard government understands that as our economy strengthens there will be some parts of the nation that are leaping ahead and some that will fear that they are at risk of being left behind. That is what we know as
Australia's patchwork economy. This is why the Gillard government is so determined to make sure that, as we spread the opportunities that this phase of economic growth gives us, we do it in a way that provides opportunities for all to get a trade and the skills that you need to get your first job—and so that, as the Prime Minister has said, when you get that first job the opportunity is there to move on, hopefully to an even better job.

That is why, even in a tight budget, we have made sure that $3 billion is available to invest in skills, because if we do not do that not only will we be leaving people behind and running the risk of further entrenching disadvantages but we will be building economic bottlenecks in our economy that lead to an increase in inflationary pressures and decreases in our capacity to take advantage of the opportunities that are available to us as Australia is located in the go-ahead region of the world—and of opportunities that are available to us from the boom in the services economy. We are not willing to sit by and allow that to occur.

There is a stark contrast. It is a contrast between the approach of those on this side of the House and those opposite. We understand that there is an obligation on a government in a good society to provide both a helping hand but also an incentive through the welfare system to ensure those that have often been left behind or ignored in welfare traps can find their way out of those poverty and welfare traps and to ensure that they do not hand down intergenerational disadvantage from mother and father to child, from one generation to the next. We understand that engaging in work has inherent benefits for the individual, for an economy and for a society. We understand that a well-designed welfare system provides benefits to the individual but also builds in incentives to care, to learn, to be educated and to earn. I commend the legislation to the House.

Ms OWENS (Parramatta) (21:07): Back in April 2011, just a month ago, the OECD released a report called Doing better for families. It was a report into the condition of children in countries, and I have to say that the information on Australia did not make particularly pleasant reading. The sole parent employment rate was found to be one of the lowest in the OECD, which contributed to an above average number of children living in no-income households. In fact, around one in five children lived in such a household and it was projected that that number would increase by about 20 per cent over the next 25 years. In general the report found that too many single parents were benefit dependent and far too many children in both single and partnered families were living in no-income households.

As we know, joblessness among families is a significant social and economic problem facing this country. Australia has one of the highest proportions of children living in jobless families in the OECD. In February 2011 more than 640,000 families in Australia with dependent children were on income support. Some 40 per cent of these were jobless families with no reported incomes in the last 12 months, and around 70 per cent of jobless families were single parent families. All of us in our own electorates meet people in circumstances such as this. When I am doorknocking I quite frequently find families that are sometimes third and fourth generation jobless. Joblessness is associated with high rates of poverty, poorer health status and lower education attainment for both parents and their children.

Some parents spend a long time on income support and some spend their whole lives on it. For example, parents spend an
average of between five and seven years on parenting payment and then they move onto other income support payment such as Newstart allowance. We all know that extended periods of income support reliance are associated with ongoing high levels of disadvantage. If there were ever a time to make a move on this, it is now. It was also the time during the mining boom mark 1 to move on this but now, as we enter mining boom mark 2, it is well and truly time for us as a nation to make serious inroads into joblessness among families.

We have a comprehensive plan to build Australia's future workforce, and the Social Security Amendment (Parenting Payment Transitional Arrangement) Bill is a very important part of that. We have a long way to go on this. There have been some improvements. Back in 1990, for example, the employment rate for mothers with a youngest child under six was only about 42 per cent, less than the OECD average of about 48 per cent. By 2002 we had increased slightly, from 32 per cent to 45 per cent over nearly 11 years, but the OECD had increased to 59 per cent. The OECD continued to increase, as have we, but we are still below the OECD average.

The previous coalition government took some steps to improve the situation in their Welfare to Work package, introduced on 1 July 2006. But when they introduced that, they wussed it. I do not know whether that is parliamentary language, but they definitely wussed it. They did something that they quite frequently did when they were in government—if they introduced a new set of rules, particularly in the welfare area, they tended to exempt for very long periods of time people who were already on the benefit. The grandfathering clauses, or the transitioning arrangements, which you might have expected to last a few years sometimes lasted for much longer than that—sometimes for the life of the recipient. This is one of those cases, and I am going to explain these grandfathering clauses. If you have not heard this before you might find it difficult to believe because, quite frankly, exactly what they did was unbelievable.

Prior to Welfare to Work changes, parents were entitled to parenting payment until their youngest child turned 16. When they introduced the Welfare to Work changes, which came into effect on 1 July 2006, when a parent had their first child and first came into contact with parenting payment they were eligible for that parenting payment until their child turned six, if they were a couple, or eight if they were single. If I had my first child after 1 July 2006, when I first came into contact with the parenting payment, there was quite a reasonable benefit period and I could have six or eight years on the parenting payment and as my a child got older I was expected to move off it. If I had a child before 1 July 2006, I was able to retain the existing arrangement until the child turned 16. So if I had a child already, prior to 1 July 2006, that new rule did not apply to me—I was able to keep my parenting payment as my child turned four or five or six or seven or eight, right up until they turned 16.

There was some justification for that, but they went further. They did not attach the grandfathering clause to the child—they actually attached it to the parent. If I had been receiving a parenting payment before 1 July 2006, no matter how many children I had, even 10 or 15 years into the future, for each of those children I would be entitled to keep the parenting payment until they turned 16. If I had had my first child in 2005, and then had another one in 2008 and one in 2010 and through to another one in 2015, I would still be entitled to the parenting payment until that last child turned 16. That is an extraordinary grandfathering clause.
When I first read it, I had to read it three times—it really is absurd.

We are acting in this bill to introduce some sanity and some equity, but we are not doing it in a way that provides surprises for families. We also, in effect, are grandfathering people on the existing arrangement so they can transition over in a reasonable way, with a reasonable expectation of what the rules will look like as their child gets a bit older. The bill really aligns the eligibility of parents and children who were grandfathered with that of those who started receiving the parenting payment after the Welfare to Work changes came into effect on 1 July 2006.

This means that a single parent who has a new child after 1 July this year—in other words, if you are about to have a child and you have the child after 1 July this year—will only be able to receive the same parenting payment that parents who had their children after 1 July 2006 receive. That means that you will be eligible to receive the parenting payment until the child turns six if you are in a partnered couple and eight if you are in a single couple. That absolutely brings grandfathered parents into line with other parents who have children. That will apply from 1 July 2011, so it is not retrospective. That means that if you had your first child prior to 1 July 2006 and you have had a couple of children since then and are having another one, the new parenting payment will apply to that new child. That will expire when the child turns six or eight, depending on your circumstances.

In this bill we have also dealt with what happens to parents with children born prior to 1 July 2006. We are also bringing them into line over a period of years. We are giving parents essentially 18 months to get prepared for the change. A grandfathered parent will have their parenting payments cease when their youngest child is 12 or 13 as of January 2013. That means that if you had a child who was, say, six or so on 1 July 2006—and I know this is very complicated, because it was a very silly grandfathering clause—

Mr Mitchell: It is all over the place.

Ms OWENS: I know; it is all over the place. It is actually quite difficult to deal with these strange hangovers from a quite absurd decision back in 2006. If you had a child back in 2006 who was about six at the time, your parenting payment will cease, essentially, around January 2013, when that child turns 12 or 13. If your child is younger than that—if your child was only two or three at the time—then you still have a few more years, because the parenting payment will continue until your youngest child turns 12 or 13. That means that over what will now be about a 12-year period from 2006 to about 2018 all the parents who were grandfathered when the coalition government introduced this absurd grandfathering clause in 2006 will move over to the same set of rules that apply to the other parents.

It is going to take us that long to bring equity back into the system but, quite frankly, I think we need to give parents the lead time to make the decisions and adjustments they need to in their lives, particularly those who have already been out of the workforce for long periods of time because this grandfathering of the parenting payments allowed them to do so. Some of these parents who will be coming back into the workforce post-2012-13 may have been out of the workforce for quite substantial periods of time, so it is also important for us to provide support in other ways. We are doing a number of things that will help these parents get back into the workforce. For a start, we are providing $80 million for...
additional training places for single and teenage parents so they can get the skills they need to get a good job when they return to the workforce. We are also providing $19 million for additional community based support for parents, like playgroups and mentoring through the Communities for Children program. That playgroup idea is a particularly valuable one. In my area, wherever there are large numbers of single parents we find that the local community quite often gets together to support these parents through that particular format. It is a very useful way for parents to interact, get out of their homes and start the process of socialising again and moving back into the broader community.

We are also providing $4 million for access to career counselling through Job Services Australia providers. This career advice will be available to grandfathered parents in the year before they move onto Newstart so that they can plan their return to work and access the training they need. Again, this is very important, because this absurd old grandfathering process introduced by the previous government has left a lot of parents out of the workforce for many, many years.

I am pleased to see this bill introduced into the House. It will provide an incentive and assistance for many people to move back into the workforce. At a time like this, when we are approaching a serious boom, particularly in mining, in our economy, we need to make sure that we are providing every opportunity we can for people to benefit from that boom by moving back into the workforce and enjoying the benefits that a boom can bring. This bill begins that process as part of much larger package to support some of the more vulnerable people in our community.

Ms HALL (Shortland—Government Whip) (21:20): It is always a pleasure to follow the member for Parramatta. She went to the detail of the Social Security Amendment (Parenting Payment Transitional Arrangement) Bill 2011 and described all aspects of it very succinctly. After listening to her contribution to the debate I feel it will be difficult for me to improve upon the information she has put before the parliament tonight.

The first thing I would like to say in speaking to this bill is that we are back here in this House fixing up a mistake made in 2006 by the Howard government. I do not know how many times I have spoken in this parliament revisiting legislation in which the opposition has made mistakes that have required immediate action for the problem to be rectified. This bill limits the application of the parenting payment transitional arrangements, or the grandfathering, so that only children who were born to or came into the principal care of their parents before 1 July 2011—this year—will count towards the grandfathered status of the parenting payment recipient. That shows just how poorly drafted the original legislation was. It shows the enormous number of problems that existed in the original legislation. The amendment in this bill is the first of a tranche of legislation that will pass through the parliament to give greater opportunities for people who are unemployed or are receiving a single parent payment to get the skills and support they need to re-enter the workforce. This is about creating opportunities for those people who would like to re-enter the workforce but are unable even to contemplate that because of the barriers that are preventing them.
Currently, parents who started claiming income support after 1 July 2006 are eligible for parenting payment until their youngest child turns eight years old, if the parent is single, or six years old, if the parent is partnered. However, those who were receiving parenting payment before 1 July 2006 are covered by the grandfathered component and are eligible to receive parenting payment until their youngest child turns 16. This bill limits the grandfathered transitional arrangements, so that only children who were born or came into principal care before 1 July 2011 count towards the grandfathered status of the parenting payment recipient. This change will gradually align the rules that apply to different recipients and ensure that, over time, the same rules will apply to all parenting payment recipients, regardless of when they first claimed the payment. That is very important. It is about ensuring that people are treated the same and creating equity in the system. Other changes to parenting payment eligibility will further limit the coverage of the grandfathered transitional arrangements to provide even more consistent eligibility rules from 1 January 2013. It is very important that this problem that was created by the Howard government is fixed.

We all know that the global financial crisis impacted enormously throughout the world. Australia performed just about the best of any country. We were able to keep unemployment at a very low level, but the situation now exists where we need to upskill our workforce so we can fill jobs in areas where there is a skills shortage. Joblessness among families is a significant social and economic problem in Australia. The government is determined to provide opportunities to those people who are long-term unemployed or who have been out of the workforce for a significant amount of time for a variety of reasons, whether it was for the purpose of child rearing or because they have unable to get a job because they do not have the skills. A key objective of the government is to create opportunity and to equip these jobless families with the skills to train and then re-enter the workforce.

Shortland electorate is in the southern part of the Hunter region, on the northern part of the Central Coast of New South Wales. It falls within the Wyong Shire Council local government area, which is one of 10 areas that have been identified to trial a program of local solutions. There are a lot of very disadvantaged job seekers in the northern part of the Central Coast—people find it difficult to access employment. A number of very good initiatives have taken place already. Trade training centres in high schools in the Shortland electorate have created new opportunities for students attending those centres. They are developing the skills they need to be able to access jobs, rather than become long-term unemployed. In addition to that, the Australian technical college that was languishing on a piece of paper has been devolved to those same schools and is now providing training opportunities for young people living in an area where there is a very high rate of youth unemployment.

This government is about creating opportunity, assisting people to move from welfare to work and ensuring that long-term jobless parents—people who have been unemployed and are on parental payments or relying on income support—have the opportunity to re-enter the workforce and to engage. By doing that, they ensure not only their own wellbeing, by getting so many life choices, but also the wellbeing of their children. It is all about creating opportunity. The legislation before us today goes towards creating equality between people who are
receiving parenting payment and towards creating opportunity.

The grandfathering of the parenting payment created an inequity. We are fixing an enormous problem that was caused by the Howard government, which did not put its mind to detail and, as a result, created this problem. Along with the changes contained in this bill, the government will provide extra money for training, extra money for community support and extra money to help with career counselling, so that those people who are unemployed and have been on parental payment will be ready to re-enter the workforce. I commend this piece of legislation to the House and say to the opposition: we fix the problems that you create.

Debate interrupted.

ADJOURNMENT

The DEPUTY SPEAKER (Hon. Peter Slipper): Order! I propose the question:

That the House do now adjourn.

Magnetic Island

Mr EWEN JONES (Herbert) (21:30): Magnetic Island is just off the coast of Townsville. It is a truly wonderful place. It sits within the Great Barrier Reef Marine Park. It is the jewel in Townsville's tourism crown. It is a quick 20-minute ride in a ferry across to Nelly Bay. Can I tell you, Mr Deputy Speaker, that during the campaign leading up to the 2010 election we came out and promised a walkway from Nelly Bay around the front of Bright Point, around Geoffrey Bay through to Alma Bay and the Arcadian Surf Life Saving Club. It would be the most fantastic walk in the world. It would be the walk equivalent of the Great Ocean Road. It would be absolutely magnificent.

Labor matched our promise of $4.7 million to build this walkway. It has long been needed on Magnetic Island, and I will tell you why. To get from Nelly Bay to Arcadia or Alma Bay you have to come out of Nelly Bay and go up over the steepest of hills. It is a backpacker haven. You have people there carrying great big backpacks up a steep hill with no sidewalk, only a rail beside the white line. You could step out and fall all the way down into the ocean. How no-one has been killed there is completely and utterly beyond everyone. My first attempt to get funding for this was actually under black spot legislation, but unfortunately not enough people have been killed. So the fact that it is a very, very steep hill and you have backpackers and tourists crossing that hill on foot and on pushbike makes it very hard. I won the election—best result ever.

Mr Tehan: Hear, hear!

Mr EWEN JONES: Thank you. The member for Denison asked the Prime minister what they would do with promises made by Labor candidates in seats where Labor did not win. The Prime Minister stood at the dispatch box, hand on heart, and said: 'Our promises were fully costed, every one of them. Of course they will be delivered. Of course they will. We don't go around making promises that we won't fulfil.' So I dashed off a letter, to which there has still been no reply.

Senator Jan McLucas was in Townsville. She was asked about the Magnetic Island walkway and she said, 'Of course, the candidate made the promise, not a minister or the Prime Minister.' It could be a loophole. So we went back and checked the Hansard. The Prime Minister stood at the dispatch box and said that whether the promise was made by a candidate, by a minister or by her it would be kept. So I do not know if Jan McLucas is calling the Prime Minister out for telling untruths. But now we find that the Townsville City Council has
been told by this government—this government that cannot tell the truth—that they now have approval to apply to the regional development authority for funding. So that promise was that they were allowed to fill out an application form.

Mr Tehan: Jan McLucas needs to do that walk!

Mr EWEN JONES: Jan McLucas needs to do that walk over the hill and the good, honourable senator would do a wonderful job doing it. Why is it important? We need to develop our tourism industry. The tourism industry in North Queensland has been decimated since the cyclones and since the floods. It is in a whole world of hurt. We need to get this thing right. If you could link this walk to the traditional walks over the hills, up to the fort, it would be one of the great walks in the world. Couple that with Indigenous tourism and take it all the way down to the tourism section of Horseshoe Bay and it would be a great addition to North Queensland.

At the end of the day, I was sitting there on Magnetic Island doing a listening post and some doorknocking. People come up to me and they say, 'Listen, the Prime Minister said she would fund it. Surely the Prime Minister will be good for her word.' To which I just said: 'Ha, ha, ha, ha, ha! Come on!' The Prime Minister stood at the dispatch box and said that a promise made by her prior to the election would be kept after the election. She stood at the dispatch box and said she would keep her word. This is very good. I call on this government to finally honour its word. Deliver the $4.7 million. You can deliver $13 million for a union website, but for $4.7 million to deliver jobs and tourism to North Queensland you cannot see your way clear. This government should get on its hands and knees, beg for forgiveness and say to the people of North Queensland: 'Here's your $4.7 million.' I ask the government to honour its word. (Time expired)

Small Business

Mr SIDEBOTTOM (Braddon) (21:35): Unlike those opposite, I like to talk about things positive. I would like to recognise and congratulate the small businesses of my electorate and indeed the small businesses of Tasmania and Australia. They do a fantastic job in keeping the engine room of our economy moving, particularly where I live. I would like to pay recognition to the O Group in my electorate and those who auspice the business and employment arm of the group. They operate three of the business enterprise centres that exist in Tasmania. The O Group, of course, have their origins in my electorate. Indeed, the CEO is a former student of mine and I am very proud to say that. They have over 10,000 interactions with small businesses and they offer a business advisory and referral service throughout the state, providing 356 services, for example, in the past six months on the north-west coast alone. They helped start up 126 new businesses which have employed 223 new employees.

I suppose when you drill down into small business it is an interesting fact of life that, of the 38,000 businesses operating across Tasmania, for example, 95 per cent are small businesses and 80 per cent are microbusinesses that employ fewer than five people. That is something we forget about because generally the big noise of the economy is in the large industries, but the economy is generated by smaller businesses. Around 22 per cent of small or micro businesses, or 8,400, are located on the north-west coast and the west coast of my electorate. I have in my electorate over the last two years unfortunately had a number of major manufacturing centres close their
doors—for instance, our two paper mills, Tascot Templeton Carpets and McCain in Smithton, the vegetable processing plant—all closed down for a variety of reasons. So we have had large numbers of unemployed. But a diversified economy is really the only way that rural and regional centres are going to survive, and I am really pleased to say we have been able to do that over the last 15 years. I congratulate both the Tasmanian government and the federal government for assisting this to occur, along with the relevant enterprises.

Many of the unemployed have been reabsorbed into our local economy. For example, of the 360 lost from our paper mills, over 220 have set up businesses or gone into training, many of the older workforce have retired and many have been employed by small businesses. These businesses are, as I mentioned, the engine room of our economy.

Tascot Templeton was a maker of quality carpets in my region. They lost about 150 jobs. Approximately 125 of these workers chose to stay in the labour force and seek other employment. One hundred and one of these workers registered with CHOOSE employment—another arm of the O Group, along with business and enterprise—so we can track accurately what these people are doing. I think it is really important, as we have done with the paper mills and the establishment of ForestWorks, that we are able to track what happens to unemployed persons. We must not just leave them to fall through the net. CHOOSE have been doing this tracking exercise and working with these workers individually. Of the 101 workers, for example, 79 have now been re-employed, mostly through medium sized manufacturing or processing businesses, but around 30 have been employed by small businesses. There is a similar story in Smithton in the far north-west of my electorate. The other interesting thing that has come out of this, even at a time of difficult economic circumstances and unemployment, is that the O Group as an example in my electorate signed up 517 apprentices in the last six months, mostly through this government's apprenticeships program and related skills and training schemes. There were 517 signed up along the coast; 358 of these, or 69 per cent, were signed up by small business operators. So I congratulate our small business operators. I congratulate those who support our unemployed and apprentices. I believe that a diversified economy is how rural and regional Australia will be able to sustain itself. *Time expired*

**Flood Insurance**

Mr TEHAN (Wannon) (21:40): I rise tonight to speak on the issue of flood insurance, and it brings me no joy to do so because this is not a good news story. The way an insurance company is treating its clients in the town of Carisbrook has to end. Enough is enough. The time has come to treat these people with the respect that they deserve. It is now over four months since the worst floods in 100 years to hit Victoria happened, yet these residents of Carisbrook still do not know if they will get their claims paid or if they will get them paid fully. I stand here tonight to say: stop the paper shuffling, process the claims and let these people get on with their lives.

On Tuesday, 19 April, Senator Gary Humphries, the coalition spokesperson for flood recovery, and I visited the town of Carisbrook. Upon arriving we were greeted with the front page newspaper headline of the *Carisbrook Mercury*—‘AAMI unlucky for residents.’ After numerous representations to AAMI and the Insurance Council of Australia, tragically this headline still rings true. I stand here tonight to call on AAMI to stop the rot and do the right thing.
by these residents who have suffered for too long. Dealing with destructive floodwaters is bad enough, let alone having to deal with what seems to be bureaucracy gone mad.

On that day—Tuesday, 19 April—I had the privilege of calling in to meet Kirsty and Brett May and their children. They are a young family, making their way in a small rural community, who had paid their insurance in good faith. Kirsty and Brett showed Senator Humphries and me the damage that had been done to their four bedrooms, and the mattresses on the floor where their children were now sleeping. They also explained how Brett was on a military pension, having been medically discharged and in need of a knee replacement. Kirsty and Brett had suffered flooding to their wonderful family home and were seeking to see their claim honoured by AAMI. Sadly, they had already been informed that their house had not suffered from 'storm water damage' although their shed had. As ludicrous as this might sound, it is true. Kirsty and Brett took photos of the floodwater in their house that morning, yet they were told that the flooding that had occurred in their house was a result of 'riverine flooding' that did not occur until that afternoon. I saw those photos and also spoke to the shire chief engineer, who was present on the morning the May house was flooded. After seeing this photographic evidence and talking to the chief engineer, I, along with Gary Humphries, immediately made the Insurance Council of Australia and AAMI aware of these facts. Yet here we are on the last day of May, over six weeks later, and the Mays are still none the wiser as to whether AAMI are going to honour the contract they had with them for 'storm water flood' insurance.

I spoke to Kirsty May today and remarkably, given the enormous stress that she and her family are under, she retains a sense of humour. How this is the case is beyond me, but her resilience is something which I have seen writ large across flood affected communities in Victoria and it never ceases to amaze me. But enough is enough. AAMI need to act and they need to act now. The Mays and all the other AAMI clients in Carisbrook deserve to know what the company is going to do. They need to know immediately; otherwise the process of ICA and their affiliates for dealing with insurance claims in flood affected areas of Victoria is not worth the paper it is written on. 

(Time expired)

Carbon Pricing

Ms OWENS (Parramatta) (21:45): Over the last couple of days we have seen Cate Blanchett and Michael Caton, two rather well-known actors, take part in an advertising campaign that was run by a collective of community groups. I have to say that some of the responses to this were rather odd. We saw Cate in particular personally attacked. There seems to be a view that because she has earned a reasonable amount of money—in fact, quite a good amount of money—in her life she is not entitled to call for a better and less costly future for her children, when there are people in the community now who would find the cost difficult to bear. It highlighted for me an argument that rages in the climate change debate which is exactly that: the argument between whether we wear some of the cost now or whether we leave the cost for later generations.

In every community, people individually place a different value on cost depending on when that cost is incurred. Some of us would consider that a cost today is far more devastating than the same cost if it were to appear in two or three weeks time. We vary across the community. Sometimes it is because of a cultural difference or a
difference in background and sometimes it comes from circumstances. In my electorate there are many communities but two distinctly different ones in terms of the way the community operates. In some of the less affluent areas the people who go out and work for the community look into their community and see that people need assistance in the very basic needs of life. They focus on providing housing, food and clothing, on making ends meet and trying to find regular employment for members of the community. The focus of those communities is very much on meeting the day-to-day needs of their families. In other sections of my community, usually the leafier suburbs—not rich suburbs, but more comfortable suburbs—the focus of the community sector tends to be more on arts and the environment and on longer term issues like building art galleries and planning for the future, because they are the communities that have the capacity to trade off some of the benefits now for a benefit later. I have one community that does not have the capacity to say, 'Let's put something aside now for something in the future' and another community that can do that quite easily.

Any path we find through the climate change debate must take account of both of these perspectives on cost because both are perfectly relevant. A good parent who is struggling to support his or her child now is not wrong to prioritise the needs of today over the needs of tomorrow, because for some of them that is the only way they can get through the day. Nor is it right for us to put aside the argument that if we do not pay attention to changing things now, if we do not act fast, the cost burden on our children and their children will be much greater. Both arguments are equally valid. Finding a way through the climate change debate requires a response that satisfies both.

Oddly enough, if we decide to do nothing now and transfer the cost later we are only satisfying one of those arguments. But the path that we have chosen, the pricing of carbon, does satisfy both arguments. It recognises that if we as a community do not wear some of the burden now, our children will play a much greater cost. But it also recognises that there are elements in our society that need assistance in bearing some of that cost. The household assistance package that we are working on, that will compensate low- and middle-income households for the additional costs now, satisfies the need to balance both these arguments.

I am pleased to see my government acting on climate change. For most of my life I have been one of those people who looks forward and places considerable emphasis on costs and benefits in the long term. I am a long-term planner by nature and I am lucky enough not to have been hit by some of the catastrophes, disasters or inequities that others have faced. I have enough capacity in my life to put some aside now to make sure that the future is well taken care of. I am pleased to see us act but I am also pleased to see that this party is concerned with those who do not have the spare capacity to consider the future and with making sure that as we move down this path of ensuring a prosperous future for our children we protect and safeguard the circumstances of the less well off in our community through generous household assistance packages.

Wright Electorate

Mr BUCHHOLZ (Wright) (21:50): Tonight I rise to bring to the attention of the parliament the three basic principles which saw me elected as a member of parliament: first, a reduction in the measures of compliance for the small business sector; second, putting more money into the pockets
of mums and dads in my electorate; and, third, assuring my primary industry sector that I would fight for a better price for their product at the farm gate.

I come from the seat of Wright, which encompasses Lockyer Valley and the Fassifern Valley, which recently has been devastated by astronomical flood levels and out of proportion devastation. We still have families displaced from their homes, and they are doing everything humanly possible to get their lives back into some kind of routine, the routine that you and I in this House take for granted. My electorate is predominantly rural and the devastating infrastructure damage to my farming precinct was overwhelming, with farmers experiencing heartache. They took two and three metres of overburdened silt off their crops so that they would have a reasonable capacity to put in new crops. But they did. We are a resilient mob, a resilient people, in the electorate of Wright and we are doing everything humanly possible. But by jingo it is hard to get motivated when these hurdles are constantly put in front of us. I have 36 dairy farmers throughout my electorate. They are going through an incredibly tough time in trying to do their forecast with reference to capital investment programs in their industry sector, when there is so much indecision on the back of Wesfarmers and the Coles price-war situation. Wesfarmers own Coles. Wesfarmers built their business on the back of farmers. It is ironic that I stand in this House today to defend my farmers from the mechanism that Wesfarmers have built in the form of Coles. I will lobby and fight for my farmers from the dairy sector as best I can.

In Brisbane today Brian Tessmann, the President of the Queensland Dairyfarmers Organisation, spoke at the Rural Press Club. He made reference to the supermarkets creating a situation of market failure, which does not reflect the current supply and demand situation or the true value and cost of fresh milk. He is saying that, as the market leaders on milk put pressure on generic brands, dairy farmers will leave the industry.

The situation in my electorate keeps on getting worse. It is like a Demtel ad in reverse. There is a set of steak knives with this as well. Twenty per cent of growers in my area produce all of Queensland's beetroot. On the weekend they were informed by Golden Circle, a full subsidiary of Heinz, that their product would no longer be wanted. I have in my hand a tin of sliced beetroot. Mr Deputy Speaker, I say to honourable members, through you: do yourselves a favour when you get out of here tonight and go and get yourselves one of these, because they are going to be a collectors' item in Australia. The contents of this product will no longer be made in the electorate of Wright or in Queensland or in Australia. You will be buying beetroot that is processed in New Zealand, possibly coming from China, Poland, Bulgaria—any of those countries that have a lower cost-efficiency in getting product into a tin. I can assure you that the product quality will not be anywhere as good as what we have in the Lockyer Valley.

Why are these firms leaving our shores? Why is Golden Circle in Queensland choosing to relocate to New Zealand, when our Prime Minister tells us, with her hand on her heart, that the carbon tax will not have an impact on this industry? (Time expired)

Robertson Electorate: Building the Education Revolution Program

Ms O'NEILL (Robertson) (21:56): It is my pleasure to have the opportunity to speak in the House this evening following the member for Wright and the member for Braddon, both of whom this evening
celebrated the place of small businesses, the backbone of our economy.

This evening I would like to speak about the impact of the Building the Education Revolution program in my electorate. We know that $16.2 billion was invested in the future of schools and young people in this country as part of the Nation Building Economic Stimulus Plan, under which $42 billion was invested in Australia. Following the global financial crisis, Australia's economy and our economic management have been widely and wildly applauded. Earlier this evening the member for Fraser spoke of the decision by the Treasurer to have a timely, temporary and targeted response to the needs of our community. Obviously the targeting of the investment in our schools and the building projects that have gone on are very telling. They reveal something quite distinct that differentiates us from those on the other side of the chamber—that is, a revelation of Labor values, a certainty about investing for the future, a certainty about a positive vision for this country and a belief that our young people have the best days ahead of them, not behind them.

The other thing that it reveals quite starkly about our values is our deep commitment to jobs. We understand that employment is critical for all Australians. Through small businesses participating in the building of our local schools we have made sure that hundreds and hundreds of local workers in the seat of Robertson have been able to continue to work their way through a time where we are seeing all around the world stories of incredibly high unemployment. The flow-on to small business local suppliers has also been evident in my area.

I want to speak to two particular projects, one at Chertsey Primary School and the other at Green Point Christian College. I applaud the Principal of Chertsey Primary School, John Anderson, who very carefully monitored and managed the delivery of $2.125 million worth of investment in that local school. That school has a class for deaf students and a class for autistic students. Those students with special needs had for 14 years been attending class in a very old demountable building. In addition to the covered outdoor learning area, which provides a space for the entire community to gather, the school has new classrooms for the hearing impaired children to have a place to learn and for the autistic children to have a place in which they are truly delighted to gather each morning. I want to comment Nada Potter, who runs the after-school care service for the school and who was responsible for the wonderful celebration that we had on the day. In the time that remains, I would like to acknowledge also the amazing work that has been undertaken by the school community, the architect and the companies—there was more than one company involved—in completing the $3 million worth of works at Green Point Christian College. Mr Wayne Parks offered wonderful leadership as the principal of the school, and the Ellis family significantly drove the board to ensure that great value for the dollar was gained at the school.

As a result of our investment in education, in addition to the 300 jobs that were provided by this project—300 local jobs that kept our local people working—there are now 1,024 students who have a performance area in which to undertake drama studies and to share and use for a range of subjects. They have break-out rooms. They have 10 classrooms. They have a year 12 senior art room. All of these things were achieved by the careful financial management of Jacques Mouton, the business manager, and his team of leaders in the school.
What all this reveals is that we have much to acknowledge and celebrate: the workmanship of the construction sector, the vision and forbearance of teachers and the school community and the leadership of the Treasurer, Wayne Swan, who created jobs in our country when very few around the world were able to do the same thing in their countries. *(Time expired)*

**Early Childhood Education**

**Mr TUDGE** (Aston) (22:01): I would like to raise an important issue that is affecting thousands of young families in our community, and that is the progressive destruction of three-year-old kindergartens which is occurring in Victoria and possibly in other states. It is occurring because of a policy of the Gillard government, which like so many other government policies has not had its implications properly thought through. The particular policy in question is the government's decision to mandate that, by 2013, all four-year-olds must be offered 15 hours of kinder by university trained staff. Presently, most kinders only offer 10 hours.

In practice, kinders that are forced to increase the hours of their four-year-old classes by 50 per cent are finding that they will not have the physical or staffing capacity to run their three-year-old kinder. The result, according to the President of the Municipal Association of Victoria, Councillor Bill McArthur, is that we will have a potential crisis in three-year-old kinder by 2013.

The situation is exacerbated by the mini baby boom from a few years ago, which is already putting pressure on four-year-old kinders. Two-thirds of kinder facilities are owned by councils, and the majority are community run. There are 1,200 in Victoria alone. In my own electorate, I know that that the Knox City Council, which owns all the kinder facilities, is working through the potential crisis in three-year-old kinder. It predicts that it will not have the capacity to meet the federal government's requirements by 2013. So it is left with a choice: it either breaks the law or it axes three-year-old kinder to cater for the extra hours for the four-year-olds. Some choice!

You would think the Prime Minister would be aware of this pending crisis. After all, she has been directly advised by the Municipal Association of Victoria that her electorate is one of the most at-risk regions for children to miss out. It is time she acted to fix this mess. So what needs to be done? If the government is to continue with this policy and force the hands of kinders then it needs to do two things: firstly, it should offer infrastructure assistance so that kindergartens can physically cope with the extra demands; secondly, it should defer the 2013 start date so that there is adequate time for extra trained staff to come through the pipeline.

Longer term, these small parent-run kinders should be given the opportunity to affiliate with local schools to assist them with their administrative burdens. I know that many of them, understandably, struggle with the financial reporting, the payroll, the legal responsibilities et cetera. They should be given the option of being an independent autonomous entity within the school legal structure so that they can get support for the administrative functions, which would enable them to focus on their core work.

This government has overseen too many program failures: pink batts, Green Loans and border protection policies, amongst others. I fear that its kindergarten policy will be added to the list. There are thousands of young families who are counting on the government to lift its game in this area before it is too late.
Ms GRIERSON (Newcastle) (22:04): I rise to correct the latest attempt by the Liberal Party to mislead the public, and the constituents of my electorate of Newcastle, on the impact of a carbon price. Over the past few months, the Australian public has been subjected to a tirade of false and misleading claims by Mr Abbott over the impact of a carbon price. Now it seems Abbott's mindless negativity has infected the ranks of the newly elected New South Wales Liberal government.

Yesterday afternoon, the newly elected state member for Newcastle, Tim Owen, made a number of exaggerated and deceptive claims about the impact of a price on carbon in the Hunter region. It is not usually my habit to respond to every untruth peddled by the coalition in this important debate, but this latest attempt at fearmongering cannot go unchallenged. Quoting Premier O'Farrell, Mr Owen repeated four times the fallacious claim that up to 13,000 people in the Hunter would lose their jobs if a price on carbon were introduced. Besides being misleading, this claim is at best alarming and at worst insulting to the intelligence of the people of Newcastle.

To make this claim, Mr Owen relied on a discredited and outdated piece of research by the Liberal Party’s favoured consultants, Frontier Economics—the same research relied upon, I note, several times by the member for Paterson in this House. The costings and assumptions underlying that particular piece of research have long been disputed. For example, the report assumes a carbon price of around $46 per tonne, well above what anyone anticipates will be the price on carbon set here. But nowhere does the report assert that existing jobs in the Hunter will be lost if such a price on carbon is introduced. What the report does say is that jobs growth will continue in the Hunter, even modelled on the highly exaggerated carbon price of $46 per tonne.

Yet Mr Owen repeated four times the false claim that jobs will be lost. In doing so, he used his privilege as an MP to make exaggerated claims based on a report with questionable credentials, to try to panic his constituents into believing 13,000 people in our region will soon be out of work. I simply say to Mr Owen: that is not leadership; it is just fearmongering, plain and simple. This is not what the people of Newcastle expect when they entrust an individual to represent and speak for their interests in the parliaments of this nation.

That the New South Wales Liberals have turned to the divisive tactics of Mr Abbott—described recently, I note, by John Hewson, a former Leader of the Liberal Party, as 'the master of the negative'—may not surprise everyone, but it will certainly disappoint many. The facts in this debate are simple. Climate change is real. The evidence is overwhelming. We are already seeing the impacts of a changing climate. Human activities are triggering the changes we are witnessing in the global climate. As the Newcastle Herald noted today, the International Energy Agency has found that last year greenhouse gas emissions increased by a record amount and that an estimated 30.6 gigatonnes of carbon were released worldwide. The IEA advised that to avoid the worst effects of global warming we must stop short of 32 gigatonnes a year by 2020. As the Herald noted, even this target is 'starting to seem impossibly optimistic'. Rather than supporting a scare campaign over a carbon price based on questionable modelling, perhaps Mr Owen should focus his attention on assisting the more immediate concerns of his constituents—for example, the New South Wales Liberal government’s decision to tear up its contracts with 120,000
households under the Solar Bonus Scheme, households acting on climate change.

But, putting this episode aside, I restate my willingness to work with Mr Owen on areas of common concern to the people we both represent. Newcastle has a number of pressing needs that would benefit from our cooperation, in particular infrastructure priorities and encouraging the early rollout of the National Broadband Network. True leadership involves recognising when to put petty politicking aside for the sake of the public good rather than perpetuating the mindless, incessant and negative fearmongering that has become the hallmark of the federal opposition.

**Petition: Balwyn Post Office**

**Schools**

Mr FRYDENBERG (Kooyong) (22:09): Mr Speaker, I rise tonight for two reasons. First, in accordance with standing order 207, I present a petition to you and to members of this House.

The petition read as follows—

To the Honourable The Speaker and Members of the House of Representatives

This petition of concerned citizens draws to the attention of the House the closure of the Balwyn Post Office in Whitehorse Road, Balwyn, Victoria. This petition notes that:

- Balwyn Post Office was located within a retail, commercial and banking precinct where businesses relied on its services;
- Balwyn Post Office provided a range of postal services to a large number of local residents and traders, including many senior and elderly citizens; and
- the closure of the Balwyn Post Office has caused enormous inconvenience to many in the community and caused economic loss to Whitehorse Road shopping strip.

We therefore ask the House to urge the Minister for Broadband, Communications and the Digital Economy and Minister Assisting the Prime Minister on Digital Productivity to consult with the board of Australia Post about re-establishing a post office in Balwyn.

from 5,354 citizens

Petition received.

Mr FRYDENBERG: I take this opportunity to also thank the Mayor of Boroondara, Councillor Nicholas Tragas; his fellow councillor Dick Menting; the head of the Balwyn Traders Association, Ian Bird; and my parliamentary colleague at the state level Mr Robert Clark, the member for Box Hill.

This has been a critical issue in the electorate. I have received hundreds of pieces of correspondence and met with many locals who have been inconvenienced by the decision of Australia Post to close their post office in Whitehorse Road, Balwyn. They have told me that this is not part of a rationalisation of their post offices—because I know that many in this House in their own electorates have seen community post offices suffer a similar fate. But, that being said, we really do need in this bustling shopping strip a post office that will stand alone. Therefore, while the newsagency in Whitehorse Road, Balwyn, has been turned into a community post office and is providing some services, this is not enough. We will bring every pressure to bear on Australia Post to open a new stand-alone post office, and I think this is a critical issue to the people of Kooyong.

The other issue I want to briefly raise in the time allowed to me is the future of school funding under this government—in particular, funding for non-government and Catholic schools. Kooyong is an educational metropolis. We have over 50 schools, both public and non-public. Over 30,000 school students every day go to school in Kooyong. It is our biggest industry and our biggest asset. It is, to draw an analogy, what the car industry is to Geelong or what the wine
industry is to the Hunter Valley. Therefore I am particularly concerned about this government's ideological preoccupation with cutting funding to non-government and Catholic schools.

This is not a new preoccupation. This is not the new Julia; this is in fact the old Julia. We do not have to think far or hard to the time when Julia Gillard was the soul mate of Mark Latham when in 2004 he took to an election a hit list of schools. Schools that would have been cut under this program in my own electorate are Camberwell Grammar School, Carey Baptist Grammar School, Fintona Girls School, Methodist Ladies College, Ruyton Girls School, Scotch College and Trinity Grammar School. All of these schools are great educational institutions and are the home for aspirational parents who send their kids there.

This government's decision to not guarantee the funding maintenance principle will see over 1,000 schools in Australia have their funding cut in real terms. This includes 13 schools in Kooyong: Bialik College, Erasmus School, Genazzano FCJ College, Our Lady of Good Counsel Parish School, St Bede's Parish School, Our Holy Redeemer School, Sacred Heart Parish School, St Anne's Parish School, St Dominic's School, Siena College, St Joseph's School, St Bridget's Primary School and All Hallows School—13 schools, double the number of schools in Lalor. No wonder the Prime Minister does not care. And, now that it is in partnership with the Greens, we can only expect a harsher school funding proposal and principles from this government which will be to the disadvantage of all school students in Victoria and Australia.

**Mladic, Mr Ratko**

Mr HUSIC (Chifley) (22:14): My father has quipped that he was lucky to land in the lucky country. He was an immigrant from the former Yugoslavia, back then a multi-ethnic country, comprised of different religions and cultural traditions. Friends cared little if you called yourself Croat, Serb, Bosnian—it just mattered that you were friends. Sadly, three decades later, this was not the case for much of our extended family, and countless others, throughout Bosnia and the former Yugoslavia. Between 1992 and 1995, the war in Bosnia saw more than 100,000 people perish, with a further 1.3 million displaced. In a continent that had hoped it had closed off its darkest chapters, it witnessed new ones being written—bloody chapters, scarred by haunted terms few imagined would be associated with a modern Europe: 'genocide', 'human shields' and 'ethnic cleansing'.

One particularly heart-wrenching story is that of Srebrenica. On 16 April 1993, the United Nations carried resolution 819 deeming, 'All parties and others concerned treat Srebrenica and its surroundings as a safe area which should be free from any armed attack or any hostile act.' Days later the first United Nations Protection Force troops arrived, ahead of the demilitarisation of Srebrenica in early May. But by 1995, the enclave was under siege and the humanitarian situation on the ground was a catastrophe. Resources were so depleted, even UN forces ran low on food, medicine, ammunition and fuel. In early July 1995, the Mayor of Srebrenica reported that residents had started dying of starvation. Within days of the announcement, the Army of Republika Srpska's General Ratko Mladic led the offensive that took the town. Images of the General taking a triumphant walk through the empty streets of Srebrenica will be forever seared into minds. The General knew what would happen next. Over five days in July, 8,000 Bosnian Muslim men and boys were rounded up and massacred. It was Europe's worst atrocity since World War II.
Mevludin Oric is one of the few men who survived the massacre. In his words: "We came out, they blindfolded us and we were taken to a field to be executed. "Get out and stand in a line," they were shouting. Then I heard gunshots and I fell to the ground. How can a man not burst into tears? Why did this happen?" In May 1992, Fetaneta Alihromic and her then teenage children witnessed the execution of her husband in Srebrenica. She later saw her brothers and her father killed. According to her: 'They killed us like animals. So we hid in the forests during the day and went to our homes at night for shelter.'

In 1995, Ratko Mladic was indicted by International Criminal Tribunal for the former Yugoslavia, ICTY, for genocide, war crimes and crimes against humanity. As the top military general with command responsibility, he was accused of being responsible for the Srebrenica massacre. But the important thing to note here is that the ICTY indictment against Ratko Mladic also accuses him of genocide in nine other municipalities in addition to Srebrenica.

I am advised that Department of Immigration and Citizenship figures for the period 1992-95 put refugee numbers from the former Yugoslavia at just over 23,500. Survivors from Srebrenica are also largest in numbers in New South Wales and Victoria. At this time, my thoughts are with them.

Last week's arrest of Ratko Mladic is a small step in the healing process for the families of his victims. It is an important step forward in the pursuit of international justice. It sends a signal to everyone in the entire world: war crimes are unacceptable and if you commit acts of genocide, if you engage in these sorts of atrocities, you will be held to account.

In closing, I would like to reflect on the words of Munira Subasic, the president of Mothers of Srebrenica. Her words were picked up in the Walkley Award winning SBS program Echoes of Srebrenica, first broadcast in July 2010 to commemorate the 15th anniversary of the massacre. The program was also a finalist in the United Nations Association of Australia Media Peace Awards and has been shortlisted for the Amnesty International Media Award for human rights programs. In that program, Munira says: 'After I die, I want my granddaughter Sara to have friends who are Serbs, Croats, Muslims, Jews, Roman Catholic and everyone else. If we do not do this ... if we don't give testimony, if we don't prove who the criminals are, and who the good people are, and if the good people do not speak up against the criminals, then this will not happen. But to live in a ghetto, to live with someone and to hate them, or for them to hate you ... that brings no joy, not only in Bosnia and Herzegovina but everywhere in the world.'

Australian Honey Bee Industry

Mr SECKER (Barker—Opposition Whip) (22:19): Can I associate myself with the comments of the previous speaker, the member for Chifley. I think they were very well spoken words.

It is vital that I raise the issue of the possibility of Asian bees destroying the Australian honey industry and the effect that that would have on the whole of Australia's agricultural and horticultural industries. Presently, it is estimated that Europeans bees, which are the basis of the honey industry in Australia, value-add over $5 billion to our agricultural and horticultural industries. European bees have probably been the greatest import that we have made in the last 200-plus years. Conversely, Asian bees could be the worse import if they are allowed to take hold and destroy the
European beehives that have given so much to Australia.

Asian bees first came into Australia in a relatively small area around Cairns. It is essential that action is taken quickly and strongly to eradicate Asian bees. For an industry that value adds more than $5 billion, it is a no-brainer to spend $5 million a year for two years to eradicate the threat.

There is a draft containment program ready to go. It has been designed scientifically and is supported, and has the imprimatur of the Queensland government. To give credit, the South Australian government has been supportive of action from the start and other state governments are slowly coming on board. But it needs the federal government to commit to at least a category 2 action, but preferably a category 1 commitment, where an Australian integrated management system is used to eradicate the Asian bee incursion. If allowed, the Asian bees will have a destructive effect on our European beehives and they will almost certainly transport two varroa mites into Australia. Australia would then become the only country in the world with all these bad insects and a poor pollination ability. I know how important bees are for pollination. Before I had the honour of becoming the member for Barker, as a farmer I paid for beehives to help pollinate lucerne for seed production. The lucerne seed industry is a very important industry and the yields are improved greatly by the use of European bees to help pollinate the lucerne flowers, and this makes the lucerne seed industry profitable. Unfortunately, other industries will suffer the same fate. Virtually every grain crop and horticultural crop will suffer the same fate and we risk the $5 billion value adding that European bees provide to our agricultural and horticultural industries in Australia.

I also refer to the House of Representatives Standing Committee on Primary Industries and Resources report of the inquiry into the future development of the Australian honeybee industry tabled in May 2008. This inquiry traversed over the 41st and 42nd parliaments and its report is well worth reading. In that report the committee, in its recommendations, said that the Australian government should commit $50 million annually in pursuit of biosecurity measures and research in support of the Australian bee industry—and nothing has been done. At least 10 per cent of that figure should be committed over the next two years to eradicate the Asian bee incursion around Cairns. It also recommended that the Australian government, in conjunction with state and territory governments, establish and fund a national endemic bee pest and disease control program. It has not happened. This report made many more recommendations concerning biosecurity that have not been acted upon and we have seen the result of the Asian bee incursion. I call on the federal government to act now before it is too late and we destroy our agricultural and horticultural industries in Australia, which we rely on so much in this country. We need to support the honeybee industry and make sure it is not ruined by inaction by this government.

Holt Electorate: Christians Helping in Primary Schools

Mr BYRNE (Holt) (22:24): I start by commending the member for Chifley for that moving and eloquent contribution to the adjournment debate tonight. I wish to speak here tonight about a particularly special organisation as a starting point. It is called Christians Helping In Primary Schools. During Education Week, which ran between 15 and 21 May, I was pleased to visit CHIPS. It is funded under the government's Family Support Program. The actual
organisation itself is run by a very special individual called Eric Wieckmann and CHIPS is funded for about $84,000 under that program over a particular period of time to assist a significant number of local families. The funding is for the continuation of programs run by CHIPS until 30 June 2014. Through the Family Support Program, the government funds community organisations to deliver services like parenting skills training, playgroups, relationship counselling and post-separation support. CHIPS also provides seminars for students, teachers and parents, counselling for children in crisis and programs for disadvantaged children in places like Lysterfield Lake. It runs innovative programs such as Life Gets Better camps for children and their carers who have experienced major grief, divorce or loss. There are many ways in which this organisation uses props such as bright and witty puppets as part of its program in conveying messages to participants in a fun and understandable way.

It is all well and good to talk about these sorts of programs but experiencing them drives home the value of them. I went down to visit Captain Eric, as he is known, at his facility at in Berwick. Seeing the programs that are running and the profound effects that they have on the children that they are dealing with really drove home the importance of continued government funding to organisations like this to ensure that these organisations exist and continue to provide these services that words cannot really describe. As an example of the number of kids who need the help of CHIPS, and this is among some of the examples of the work that is being done, we could talk about a young boy who attended one of the programs and whose family forgot his birthday, so one of the exercises that was run was to have a birthday celebration with him. There was a young man whose family life had been so abusive and so terrible that, to give him an experience of what it was like to behave normally as a child, he was taken to a farm to get his inhibitions out of his system so he could communicate and feel safe. Seeing these sorts of programs and hearing about them and about the transformational effect that they are actually having on the disadvantaged children in our areas make the work that Captain Eric does worthy of an incredible tribute to him and the organisation that he runs. In particular, when I went to see Captain Eric a program that was being run was brought to my attention. It is in action and it is called Life Gets Better. I was invited to visit Hampton Park Primary School to see a program that is being run by this organisation with a young lady called Elley with a dog called Baileys, who is a groodle. For the education of this House, a groodle is a cross between a golden retriever and a poodle. This dog and Elley were visiting Hampton Park Primary School as part of this experiential program for young children in this particular region. I note the incredible work that is being done through this program and, as I said, its transformational effect. The dog actually goes into the classroom and can discern children who are experiencing anxiety, depression, grief or loss and spends time with them. I had the good fortune to spend some time with one of the young men that had been through a particular experience of grief and it was incredible to see how he was interacting with the dog and the changes that were occurring given some of the difficulties that I was aware he had experienced. So to Captain Eric and the program run through CHIPS I say this: yours is a great example of fantastic funding going to a very worthwhile program. (Time expired)
Kapooka Tragedy

Mr McCORMACK (Riverina) (22:29): In 1945 Australia suffered its worst military training accident. An explosion at Wagga Wagga's Kapooka Army Base killed 26 brave men. For many years this event was considered a 'forgotten tragedy', but now a memorial near the site of the explosion ensures families, the military and members of the public can pass by and remember what happened on that fateful day of 21 May 1945. The current commandant, Colonel David Hay, has vowed that each year the memory of these soldiers will be honoured with a special service at the memorial site at 2.30 pm, the time of the explosion.

Debate interrupted.

House adjourned at 22:30

NOTICES

The following notice(s) were given:

Mr WILKIE: to present a Bill for an Act to restrict the export of live animals for slaughter pending its prohibition, and for related purposes.

Mr BANDT: to present a Bill for an Act to amend the Export Control Act 1982 to prohibit the export of live animals for slaughter, and for related purposes.
Tuesday, 31 May 2011

CONSTITUENCY STATEMENTS

Carbon Farming

Mr McCORMACK (Riverina) (16:05): I rise today to talk about carbon farming. As the son of a generational farmer I have a very close affinity with the soil and the land, so I come to this debate with knowledge of the land, the science in the soil and love for an industry which keeps our nation well clothed, well fed and employed. I also stand before you as the member for Riverina, a vast electorate filled with so many different arrays of farming methods. This government is all about keeping it green, however not in the way which best suits the land and the people of this nation. The coalition, in particular the Nationals, have been active supporters of carbon-farming initiatives for many years.

If implemented correctly, carbon farming will potentially deliver a new income source for farmers and deliver broader environmental objectives. Carbon farming is a prime element in the coalition's direct action plan. The initiative can be a win-win for the environment as well as the agricultural industry. It can meet the expectations of those who want to address environmental concerns. Carbon farming can help farmers improve their yield whilst at the same time make positive progress in improving the environment.

Colin and Jan Lucas from Avondale in Coolamon, Wayne and Jake Hamblin from Big Tree in Matong, and Murray and Julieanne Neilsen from Pinevale in Matong have three properties in my electorate that have implemented their own trial of carbon farming. The trees planted on their farms by the company CO2 Australia have been placed to enable wind breaks to stop the wind from taking the top soil and keep moisture in the ground, and to encourage native bird life. A minimal overall percentage of their farmland has been taken up. This sensible planning has added value to the property and income to the farmer and importantly reduced CO₂ emissions to the environment.

I, as well as my predecessor Kay Hull, understand the importance of carbon farming if it is done correctly, properly and so long as it is not taking up vast tracts of viable, arable farmland with pine trees, which you cannot eat and export—similarly to those managed investment schemes, which did precious little for regional Australia.

This government wants to sign farmers up for a hundred years, which is about three or four generations. Farmers will be locked into a scheme which a century from now could and most likely will be outdated, and other varieties and techniques will have been implemented. You only have to look at the past hundred years to see how much change there has been.

This government also wants to take up vast tracts of good farmland by planting pine trees. Once they are planted they will be taking up good agricultural ground which in turn will be unusable for later generations. Pine trees will lock up the ground and very few people will be able to benefit.

Since coming to government this Rudd-Gillard and Green alliance has done very little for agricultural industry, so why should farmers trust it now? It is so typical of this government, which worries more about the 24-hour media cycle than good policy, particularly for farmers and particularly for regional communities.
World Environment Day

Mr RIPOLL (Oxley) (16:08): Every 5 June is World Environment Day. It is good to hear members speaking about the environment and carbon farming and how important a carbon economy is to the Australian economy. I congratulate the member for Riverina for raising these matters. I also want to raise the fact that World Environment Day celebrations began in 1972, in comparative terms a very short period of time ago, just the blink of an eye. But it is very important. It was first started by the United Nations Environment Program, and it is about personalising environmental issues around the world because they are really important, just like a whole range of other issues related to the environment.

This year’s theme is Forests: Nature At Your Service, recognising just how important every part of our environment is to human wellbeing, in particular that of forests and trees. Environmental concerns are very important to the people of Oxley, as I am sure they are to every single member in this House and every senator representing a state. My office takes calls on a regular basis from constituents who are concerned about environmental issues. Just recently I went to a school where the students from that area were concerned about turtles in the region and about what we could do as a federal government to further protect turtles and do more for the environment. The main issue though that people have raised with me of late is about climate change. The issue they raise with me is about when we are going to get on with the job of dealing with climate change. It is clear to me that people have already stepped over a whole range of issues and are now saying, ‘What are we all going to do about it?’

In my electorate, I am going to do something about it. On 5 June I am going to be co-hosting a free community event with Fran Bell, a very good local constituent, hard-working mum and business woman who also happens to be the very good Labor candidate for the Jamboree ward in the upcoming Brisbane City Council elections next year. The event will be held at Lorikeet Park in Mount Ommaney, which is a great park in my electorate. Members of the community will be able to come down, speak to different environmental groups, speak to Fran, speak to me, pick up some free trees, share experiences and have discussions about the environment with people who share concerns and understand the importance of these issues and why their federal government should be taking strong action in these areas. I am inviting mums and dads down with their kids because they will be able to paint their hands and place a handprint on a banner that we are doing up especially for the day. It will be a great free community event for all the people of Oxley and for people from the wider region as well. It is the first time that we have conducted such an event on this particular day and, in keeping with the theme of forests, we are hoping that from a small seed this will grow into a significant event in my electorate in years to come. (Time expired)

Paspaley Star Ball

RAAF Base Darwin

Mrs GRIGGS (Solomon) (16:11): As I mentioned last night in the chamber, I attended the Paspaley Star Ball for the Starlight Children's Foundation on Friday, 20 May. One of the highlights of the evening was the raffle. First prize was a gorgeous string of Paspaley pearls that were kindly donated by local identity, Paspaley Pearl. The winner of these stunning pearls was Belinda Howie, a lovely young lady who is a born and bred Territorian. In my view, these pearls could not have gone to a more deserving home.
As I have also mentioned in the House before, in the lead-up to the 2010 federal election I strongly campaigned to allow the empty RAAF base houses in Darwin to be used by the community and to prevent their destruction or removal. I have continued to work with local group Save Eaton to fight to ensure that these houses are not sitting vacant. Yesterday in the House I presented a private member's motion to hand over the 396 houses to Defence Housing Australia, making them available to Territorians. Following that, in the chamber yesterday I presented a petition supporting my motion, which has been through the Petitions Committee and is in order with 719 signatures.

It must also be noted that these houses have been offered to both the Northern Territory government and the Department of Families, Housing, Community Services and Indigenous Affairs. Both have expressed their lack of interest in taking over this land and these houses. To add to this inaction of another Labor government, I was outraged yesterday to learn that more than 205 of these 396 houses are now sitting vacant. This is absolutely outrageous. I therefore urge the Gillard Labor government again to support my motion and make these houses available to Territorians in order help keep the Ludmilla Primary School open, support local business owners and rebuild a vibrant inner city community. It is time to stop the waste and mismanagement of taxpayer funded resources, make these houses available to Territorians and make them available now.

**Fraser Electorate: Homelessness**

Dr LEIGH (Fraser) (16:13): With her voice shaking and fighting back tears, she says:

It is horrendous being homeless. You feel so disconnected from other beings and you feel so ashamed to be homeless. I absolutely believed I was worthless and that nothing would change.

Breaking down, she continues:

I cannot remember the last time I had a place to call home, somewhere I was safe.

Asked when the last time she felt safe was, she wipes the tears from her eyes and whispers:

I cannot remember.

Suzie, a 39-year-old single mother of two, is one of 570 Australians who by the middle of next year will be living in a Common Ground apartment. Susie will have a place to call home, to feel safe and from which to rebuild her life. Housing affordability and homelessness was the number one issue raised when I held a community sector roundtable in March. In the 2006 census around a thousand Canberrans were recorded as being homeless. Founded by New Yorker Rosemary Haggerty in 1990, Common Ground offers homeless people permanent, affordable, safe and high-quality supported housing. Common Ground is about providing stability, support and hope to the homeless where there was none before. Currently, Common Ground has projects in Adelaide and Melbourne, with Sydney, Brisbane and Hobart coming on line next year. Here in Canberra a team of dedicated people have been working tirelessly to provide support and hope to those who are homeless in the ACT through our very own Common Ground project. I hope this project will become an intrinsic part of tackling homelessness in Canberra. Through the project, there are plans to build up to 100 one- and two-bedroom apartments in Reid for singles and families; to provide them with affordable, attractive, well-managed and permanent accommodation; to house the most vulnerable and link them to support services; to offer the safety and security of having a 24-hour seven days a week concierge service; and to provide opportunities for people to regain control of their
lives. I want to pay tribute to the Common Ground board: the Chair, Stephen Bartos; Jon Lovell; Peter Sandeman; Simon Rosenberg; Captain Jennifer Wheatley; Diane Kargass AM; David Mathews; and finally the inspirational program coordinator and the person who has assembled this great team, Liz Dawson.

The last word belongs to Suzie, who says:

Today I have hope in my life. Today I have a belief that I can try everything. Today it is different. I am somebody. It is an amazing gift I have been given, a second chance to build a life I never thought I would have.

Mayo Electorate: Murray-Darling Basin

Mr BRIGGS (Mayo) (16:16): I rise to talk on an issue that is very close to my heart, a matter I have raised in this place on numerous occasions—that is, the importance of the reforms to Murray-Darling Basin. As someone who grew up on the river, I have been a long-term advocate for the necessity of reform to the basin, particularly in line with the announcement made by the former Prime Minister, John Howard, on Australia Day 2007, when he announced for the first time that the federal government would take responsibility for the Murray-Darling Basin and that there would be an evidence based plan produced outside the politics between the states. Sadly, in recent days and weeks we have seen reports that this necessary reform is being subverted by some concerning elements. I refer to the story in the Adelaide Advertiser on Saturday about ‘water rats’—the state ministers who, along with the federal Labor government, have again abandoned my communities on the Lower Lakes by again putting out the time frames for reform, again taking longer than necessary. That process is of course led by a federal Labor government which, since it was elected, has failed to put in place the very well stepped out plan that was given to it by John Howard, and the member for Wentworth, when he came to government.

There have been reports in both the Adelaide Advertiser and the Australian relating to the fact that there will be significant reductions to the entitlements which were in the initial draft plan that was released late last year. The suggestion is that the amount will be reduced by some 1,000 gigalitres. I wrote to the new chairman of the Murray-Darling Basin Authority last week and made it very clear that my community expects the plan that will be released to be based on evidence. That was the intention of the reforms that John Howard announced. But that has again been subverted by politics, which has afflicted the basin for over 100 years and has taken us to the position where environmental assets like Lake Alexandrina, Lake Albert, the Coorong and the Murray mouth are being degraded further because of the lack of will for reform by this minister, this Labor government, and the South Australian Labor government, who should hang their heads in shame that they have allowed this process to end in this place. We expect the final plan to be based on evidence and we will want to see why there has been such a reduction in just six months. We will want to see the evidence for why that will happen, if that is the case, because it will seem to us that politics has yet again taken over.

(Time expired)

Holt Electorate: Sports Programs

Mr BYRNE (Holt) (16:19): I rise briefly to talk about two sporting programs that are assisting many young families in my electorate. Holt is in the third fastest growing area in Australia, where 29 per cent of the population is under 18 years of age. Many young families
in my electorate are encouraging their children to improve their health by becoming more active in sport.

I am particularly delighted to talk about two programs that recognise this need for support for young families in the range of sporting programs. The first is the Australian government’s Local Sporting Champions grant. This program has been popular with young athletes in Holt since it was launched in 2008, awarding $15,000 to 25 successful athletes and one team so far. The Australian government recognises that young families can find it difficult to meet ongoing costs associated with their children participating in state or national sporting championships. To help alleviate some of these costs the Australian government has allocated $3.2 million annually for this particular program.

I want to talk about one successful recipient, Corey Persoons from Cranbourne, who received a grant to assist with travel to South Australia to represent Victoria at the national championships last year. Inline hockey is everything to Corey, and I am glad that this grant is making and has made a real difference to help people like him reach their full potential. I hope that some of the kids in Holt could be our next Olympians, Paralympians, tennis or AFL stars due to assistance from this program. Incidentally, Corey has also just participated in the under-12 Australian team which has just won the Bauer Cup against the under-14 New Zealand side. This is the first time that Australia has actually won this title. Corey is also off to Tasmania for the national inline hockey championships. So this is a young man who has been assisted by this program and who is moving on to further his career. On that note, I wish to continue to encourage other young people like Corey in my community, aged between 12 and 18 years, to apply for the Local Sporting Championships grants, as a further 24 individual grants of $500 and two team grants of $3,000 are available to families in our area.

The second program is the Active After-school Communities program. The federal government has committed $43.9 million to this program so that it can continue until 2012. This program where kids can participate at the school after school or go to sporting clubs has been very successful in our area. I would particularly like to commend the City of Casey, which recently ran an event where more than 230 eight- and nine-year-olds from Doveton Primary School, Maranatha Christian College, St Paul Apostle South Primary School and St Paul Apostle North Primary School participated in a range of sports at the event, including football, baseball, rugby union, soccer, Little Athletics, softball and volleyball.

Many parents in the local community have commented about the benefits of this program and how it is making their children more healthy. These are two great programs run by the federal government, assisting young families and young kids in our area.

**Aston Electorate: Rowville Rail Link**

Mr TUDGE (Aston) (16:22): I would like to update the House on the Rowville rail link proposal. As many members of the House will know, this is something I have been promoting for some time. Rowville is in the bottom section of the Aston electorate. Last Sunday, there was an announcement by the state government that the feasibility study for the Rowville rail would be going ahead. This is very welcome news. This is a $2 million feasibility study that will be done in two stages and will be completed by mid-2013.

A significant part of the feasibility study will be community consultation, and a conceptual alignment drawing will be released to kick off the consultation process very soon. The most
likely route for the link will involve the construction of a 12-kilometre double-track railway from Rowville to Huntingdale, with the potential for new stations at Rowville, Waverley Park, Springvale Road and, importantly, Monash University. Sinclair Knight Merz will be leading this effort, which will be headed up by William McDougall, who has more than 35 years experience in transport planning.

As I mentioned this is a two-phase feasibility study. Phase 1 will examine the construction, operational land use and environmental considerations, and it will be completed most likely by the end of 2012. This is a very important study for my community and for the broader outer eastern community in Melbourne. The initial scoping study done by the Knox Council some five or six years ago said that the Rowville rail link would take the equivalent of a full lane of traffic off the Monash Freeway. Those who travel the Monash Freeway know that it is at capacity already, so the link will make a real difference. Also, if it does link up with Monash University, it would link up Australia's largest university campus to a rail link, which I think is very much overdue. I am delighted that the state government, the Baillieu government, has announced that this feasibility study will go ahead. I will be watching this feasibility study closely. If it turns out to be a positive outcome, and I imagine that it will, then I will be pressing very, very hard that not only is there some state contribution but there is a federal contribution which goes towards the full construction of this particular rail link.

The DEPUTY SPEAKER (Ms AE Burke): The member for Aston may have noted my excitement because Monash University, of course, is in my seat.

Cunningham Electorate: Schools

Ms BIRD (Cunningham) (16:25): I want to report to the House about a visit to my electorate on 13 May, a couple of weeks ago now, by Minister Garrett to two local schools. It was an opportunity to talk more broadly in the local area about the very important education initiatives that were in the budget. I have addressed those in the budget debate so I will not go directly to those. I want to take this opportunity to thank the schools that welcomed us into their facilities and showed us some of the work that their students were doing.

We, firstly, went to Mount Ousley Public School and we were welcomed by Principal Peter Holmes and the school captains Layne Ireland and Joshua Brown. Peter is a local principal who has had a great commitment to introducing technology into the classrooms. I first met him when he was at Otford Public School in my electorate and he was running a program where the parents and fundraising in the school provided laptops for all the students. He had introduced the same thing at Mount Ousley Public School so we visited their year 6 class to see their one-to-one laptop program.

The teacher, the Assistant Principal, Mae Johnson, showed us the work the students were doing, and the students were very pleased to demonstrate to us how they were using web search tools and presentation programs. They were creating visual and video presentations on their research topics. It was far removed from the old days when I would send Mum to get the big bit of cardboard from the newsagent so that we could proceed with crayons and textas and make a nice display. These kids are producing tremendous visual and video presentations. We visited the school's new COLA and covered walkway, which was built with $2 million under the BER program, and they expressed their great pleasure in that facility.
I would refer members to the video release today on the National Broadband Network website as a conjunction to Minister Conroy's release of the Digital Economy Strategy, which shows a home of the very near future under the NBN with a student sitting learning Indonesian in a virtual classroom in the home. It is quite exciting to see what these young people's future will be.

We then went to St Brigid's Primary School and were welcomed by Principal Jennie Werasko and met the staff. Then we visited a student group who were participating in their local leadership program, called iLEAD, which is a great program where the school embeds its values of leadership responsibility and gets leaders from the community to talk to the class. I was with my colleague Stephen Jones, the member for Throsby, who is a former student of the school, and he had previously addressed this program.

I just wanted to put on the record my own and, I am sure, the minister's great appreciation for the schools and for their hospitality and reflect our great admiration for the staff and the students of both schools and the achievements that they are making.

Leichhardt Electorate: Far North Queensland

Mr ENTSCH (Leichhardt—Chief Opposition Whip) (16:28): It has been widely reported that the far northern economy is in a very bad way at present and we are in desperate need of government support. The Far North, unfortunately, boasts some very alarming statistics. It has the highest unemployment in the country and over 400 businesses have closed their doors in the past two years alone. There is also a lot of commentary about doom and gloom in our region, but there is also a lot of positive talk from people who live and work in our community. Business and industry leaders have collectively worked on plans to rebuild our region in earnest and they need to be commended for their efforts. The reality is that the Far North's economic woes could be fixed overnight if the government committed to some of the initiatives that have been identified by our local experts as priorities.

For a start we need to extend the entitlements of Cyclone Yasi's disaster relief under the NDRRA to include all businesses affected by the event in Cairns, Daintree Coast, Cooktown and Cape York and review the eligibility criteria so businesses can actually access support. We are coming from a very low base with over 13 per cent unemployment only a few months ago and businesses are screaming for support. This is an important short-term measure that will allow businesses to continue to trade and start to rebuild and recover. We also need to give businesses tax relief that they desperately need. Businesses are not looking to get out of paying their tax debts; they just need more time to pay until cash flows get back to normal levels. We also need a commitment to start immediately on the full upgrading of the Bruce Highway. We need the government to start this commitment to fix the highway once and for all. That is desperately needed. They do not need to allocate all of the funds but they do need to start now and not in three years' time. Ensuring that the projects are carried out by local businesses is also a very important part of the commitment.

A commitment to establish a seed fund for the sports, performing arts and cultural initiatives that will see the development of a tropical campus for the Australian Institute of Sport in Far North Queensland is desperately needed. We need to commit funding for the first stage of the Australian National Institute of Tropical Health and Medicine. We also need an appropriate all-weather bridge at the Bloomfield River crossing and some strategic work done at the Peninsula Development Road.

MAIN COMMITTEE
The Port Douglas lagoon will also help that region. It is desperately needed and a commitment would help there. I cannot see why the government does not commit to some of these initiatives today. Why can't the government listen to our business and industry leaders' calls for assistance? The commencement of even a few of these projects would resurrect our economy, create employment and, most importantly, put a spring in people's steps once again. I call on the government to listen to the people of Far North Queensland and to give us that support that we need to rebuild instead of neglecting us in favour of other electorates that have more political benefit.

**Shortland Electorate: St Pius X Primary School**

**World No Tobacco Day**

Ms HALL (Shortland—Government Whip) (16:31): Prior to coming up to the Main Committee I met with students from St Pius X Primary School. They come from Windale in my electorate and they are the lowest SES school in New South Wales. I met with them in the Prime Minister's office and the principal thanked the Prime Minister for supplying their school with a new school hall and a new school library. It was a wonderful experience to have those young people in the Prime Minister's office and for them to meet the Prime Minister. They are young people who probably would never have had that opportunity.

But today, in my contribution to this debate I would like to pledge my support for World No Tobacco Day. I was, once, a smoker. I gave up smoking over 30 years ago and since giving it up I have felt a lot healthier. But unfortunately 3.3 million Australians over the age of 14 were still smoking in 2007—16.6 per cent of Australians 14 years of age and over smoked daily in 2007. It is slightly more prevalent amongst men than women. I must say that one of my children—he is a male—does smoke and despite all the knowledge and all the effort that we have put into supporting him, he finds it very difficult to quit. That is because smoking is so addictive. I think, as legislators it is absolutely imperative that we do everything in our power to assist people to stop smoking, because smoking increases the carbon monoxide in our blood; puts nicotine through our bodies; and affects our taste, our smell and our blood flow. It increases the risk of lung cancer. My father died of throat cancer. It also increases the risk of cancer in other parts of the body and causes heart disease and stroke. The risks posed by smoking have been well acknowledged throughout the medical community and there is no argument whatsoever supporting smoking.

I welcome the fact that the Leader of the Opposition has finally agreed to support plain packaging on cigarettes. He has been very slow to act and maybe—just maybe!—that is because of the money that he receives from the tobacco companies to support his election campaign. It is not good enough. We need government and opposition to recognise the extreme health risk that is presented by smoking, get together and work together to eliminate cigarettes from our society. *(Time expired)*

**The DEPUTY SPEAKER (Hon. Peter Slipper):** In accordance with standing order 193 the time for members' constituency statements has concluded.
BILLS

Appropriation Bill (No. 1) 2011-2012

Second Reading

The DEPUTY SPEAKER (Hon. Peter Slipper) (16:34): Before the debate is resumed on this bill I remind the committee that, pursuant to the resolution agreed to by the House on 10 May 2011, this order of the day will be debated concurrently with Appropriation Bill (No. 2) 2011-2012 and Appropriation (Parliamentary Departments) Bill (No. 1) 2011-2012.

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:

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

(1) condemns the government for incorporating in an annual appropriation bill provisions to increase the limit on government borrowings above the total of $200 billion;

(2) recognises that a special case must be made for such a significant increase in borrowing limits and that the government must explain any special circumstances that it believes justify such an increase; and

(3) demands that the parliament be given the opportunity to consider separately and vote on the proposed increases in borrowing limits set out in Part 5 of Appropriation Bill (No. 2) 2001-12."

Mr FORREST (Mallee) (16:35): There can be no more important issue for my constituents than their health. They have been inundated with filthy water, composed of biota, filth and animal waste. In urban areas they have had raw sewage flooding their gardens and going all through their homes, particularly in Mildura, Red Cliffs, Irymple, Charlton and Donald. They have had to contend with arbovirus, with so much water now lying across north-west Victoria now and with mosquitoes. And they have had a plague of locusts. Biblical stuff is happening. So they read with great concern that this budget closes so many of their Medicare access facilities. I would like to read them into the record. These are famous towns in the Mallee. Medicare offices are to be closed at Goroke, Hopetoun, Murrayville, Woomelang, Manangatang and Murtoa. Those are all isolated communities. Then there is Merbein, a satellite city in Sunraysia; Ultima; Kaniva; Beulah; Sea Lake; the home of my youth, Red Cliffs, another satellite city of Sunraysia, which was inundated in March; Rainbow; Nhill; Wycheproof; Leitchville; Robinvale; Cohuna; Warracknabeal; Edenhope; St Arnaud; and Birchip. There are only three Medicare access points left intact that members of the now opposition worked so hard during the Howard-Fischer-Anderson years to get into those isolated rural communities. To see them all close now is sending a terrible signal to my constituency, which is extremely worried about its health. On top of that, there is a threat of closure to healthcare facilities, particularly aged-care facilities, and, in the case of Charlton, which I have already mentioned, the loss of their hospital as well.

I mentioned at the start of my remarks on Appropriation Bill (No. 1) 2011-12, Appropriation Bill (No. 2) 2011-12 and Appropriation (Parliamentary Departments) Bill (No. 1) 2011-12 how startling it has been to witness the ideological positions of members of the government and members of the opposition as we speak on these bills. The government seems to shy away from the responsibility of telling their constituents how all this is to be paid for. It is fine to talk, as they have, of huge amounts, record amounts, of capital being spent in their
constituencies, but it is members of the opposition, of the conservative parties, asking the questions about how this record amount of money borrowed—it is not like it has grown on a tree; it is borrowed from international locations around the world—is to be paid back, how it is to be sustained, how the interest that services an enormous amount of payments is to be met; that just gets wasted.

This is not being explained by government members but it is a high priority for my constituents. They remind me that, when the opposition were in government until the end of 2007, as individual constituents and taxpayers they had money in the bank. It was money put away for a rainy day. It was money put away for the flood or the critical circumstances, or even a cyclone, because these things happen. They happen at the small business level, at the micro level, and they happen at the national level as well. So I am speaking to the amendment that Mr Robb has moved, bringing to attention the responsibility of increasing the Bankcard to an unprecedented level of $250 billion. A billion dollars is a one with nine noughts. You have to say it slowly and emphasise the 'b'—one billion. We are now talking as a nation about extending our credit card from $200 billion to $250 billion. My constituents, who are predominantly from small business and primary industry backgrounds, know what a crippling level of debt can do to a business. They are worried how that is going to extend to the nation. I am disappointed that government members are not being responsible and reminding their own constituents how this 'unprecedented level'—that is what they say—of capital to be spent on roads and infrastructure and on interest payments to people around the world are going to deplete government revenue. I rest my case by saying that this budget has let my constituents down badly.

Mr GEORGANAS (Hindmarsh) (16:40): I am delighted to speak here today in support of Appropriation Bill (No. 1) 2011-12 and cognate bills. While many countries around the world are still struggling to pick themselves up from the global financial crisis, Australia's economy is strong and unemployment is low. Make no mistake: we would not be back in the black by 2012-13 if it was not for this Labor government saving Australia from recession during the global financial crisis. This budget will deliver a strong economy, a sustainable environment and a fair society that provides every Australian with the opportunities to prosper and succeed in life.

Our first priority is keeping the economy strong, because that creates jobs for Australian families. With a strong economy, the government is making sure that the opportunities and benefits flowing from the mining boom are shared with all Australians, making sure that no Australian is left behind. Over 750,000 more Australians are in jobs today than were in jobs when the government first took office. That is in stark contrast to the 30 million jobs that were lost globally during the aftermath of the global financial crisis. Walk through Detroit or Athens and you will see the businesses that have shut down and the desolation that has created through the unemployment that has affected thousands of families and children around the world.

Let us not forget that those opposite in the National Party and the Liberal Party opposed the economic stimulus packages. If their opposition had succeeded, we would have seen over 200,000 people out of work across Australia. In an electorate like Hindmarsh, that would have affected many thousands of families—children, siblings and partners. I have a stadium in the electorate called AAMI Stadium, where the AFL is played. The number of unemployed that
there would have been would have filled four such stadiums. You can imagine the devastation that that would have caused in Australia. That would have seen many families collapse under the stress of being unable to meet their mortgage repayments and unable to deal with the cost of living. That is something that I am very glad did not happen in our communities across Australia.

In my electorate, from Somerton Park to Semaphore Park and from West Beach to Richmond, Torrens, Lockleys and Mile End—wherever I go—my constituents want to know that they will be part of a future full of opportunity and that they will have a secure job now and into the future and that their children will have every chance to succeed, no matter what they choose to do. That is why we on this side are very proud to stand here today and say unequivocally that this Labor government has kept the economy going strong through the global financial crisis and through the natural disasters that we saw during this last summer. Not only that, we are bringing the budget back to surplus in 2012-13 as planned.

This year's budget will get us back in the black by making savings. In fact, this is the first time in 20 years that government spending is forecast to decline in real terms. A strong budget means that we can deliver better services for Australian families and in this budget that included a transformation of our skills and training system and a record investment in mental health services—announced a couple of weeks ago in the budget. There is $22 billion worth of whole-of-government savings in the 2011-12 budget, continuing the government's strong track record in identifying efficiencies and making tough savings decisions. By delivering these savings the government has met its key fiscal commitments, including returning the budget to surplus in 2012-13. The spending decisions in this budget are more than offset by savings, meaning policy decisions deliver a net improvement to the bottom line of $5.2 billion across the forward estimates.

Just about every aspect of this year's budget will positively impact the lives of my constituents, so I would like to outline some of the most significant budget policies that were announced. First of all we are helping to ease the cost of living by providing tax relief for families and people on low incomes. In my electorate of Hindmarsh alone up to 3,000 families will be eligible to receive up to $4,200 extra each year per child aged between 16 and 19 under changes to the family tax benefit part A. That is 3,000 families eligible to receive that in my electorate. Thousands of my constituents on low incomes will benefit from getting a little bit extra money in their pay packets every week instead of having to wait until the end of the year, under changes to the low incomes tax offset. We have also lowered the tax you have to pay on your savings. You will get a 50 per cent discount on interest income up to $1,000. We have also introduced a standard deduction to make tax time simpler for four million Australians.

The second big part of this budget is the way we are supporting jobs and training in a way that has never happened before. This government is building Australia's workforce with $558 million to deliver tailored, quality training places through the National Workforce Development Fund. Nearly 3,000 apprentices in my electorate will be provided with a $1,700 tax-free trades apprentices income bonus which will encourage them to complete their critical trade qualifications. We know how important it is for apprentices to complete their training. We know that many drop out in the first year, less drop out in the second year and so on as they go through their years of training. We know those first 12 months are extremely
important, and this will assist those apprentices to stay within the training and remain there and get their certificate and finish their plumbing, electrical or mechanic course, whatever apprenticeship they are doing. So the income bonus will encourage them to complete their critical trade qualifications. In my electorate, 1,238 very long-term employed will also be offered assistance to prepare for and find work under the new work participation initiatives.

I frequently receive calls in my office, as I suspect all members do, from constituents who want to go back to do some part-time work but are worried that they will lose their eligibility for disability support pensions if they do. That is why I was delighted that the Minister for Families, Housing, Community Services and Indigenous Affairs has delivered fair and flexible new arrangements which will allow people on the disability support pension, the DSP, to go out and do more hours without losing their eligibility. This will help encourage more people to give work another go. We are also reforming the vocational education and training system with a further $1.75 billion on offer to partner with state and territory governments. Despite a tough budget, we have managed to deliver a health-care package as well which has the potential to significantly improve the lives of our constituents and the lives of the Hindmarsh residents in my electorate through record investment in health care, mental health, diagnostic imaging services and public dental services. There will be more access to GPs, more after-hours services, more money to train our nurses and funding to introduce individual electronic health records so that patients, doctors and all the medical professions can have information at their fingertips when they need it most. But, out of all the initiatives, the granting of a new MRI licence to a clinic in my electorate is particularly exciting, as it means that there will be more affordable MRI services for my constituents closer to their homes, especially for patients with common cancers such as breast and cervical cancer. I would also like to make particular note of the new $53 million package to improve access to public dental services, particularly for people on low incomes. Better public dental care is something that many of us on this side have fought for over many years, and I know that for many people in Hindmarsh these services have been a very long time coming. For their sakes, I am proud to have helped deliver some of those services.

These budget measures, from training opportunities to tax cuts, are going to make a really positive difference on the ground in my electorate of Hindmarsh. Hindmarsh is a wonderful community. It is full of passionate individuals working day in, day out towards their dreams and their goals. Small business owners in Hindmarsh can also look forward to more tax relief and simpler tax systems, which will give them more time to do what they do best and which mean less time slogging through paperwork and tax forms. Schools are also getting a better deal. We are determined to make every school a great school, with $425 million to reward top-performing teachers and an extra $200 million to support students with disabilities.

This budget is fantastic on a whole range of levels. It is getting us back into the black while, at the same time, making targeted investments where they matter most: in health and education, jobs and skills, and helping to ease the cost of living. I look forward to the people in my local community feeling the full benefits of the changes in this budget—people like Bob Owen, from the Netley Residents Association, who stood shoulder to shoulder with me for many years while fighting for an aircraft noise ombudsman and who continues to be a strong voice for his local community, and like Peter Bijok and his father, John Bijok, who campaigned alongside me for many years for the new King Street bridge in Glenelg, the
construction of which has already started. These people are quiet achievers, but they represent the people of Hindmarsh. They are passionate, they are hardworking and they are deserving of a strong government which will deliver what they need most: a strong economy, job opportunities and great health and education systems.

I have worked with many people over the years to deliver for Hindmarsh, including $4.5 million for a new King Street bridge; $1.5 million for Surf Life Saving South Australia's new headquarters at West Beach; CCTV cameras for Glenelg; a new aircraft noise ombudsman; and the Glenelg to Adelaide recycled water pipeline, which will deliver recycled water all around the metropolitan area. But what gives me most pride is knowing that the federal government has delivered another budget which is responsible and fair and which provides those services for our communities that are most in need. Over the last few months I have been going around to different schools in my electorate opening BER, Building the Education Revolution, projects in many schools. It is quite plain, and you can see it quite bluntly. When we look back a few years at the global financial crisis and how we got out of it, we only have to visit a few of the schools, look at the infrastructure that is being built in those schools, and talk to the builders and ask them how many people were employed on each site. The answers that we get are anything from 20 to 70. When you multiply that across all the infrastructure projects, which number approximately 26,000 across the country, you can see how many jobs were created and you can see why we got out of the global financial crisis. As I said earlier, the Liberal-National Party opposed the injection of infrastructure and, had it succeeded, we would have seen thousands of people unemployed. We are the envy of economies from all over the world. When I speak to people from overseas, the first question they ask is: how did you fare so well with the global financial crisis? The answer is that we acted decisively, we acted quickly and we ensured that we stimulated the economy through infrastructure projects all around the country. As I said earlier, 20 to 70 jobs were created at each project. When you multiply that by 26,000 across the country, you can see why Australia did so well. I am very proud to be part of this Labor government. I am very proud to support the appropriation bills and this budget. I am very proud of the fact that we will be back in the black in 2013. I urge the members opposite to also support the budget. (Time expired)

Mr NEVILLE (Hinkler—The Nationals Deputy Whip) (16:55): I rise to speak on the Appropriation Bill (No. 1) 2010-11. Once again we are seeing a typical old-fashioned Labor budget. It is big on taxes and big on spending, but fails to help households battling higher costs of living. That is before we even get to a carbon tax. This government has abandoned its citizens, who are struggling to make ends meet because of spiralling prices for petrol, electricity and gas, groceries, health costs and home repayments. Beyond that, this dull and unimaginative document will only be remembered for its hit on middle Australia.

In this budget this government could only scrape together $2.7 billion in savings over five years while the total spending will amount $1.9 trillion. That is the equivalent of 14c in every $100. The majority of those savings will not even come until 2014-15. Bear in mind that around one-third of Labor's so-called savings are really taxes—some savings! Under this government this year's budget deficit will rise to $49.4 billion and the forecast deficit for 2011-12 has blown out by $10.3 billion to $22.6 billion. Net government debt has climbed to $107 billion in 2011-12 and is forecast to remain over $100 billion right through the forward estimates. The previous speaker said that it is marvellous that we will have the budget in the
black. Having the budget in the black is just part of the equation; the other part is getting rid of the debt of $100 billion.

This year's budget confirms how out of touch Labor is with Australian families because it has done nothing to help them cope with increasing costs of living. Let us be clear here: out-of-control costs force families to try to cope with half-baked Labor policies such as the home insulation scheme, cost blow-outs with school halls, $1.7 billion in failed border protection policies and so on. A Galaxy poll conducted by the Courier Mail as recently as 30 May shows a whopping 70 per cent of Queenslanders have completely lost faith in the ability of the state and federal Labor governments to spend their money prudently. Some of the failed schemes include $20 million for Fuelwatch, dumped; $13 million for GroceryWatch, dumped; and the scandalous $2.5 billion blow-out in the insulation scheme, now dumped. I had a lady on the phone this afternoon from Howard who is still waiting to get her roof fixed because the insulation was not put in properly 12 months ago. Add to that the Queensland government's inability to get health and payroll systems right and its bloody-minded resolve to sell off public assets and it is little wonder that Queenslanders have had a complete gut-full of the Labor Party. At the local level last week, 25 May, the Bundaberg News Mail carried a report of locals going without food, not using their stoves and favouring blankets over heaters to combat skyrocketing power prices, especially during the winter months. It is frightening that that could go on in Australia.

Can anyone from the government explain to Kim Ross, a disability pensioner in my electorate, why she should have to sell many of her prized possessions to try to make ends meet? Can anyone from the government suggest to me how the Salvation Army's Tom Quinn Community Centre, which does remarkable work, can continue to hand out welfare to locals when they have already handed out $90,000 in assistance this year compared with $44,000 for the same period last year? These are the sorts of scenarios that are playing out in regional Australia and this government is doing nothing to help. By way of an aside, how could anyone contemplate a carbon tax against a background of community suffering like this. It just defies rational explanation.

I want to touch on a few important local projects that the coalition backed at the last election and that Labor has ignored. This year's budget overlooked every single one of these projects. At the last election I could not get my opponent to even match me on obvious things that are required in Bundaberg and Hervey Bay. The first is the Fraser Coast’s much admired youth mentoring program, the Triple S program, which requires around $600,000 over three years. The volunteers working on the Triple S program keep disconnected local youth connected with education and keep them in the loop so that they are not removed from school and other disciplinary regimes, but are treated in a much more innovative way. The program had to cease because of a lack of funding from the Commonwealth, and it is yet to be reinstated. I have spoken to the Attorney-General and he has been very sympathetic, but action is needed urgently. I note by way of passing that in the electorate of New England—and I applaud this—a similar scheme was recently granted $1.5 million.

Secondly, fixing the mouth of the Elliott River, which is just south of Bundaberg, is one project that appeals to me. It has been sitting up for some time. For me it is one of the biggest environmental challenges facing the Bundaberg region and it is also a public safety issue as navigating the entrance to the river is becoming dangerous. Clearing the mouth of the river...
will be a big task, and it is one that the coalition was ready to get stuck into with a $2 million commitment to get the job done. Yet, it has been put on the backburner by the current government.

The coalition was also prepared to spend $100,000 to investigate a new bridge on the Burrum River, which would create a more direct link between the coastal communities in Hinkler as well as a new and direct tourist route. At a time when business is so low, tourism really needs assistance.

Mr Perrett: Is Campbell committed to that?

Mr NEVILLE: I am sure I will get a much more proactive hearing from him than I have had so far from the federal minister. Not only did Labor's candidate at the last election ignore this project but it has been ignored in this year's budget as well.

I will now deal with the financial support for building a performing arts centre at the Urangan State High School. This was missing from the budget despite the fact that I had former Prime Minister Kevin Rudd and infrastructure minister Anthony Albanese briefed onsite on this project. The facility would be stage 1 of a planned sporting and cultural complex for the school and it would be an asset for students from across the region, as well as the community at large. And let me say that these are some of the most talented kids I have seen in my life. Their music, dance and acting is exceptional. I ask why we have to have these schools of excellence only in the capital cities? Why wouldn't we have one in a place like Hervey Bay and why wouldn't we have one at Urangan High School? An amount of $3 million or $4 million for something like this, with a Commonwealth contribution, is not a big ask when you see the sort of money that was wasted on some of the assembly halls in the BER scheme. But the real sticking point around the region is the government's failure to fund upgrades to the Bruce Highway, and that was the big failure during the recent floods. Under Labor our nation's finances are in such poor shape that the Gillard government's 2011-12 budget was not even able to provide any new money for the Bruce Highway. The only announcements of any significance were reinstatements of previously deferred projects. Even at the local level the government has failed to invest in vital road upgrades that are needed by the sorts of communities I represent.

At the last election, the coalition recognised the need to improve the road network around Hervey Bay. This is one of Australia's fastest growing communities, where infrastructure gets ahead of the ability of the council to pay. It is a typical example of where state and federal governments need to give some assistance. Ten million dollars was on the table from the coalition for three important road projects. Once again, Labor failed to match that commitment. Completing River Heads Road and Old Toogoom Road as well as building the Urraween to Boundary Road extension—that is, the fourth corridor through Hervey Bay—are priorities for the local community. The Fraser Coast Regional Council has them factored into its 10-year capital program. A rapidly growing community like Hervey Bay faces unique infrastructure pressures. Those problems have to be fixed if we are going to improve the efficiency and safety of local roads and ease the burden on ratepayers. I want to see those road upgrades funded as soon as possible. It is extremely disappointing to see those communities missing out under this government.

On a happier note, I do thank the Minister for Health and Ageing, Nicola Roxon, for providing $47 million for the expansion of the St Stephen's Hospital at Hervey Bay. The
government have been well aware of my calls for this project to be funded. I am pleased that they have come on board by providing funding under round 3 of the Health and Hospitals Fund program. It was a very generous grant.

Hervey Bay's distinct demographic profile made it a strong candidate for funding. The city and its surrounds are inhabited mainly by older residents and younger families, which means there is a greater demand for medical and hospital services than is experienced in other regional centres. The lack of a comprehensive private hospital facility in the city has added to the strain on the region's existing public health services. So the new inpatient facility in Hervey Bay will not only ease the pressure on the public hospital, which at times has occupancies of over 100 per cent, but also provide easier access to high-quality care and choice for people throughout the region.

So I acknowledge the benefits of this support, but I temper my praise by pointing out to the minister that the government is still pursuing its agenda to slash private health insurance. One way or another, 53,000 people in the Hinkler electorate will be hurt under this plan. The realities of life dictate that if you hit millions of Australians with increased premiums many of those people will dump their insurance, leaving the remaining policyholders with much higher premiums. Of course, the people who have abandoned private health insurance have to rely on the public system, so the dog will continue to chase its tail. The overstretched state hospital regime is slowly crawling out of its difficulties, but Hervey Bay will go back into them again. It really is a sad reflection on the government and its lack of foresight.

Many of those in my electorate who do the right thing by contributing extra money to cover their own health needs—and I include among these pensioners and others who earn less than $50,000 a year, some of them self-funded retirees—are the ones who will really suffer. Along with the middle income earners losing their rebates, the even more vulnerable lower income Australians will suffer through higher premiums. They are the ones who will suffer under this government's lack of planning. Let us not kid ourselves, as the government often does, that somehow only the rich will be affected. All—and I stress all—subscribers, and the private health insurance industry itself, will be affected.

Mr Perrett: They are heading north.

Mr Neville: They are heading north—it is very true. Premiums are heading north. Because the coalition worked on it for 11 years they were going down.

Finally, I speak briefly on mental health. The majority of funding will only become available in five years time, which will be close to the end of the next term of this government if it survives. In addition, hidden in the detail of the budget is $580 million cut in mental health programs coordinated by GPs. Next financial year, the government says it will provide $47.3 million in new funding for mental health. But it will cut $62.8 million from existing programs—when the cuts are taken into account, it turns out that Labor will only provide $583 million in new funding over the forward estimates. That is about a third of what the coalition is promising. This was not a good budget. It was dull, it was unimaginative, it hit the poor and it hit middle Australia.

Ms Burke (Chisholm) (17:11): I rise to support Appropriation Bill (No. 1) 2011-2012. I differ from the previous speaker in that I think that, whilst this is a fairly nondescript budget, it was time for a non-descript budget. At least we gave a budget speech at the time, unlike the
opposition who provided no alternative, no vision, no insight, and no cost savings—nothing. Indeed, the Leader of the Opposition said it was not his role to do that and gave an election campaign speech instead.

This is my 13th year in this parliament and my 13th year of speaking on appropriation bills, and the tick-tack on both sides never ceases to amaze me. Very rarely have we said of previous budgets that there have been some good things in them. In fact, I think that during my years in opposition I actually commented when the Howard government did some good things, and I think that we as political parties should rise above partisanship sometimes and look at the good that is being done within budgets. Despite many natural disasters and the downturn in the global economy, Australia’s economy is well placed—it is actually doing exceptionally well. Overall employment is at record levels, which is the envy of the Western world, yet somehow this does not translate into anyone's thinking. I have never worked that kind of thinking out, and I doubt I ever will.

The 2011-12 budget strengthens Australia’s economic outlook and creates new opportunities. The federal budget has delivered in many ways in my electorate of Chisholm, most notably in the diagnostic imaging reform package. I welcome the reform package and the $717 million which has been provided to expand access to diagnostic imaging services. Some of this funding will benefit Monash Medical Centre, a vital health provider within my electorate. Monash Medical Centre is probably one of the largest hospitals in the Southern Hemisphere—it is huge. This funding will provide new Medicare licenses for the two existing MRI machines at Monash Medical. Monash Medical has three MRI machines, but they were not licensed under the Howard government. Under the deal—the 'scan scam'—introduced by the previous member for my electorate, Dr Michael Wooldridge, when he was health minister, we had this invidious situation where machines were sitting in a very large public hospital yet were unlicensed to perform Medicare refunded treatment. It was absurd. These machines were given 100-year licences. Some of the things that the previous government did have been almost impossible to unscramble, so I am very appreciative—as indeed is everyone at Southern Health, which Monash forms part of—that the budget has ensured that there will be greater service at a greatly reduced cost for patients accessing services requiring the use of an MRI machine.

Importantly also, GPs will now be able to refer patients under 16 years of age for specific conditions without the patient's first needing to see a specialist. Again, this was a hurdle that was in place previously—you went and saw your GP, and, even though the child was obviously in need of an MRI, you then had to go and see a specialist. I do not know if any of you have had to go down this path, but what happened after that was that you had to wait to go to see the specialist and then, finally, to wait to get to the MRI. This reform allowing GPs to refer patients under 16 will take away the anxiety and distress that the old system caused. Having undergone an MRI I can tell you that it is not the most pleasant experience. The noise is deafening and I should imagine that children would find the confinement and the noise quite frightening. But the anxiety would be greatly exacerbated for the child and the parent if the MRI had to be put off. So this is a terrific thing that has been welcomed across the board. This initiative will also reduce the cost as the budget has committed to increasing the bulk-billing incentive for MRI scans to 100 per cent of the scheduled fee. The initiative therefore means not only better access but more affordable access to MRI services in my electorate.
Many of my constituents have expressed concern—as has everyone who has spoken about it—about the importance of mental health reform and the need to ensure that this critical area of health is adequately funded. I recently was asked by Claire Whittle, a constituent of mine, if she could come and talk to me about her experiences of mental health services. I really want to say to Claire, ‘Thank you for the courage and the foresight of coming to see me.’

More importantly, she then put on Facebook that she had had the courage to come and talk to me about her own fairly traumatic experience. A healthy, active, happy 20-year-old suddenly went into the depths of absolute despair and depression. And after three years around the health system and the mental health system she has finally fallen upon a doctor and a service and medication that will see her through. But before that her experience was horrendous. She should never have had to endure what she endured. Nor should her family have had to endure on her behalf.

I want to say thank you to Claire because she really did highlight this insidious situation, particularly for younger people. She went to a GP and said, 'I'm depressed.' The GP, without actually looking at things, immediately put her on an anti-depressant, which made her even more depressed and almost suicidal. I am not condemning GPs; they are overworked. But Claire's situation was insidious and I am hoping that greater access to headspace centres will ensure that Claire's situation never has to be repeated.

I am very pleased to be able to go back to my electorate now and say that the federal government has delivered for them by providing $2.2 billion over five years for national mental health reform. This package is the most extensive commitment to mental health services in Australian history, including $1.5 billion in new investments in this federal budget.

This reform will assist in detecting and treating mental illnesses in the early years of life, assisting young people who struggle with it in their teens, and providing incentives and support to help those with severe and persistent mental illness. All studies show that the earlier you diagnose and the earlier you treat the better the outcome for the individual. But living with an undiagnosed and untreated mental illness can have devastating consequences for everybody concerned.

Another issue of great concern for my electorate, home to two very large universities—Monash University and Deakin University—was the speculation, pre-budget, about decreasing funding in the NHMRC space in research into medical areas. I was inundated—as you would appreciate, I have an electorate that has more PhDs per square metre than is probably healthy for it!—by individuals concerned about NHMRC funding. I was happy to report that it was scaremongering and that the government has ensured commitment to this wonderful space. We will see ongoing commitment to research funding.

I will read a bit of one of the emails I got. It indicates the level of interest in my area. The writer said:

I am a final year PhD student studying at Monash University and my project involved investigating the interactions between Helicobacter pylori and human stomach cells. H. Pylori infects the stomachs of half the world's population and many of these people suffer from indigestion, peptic ulcers, or even worse, stomach cancer. Studies that allow for the continued understanding of how this organism causes inflammation are critical for the identification and management of those individuals most at risk to develop severe disease.
I am writing to express my concern that the Federal Government may reduce funding for health and medical research in the upcoming May budget. For me, at the end stages of my PhD, this is particularly worrying, as already it is difficult and highly competitive to obtain ... funding opportunities ...

And on and on she goes. I was very happy to write back to Melanie Hutton and say, 'It was a rumour. We are not discontinuing this funding space.' It is too important for the health of our nation. We can continue to fund more and more beds but if we do not fund research we are only going to continue to funnel people into beds—all we are ever going to do is talk about acute health as opposed the preventative health. And on World No Tobacco Day I think we should be looking at preventative health, going into that space and doing all we can to encourage phenomenal people like Melanie to continue with their studies and, hopefully, to find cures and causes for these diseases. The budget provides proof that the government is on the right tack regarding education. As I have said, higher education is vitally important to my seat, with Monash University, Deakin University and Box Hill TAFE—very large institutions. The government's commitment of a further $1.2 billion to meet the demands of growth in university enrolments will assist in further enhancing the reputation and excellence of universities like Monash and Deakin.

I have often said in this place that many of the people who live within my electorate cannot afford to actually get to university, that the constituents in Clayton who live right on top of Monash Uni are most under-represented at the university. It is the socio-demographic. This money to encourage more people from lower socio-demographic areas will greatly assist some people within my electorate. There are obviously pockets of my electorate where there is quite significant wealth, but across the board this is a terrific initiative that we should be encouraging more people to take up higher education—and not just within the university but within the TAFE sector. Box Hill TAFE provides an amazing opportunity for students, but they need the assistance to be able to go there.

Many schools in my electorate already have high-performing teachers, but $425 million to reward top-performing teachers will provide further encouragement to teachers to excel. I am particularly pleased that students with a disability will also be supported with $200 million which, will not only assist students with a disability but also be of substantial benefit and assistance to their teachers. As an aunt of a child with Down Syndrome who is now nine years of age, I have seen the struggle that my brother and his wife have had to ensure that the necessary things are there for Chris to be able to access and have a great education. I know those skills and supports to ensure he gets the best he can will be welcomed by them and numerous other people within my electorate.

Again, many people wrote to me during the election campaign about the national chaplaincy program. I am pleased to say that we will not be axing funding from this program but will be putting additional funding of $220 million which will mean that this program will be extended and more people will have the benefit of utilising this excellent program. Many of the schools in my electorate have chosen to go down the school chaplaincy program route, and I have been impressed by the work that those school chaplains are doing.

One of the other areas of great concern to my electorate is increasing our commitment to overseas aid and development assistance. I have received numerous emails from individuals in my electorate, such as this one from Jessica of Box Hill North:
As someone in your electorate I just wanted to write and say thank you for keeping your commitment to the world's poor in last Tuesday's budget. The way Australia spends our foreign aid is really important to me. I believe that we both have a duty to assist people in less well-off countries and that Australia benefits from giving foreign aid through increased trade and regional stability. I am proud that you as my local member have shown leadership on this issue and will continue to support you on this.

I want to say thank you and I do support the great work that our aid budget is doing. Within my electorate there are some phenomenal institutions such as the Christian Blind Mission, which is one that most people do not know but has been around for 100 years, which are recipients of these aid dollars. Christian Blind Mission is doing phenomenal work throughout our region and in the world assisting people with blindness. Not only do they deal within the aid space but also they deal with the poorest of the poor—the disabled in our community. The Christian Blind Mission—I had the privilege of spending some time there recently, and again had lunch and a discussion—are passionate in ensuring they can provide opportunities for individuals.

Blindness can be cured in many people. It is an insidious disease in impoverished countries. We think of it as an end but it is reversible. The Christian Blind Mission returns to people their way and quality of life and their quality of life. It also returns their children's quality of life. This is a wonderful thing, as many children have to leave school to support their blind parents or grand parents.

My new boundaries also incorporate Vision Australia, who all of us know, whose head office is in Burwood. The wonderful work they are doing in this aid space ensures that they continue to do that. Over the past 30 years we have witnessed unprecedented progress in reducing poverty and improving the health and livelihoods of people around the world. However, over one billion people still live in extreme poverty. Every day 22,000 children under the age of five die from preventable or treatable conditions that have been largely overcome in Australia, and almost 1,000 women and girls die in pregnancy and childbirth. Today some 67 million children do not have the opportunity to attend primary school and these statistics are unacceptable. They are unacceptable to the majority of my electorate. Reducing poverty is also in our national security and economic interest. Two-thirds of the world's poor live in Australia's region. Of our 20 nearest neighbours, 18 are developing countries. Many of these countries are also significant trading partners. Because of these humanitarian, national security and economic reasons the government has committed in the budget to increase aid to 0.35 per cent of gross national income or $4.83 billion, up from $4.362 billion. This is a great outcome and I really welcome it and I say thank you on behalf of my electorate.

There is one little thing in the budget that was overlooked and it is an interesting thing that I am going to be pursuing particularly in my electorate. In the budget speech the Treasurer said, 'We will begin with $232 million in new strategic investments, including $100 million for suburban employment hubs and $61 million for smarter motorways.' My electorate is 20 kilometres out of Melbourne, and that does not sound far until you have to sit on the Monash Freeway or the Eastern Freeway. I leave home two hours earlier than a plane ride at 7.20 on a Monday morning to ensure that I get the plane—not because it is very far but because the traffic is that bad. We need to ensure that people have jobs closer to home and are not
Mrs ANDREWS (McPherson) (17:26): I rise to speak on Appropriation Bill (No. 1) 2011-2012 and its cognate bills. Mr Deputy Speaker, I, along with many others from the Gold Coast, listened to the Treasurer's budget speech with the hope that the budget would contain measures that would directly affect four key issues for us on the Gold Coast: transport infrastructure, tourism, employment and cost of living. But there was nothing.

Let me start today by speaking about transport infrastructure and our needs on the southern Gold Coast. As most Australians would be aware, the Gold Coast is structurally different to other cities that have a central business hub or a central business district, with suburbs and arterial roads radiating out from that central point. The Gold Coast is different because it comprises a long strip along the coastline, some 41 kilometres from Helensvale to Coolangatta. What is important to our residents and tourists is the ability to travel quickly and safely to various destinations along that coastal strip. For our increasing number of Brisbane commuters, we need faster access to Brisbane and return. It is approximately 80 kilometres from Brisbane to the central Gold Coast, about an hour by train and two hours during the peak periods for those travelling by road. Heading south by road from Brisbane, the M1 is eight lanes, four lanes northbound and four lanes southbound, until just north of Nerang. From there the M1 narrows to two lanes northbound and two lanes southbound. Works are currently underway to widen the road with one extra lane each way, but only as far south as Worongary, which is still several kilometres north of the central business district of Robina.

In 2007 the Howard government allocated $455 million to upgrade the M1, with the priority areas identified as between Tugun and Nerang. This money has been reallocated by the state Labor government further north while the southern Gold Coast through to the border remains at four lanes and commuters continue to endure worsening daily bottlenecks. The state Labor government has said that instead of the upgrade to eight lanes as originally proposed, any upgrade further south will only be to six lanes. This is yet another example of very poor planning. If it was deemed appropriate in 2007 for the M1 to be upgraded to eight lanes, it is near impossible to understand how six lanes would be adequate some four-plus years later, particularly in light of the growing population. I note that south-east Queensland and the Gold Coast in particular has been the fastest-growing region of Australia for the past 30-40 years. This trend is predicted to continue, with population expected to grow by 13,000-16,000 per year and reach 730,000-plus residents on the Gold Coast by 2026. Until such time as the M1 is upgraded, commuters, residents and tourists will have to look for other forms of transport.

The Queensland government's light rail website states the following:

The Gold Coast is one of Australia's fastest growing cities and the growing population is causing increasing congestion on our local road network. There are no new major roads planned for the coastal corridor, so the introduction of a sustainable public transport network is vital to keep our city moving.

It continues:

Traffic congestion on Gold Coast roads is steadily increasing. Stretches of the Gold Coast Highway between Southport and Broadbeach are predicted to be over capacity by 2011. Compared to travel times from 2006, average travel times will increase by 30 per cent in Southport, Surfers Paradise and Broadbeach by 2016. Public transport is a more efficient use of road space and fuel and creates fewer
emissions than private cars carrying a single occupant. An integrated public transport system is essential to meet the needs of our growing city.

Whilst these statements are in relation to the more northern suburbs of the Gold Coast, they are also relevant to the southern suburbs. Construction has started on the light rail to service some of the northern suburbs of the Gold Coast and it is anticipated that stage one of the project, which services a 13-kilometre corridor, will be completed and commence operating in April 2014. But this does not help us on the southern Gold Coast. Further stages of the light rail project are contemplated, including from Broadbeach to Burleigh Heads and from Burleigh Heads to Coolangatta, but only high-level conceptual planning has been undertaken for the section between Broadbeach and Burleigh Heads and no funding has been allocated. There are no plans available for the section further south to Coolangatta and there are no publicly available time frames for these extensions. Again the southern Gold Coast misses out.

This leads us to a consideration of heavy rail and its potential to service the needs of the southern Gold Coast. The most southerly station is Varsity Lakes, which is still some 22 kilometres north of Coolangatta. By way of background, it took 11 years to build one station and lay approximately four kilometres of track from Robina to Varsity Lakes. Current planning is that there will be a further three stations: Tallebudgera, Elanora-Palm Beach and then Coolangatta airport. The airport will not be connected until 2019-25. By that time the M1, as well as local roads, will be choked and significant traffic delays will be endured by motorists. We must be mindful of the fact that the Gold Coast Airport is one of the busiest airports in Australia with more than five million passenger movements per year. We need to be able to move those passengers efficiently to the local destination, whether they are residents, business people or holidaymakers.

To summarise transport infrastructure on the Gold Coast, particularly on the southern Gold Coast: the M1 reduces down to four lanes, two northbound and two southbound, at Worongary, which is essentially the central Gold Coast; and the heavy rail stops at Varsity Lakes and is not planned to be extended to Coolangatta until 2019-25. And there is no plan in place for the light rail to be extended south to Coolangatta in the foreseeable future. In this budget the federal government allocated $36 billion for vital roads, railways and ports but nothing was allocated for the Gold Coast.

The next issue I would like to address is tourism. As we all know, the Gold Coast is an iconic tourist destination. We have been doing it tough for many months now, and what is there in the budget to assist the Gold Coast tourism industry? Nothing. Many things have impacted on our tourism industry, including the rising cost of living, meaning that Australians have much less disposable income and are significantly reducing their discretionary spending. We know that many of our visitors to the Gold Coast are from the domestic market. We also have been affected by the rising dollar and whilst we were not directly affected by natural disasters experienced by other parts of Queensland, many of our visitors cancelled their holiday plans for the Gold Coast and either stayed at home or holidayed elsewhere. In many cases they travelled overseas.

The Gold Coast economy is heavily reliant on tourism and a downturn in the industry has a flow-on effect of impacts on many small business operators, including our accommodation providers, restaurant and coffee shop owners, taxi drivers and newsagents, to name but a few.
It impacts on their employees as well. The Currumbin Wildlife Sanctuary, a Gold Coast icon that I have spoken about in this place a number of times before, is struggling. The recently upgraded wildlife hospital is consuming the sanctuary's financial resources. The sanctuary is not only a tourist attraction and destination but also a conservation and education facility that needs support. Despite direct pleas to the government, no assistance has been forthcoming. More broadly, research shows us that while visitor numbers to the Gold Coast are somewhat stable, the amount of money spent by our visitors is down on previous years. This trend needs to be halted and indeed reversed. Tourism is not only a major contributor to the Gold Coast but a major employer. The downturn in that sector, along with the downturn in the construction industry, is reflected in the unemployment figures.

Unemployment on the southern Gold Coast is consistently higher than the national average, generally by a couple of percentage points. But in recent months unemployment on the southern Gold Coast has been almost double the national average. An analysis of data from the Australian Bureau of Statistics for the period November 2007 to April 2011, during the term of the Labor government, shows an alarming trend. In November 2007, at the conclusion of the Howard government, unemployment on the southern Gold Coast was three per cent. By November 2008 this figure had risen to 4.4 per cent. By November 2009 it had risen to five per cent and in November 2010 to 5.3 per cent. In April 2011 unemployment on the southern Gold Coast was 6.3 per cent. Clearly, there has been a significant pattern of rising unemployment on the southern Gold Coast over the last, long 3½ years.

The combined downturn in tourism and construction has led to a significant tightening of the job market. On the Gold Coast it is now not uncommon to receive 200 to 300 applications for an advertised job, with many of those applicants not meeting the selection criteria but being prepared to apply for, and take, almost any job available if they are fortunate enough to secure one.

Whilst we need to strengthen our tourism and construction industries, we also need to develop a second layer of industry on the Gold Coast to provide further employment opportunities. Two obvious sectors to develop are education and light manufacturing. We already have four university campuses on the Gold Coast, as well as TAFE, a broad range of training colleges and more than 30 schools in my electorate of McPherson. We are well placed to develop as a university or tertiary education city of excellence.

We also have a number of industrial precincts on the Gold Coast, each with additional capacity to develop and grow the light manufacturing sector. By attracting education providers and light manufacturers to the Gold Coast, we will be developing depth in the employment market and, in turn, building a stronger economy as the load is shared with the mature sectors of tourism and construction.

I would like to conclude today by speaking about the rising cost of living and the impact that it is having on the Gold Coast, particularly that southern Gold Coast. It is remarkable to reflect on the fact that this Labor government was left an economic legacy by the very prudent and effective economic management Howard government. However, in only a matter of a few years the good work of the coalition has been all but wiped out by a government that does not value the importance of the taxpayer dollar. The Prime Minister and Treasurer have managed to deliver a budget deficit which has soared to the dizzying height of $49.4 billion, with a forecast deficit in 2011-12 blowing out by $9.6 billion to $22.6 billion. This means that in
four budgets the Gillard-Rudd Labor governments have turned a $20 billion surplus under the Howard government into a $50 billion deficit. And $70 billion in net assets have been reduced to $107 billion of debt.

On top of all of this the government is still borrowing $135 million every day. The reality is that Australian households are facing higher cost of living pressures. And I know that this is very true for families in McPherson. The list is long when we total the living costs which have gone up since Labor came to government. Electricity prices are up 51 per cent; gas is up 30 per cent; water is up 46 per cent; education costs are up 24 per cent, health is up 20 per cent; rent is up 21 per cent and grocery prices are up 14 per cent.

I believe it is important to understand that debt has a double burden on society. It costs us now—when we could have spent it on transport infrastructure, hospitals and schools—and it costs our future generations as they bear the burden of paying off this debt. Locally, rising interest rates have affected home owners and business operators alike. Small businesses in particular are having difficulties borrowing and establishing a line of credit and, as a result, many are experiencing a cash flow crisis. Families in McPherson are doing the best they can to live within their means and this is becoming more and more difficult as the cost of living continues to rise. I was recently at the Pines Shopping Centre in Elanora in my electorate holding one of my regular listening posts where I saw and spoke with many locals going into the supermarket, buying only their bare essentials and then leaving. People were not stopping for lunch; they were not buying clothes; they were not buying shoes—they were only shopping for essential food and living items. What they said to me is that they had had to tighten their belts so tight in the current situation that they had no option but to buy only essential food and living items.

This budget fails to ease the rising cost of living on Australians and does nothing for families who face higher prices every day. It also does not address the needs of the Gold Coast. This government, I believe, has failed to listen to the people.

Mr FITZGIBBON (Hunter—Chief Government Whip) (17:41): We will have an opportunity to speak in much more detail at a later date but I feel one cannot make a contribution in this place on this day without making at least a reference to Lieutenant Marcus Case and Lance Corporal Andrew Jones, who have both just lost their lives in Afghanistan, making them 25 and 26 amongst our casualties and many more who are injured. Our thoughts and prayers go out to their families, loved ones, mates and friends.

For the record I restate my support for our ongoing involvement in Afghanistan. It is important to our own national interest. It is dangerous and challenging work, particularly mentoring the Afghan National Army. We do not know the detail, but it seems apparent that Lance Corporal Jones lost his life at the hand of an Afghan National Army soldier. I have had my own experiences with members of the ANA. The majority of them I believe are there for the right reason and doing their very best to train themselves and to be trained where they need to be to take care of their own security in Oruzgan province.

On that point, I noted some comments by Colonel John Angevine in the Sydney Morning Herald today, which I will also have something more to say about at a later date—his suggestion which he will put in a speech to the Lowy Institute tomorrow that Australia's strategic settings are incorrect and based on the wrong premise. I disagree with Colonel Angevine. It is right for Australia to make as its first priority the defence of our continent and
our areas of strategic military interests and to do our best to be able to do so independently of any other nation state. We do not know where the United States will be in global terms in the future. We can never be certain that the United States will not turn inward. We cannot always be absolutely sure that the US will be there for us, as confident as we can be at this point in time, and we might be talking 100 years from now. For Australia to have the ability to establish self-reliance, we need to have continuity in our defence planning and continuity in our investment in defence capability—continuity which would be lost if we took a different strategic setting.

Before I turn to some of the details of the budget, I have something to say about what is I suppose the topic of the day, although it is competing on many other fronts this evening, and that is climate change on this day of the delivery of Professor Garnaut's latest report. I want to share a bit of a narrative to make my point. Mick is a plumber. Throughout his working week he generates a fair bit of waste. He disposes of it at the local council-run garbage tip where he pays around $20 a tonne. He cannot simply pass the whole cost of dumping his waste onto his customers. The industry he works in is just too competitive. Peter owns and operates a factory producing chemicals. One of his biggest costs is the safe and responsible disposal of his toxic waste. Like Mick, Pete struggles to recover these costs in a competitive market. Judy and Ben both work to support their young family. Their household budget sets aside about $30 each week to cover their council rates. Ten per cent of that cost represents the amount the local council charges to dispose of the family's waste. They have a big garden and, while Ben puts all he can into compost, he regularly takes a load of waste to the council tip in his box trailer. Each time he does so he faces a minimum fee of $15. By contrast those who make a quid generating the electricity which powers our homes, our factories and our small businesses dispose of their waste free of charge. On a daily basis they emit tonnes of pollution into the atmosphere. If you and I did that, Mr Deputy Speaker, we would be fined.

There are many reasons this is unacceptable—some are environmental, some are economic. The environmental concerns are obvious and the economic ones are less so. When we allow one set of industries to avoid some of the costs of doing business we distort the market and disadvantage others. We also affect business investment decisions. People have asked me: 'How is imposing a carbon price on big business and then compensating consumers going to change consumer behaviour?' There are two answers to that question. It is not primarily consumer behaviour we are trying to change. Rather we are mainly trying to change the behaviour of investors. At the moment investment in renewable forms of electricity generation or less-polluting forms of generation like gas are relatively expensive. One reason is that coal is relatively cheap. The second reason is that the cost of disposing the rubbish, that is pushing pollution into the atmosphere including carbon dioxide, is zero.

This is the key distortion I referred to earlier. Making the producers of electricity pay to pump their pollution into the atmosphere will help to level the playing field. The price they charge for their product will better reflect the cost of producing it. This will make renewables more competitive and, in turn, the renewable sector will attract greater investment and therefore will grow.

That is not to say that we do not hope to influence consumer behaviour. Let us say a family was to receive $100 compensation for an increase of $100 in the price of their electricity bill. If that family, in turn, work to reduce their consumption of electricity to the point that the
impact of the carbon price only sent power prices up by $80, then the family would profit to the tune of $20. This is a significant incentive for them to embrace the cause of energy efficiency and other means of reducing their power consumption.

Even if you are a climate change sceptic, you need to ask yourself two things. Firstly, given it will be cheaper to act now rather than later, wouldn't it be smart to act now as a form of insurance? Secondly, why should Mick, Peter, Judy and Ben pay while the big polluters escape cost free? These are important points. The debate about carbon pricing is a very, very complex one but at the end of the day it is really simple. There is an abundance of science to suggest that the climate is warming and that man is making a contribution. But, again, if you only take the precautionary principle and accept that at the moment the market is distorted and we need a structural shift in our economy, then you will support some action on climate change. If you are going to support action you would support a market based mechanism which, of course, is the cheapest and most efficient way of doing so.

I now turn to Appropriation Bill (No. 1) 2011-2012. The budget was a good budget. I think it was a historic budget. Its key focus was getting the government's books back into the black after a very significant investment, which was absolutely necessary to keep this Australian economy out of recession. It did so very successfully. We are the envy of the world. It sought to spread the dividend of the mining boom, which is very important to people in my electorate. A very big investment in health continues. I am sure it is right up the top of the agenda for most Australians.

Very close to my heart is a big investment in employment—in other words, a big investment in assisting people getting back into the labour market and the workforce, through adopting both carrot and stick approaches. That is a big investment in those who need a leg-up to secure some involvement in the labour force. Appropriate changes to the transfer payment system have been made to ensure that people who are able to work are in the workforce. We cannot afford to do anything but that. An unemployment rate below five per cent demands that every working aged person in this country able to work is working. If we fail to do that not only will we face higher rates of inflation and therefore higher interest rates but we will also be missing a once-in-a-generation opportunity to break the cycle of poverty and the cycle of unemployment.

In my electorate we have too many people on disability support pensions who I believe could be working and there are too many sole parents not working who could be working. I have many young people in my electorate who are third generation unemployed—in other words, they have never known either their parents or their grandparents to work. At the same time I have employers—particularly those in the wine tourism industry or in local pubs or clubs or in other semiskilled areas of work—who cannot get young people to fill positions. That is something we cannot allow to continue into the future. I am working with my local employment coordinator and other stakeholders to ensure that the initiatives in the budget are used in a way which maximises the benefits to my constituency. This more than anything else is about protecting the economy and it is about the dignity of work.

One of the controversies I have seen in recent times—and it is nothing new of course—is the effect on contractors when head contractors or the primes in a build or project collapse are unable to pay their bills. There have been a few examples such as in the Building the Education Revolution. Some members in this place have tried to some make political capital
out of that as if, because the government is the funder, somehow it is more responsible than the private sector might be in a similar situation.

I do think there is an opportunity for government that is not necessarily available to the private sector. That idea was put forward to me by Mike Bell, who is Sydney based. He wrote to both me and the Attorney-General. I have since written to the Minister for Finance and Deregulation, Senator Wong. He put forward the idea of rather than paying the prime contractors in a build—let us say, it is a school or a significant residential accommodation facility on a defence base—putting part of the money into a trust to ensure that the contractors under the prime contractor are eventually paid. I think it is a good idea. I have written to the finance minister and said so. I appeal to her and other senior economic ministers to have a look at the merits of the system as a means of protecting small to medium businesses which might be working under very big prime contractors and which are vulnerable to the consequences of the collapse of larger contractors.

I want to quickly say that I am, again, concerned about the behaviour of some of the Australian Rail Track Corporation's agents in the build of the third rail line through the Hunter down to the Port of Newcastle. This is going to be a dedicated line, making the transport of our coal to ports quicker, more efficient and further enhancing the capacity. However, these works—which I welcome so much—involves land acquisitions and other problems for residents nearby. I experienced another one recently where an overpass is going to affect the access to a person's land. I have written to the minister about it and am hoping that it will be resolved, and I warn the agents of the ARTC—that is, those contracted to the ARTC—that I and, I am sure, my constituents expect them to act as the equivalent of model litigants in these cases, to treat people with respect and to ensure that they get compensation commensurate with the way they have been impacted upon as a result of the building of that rail line.

I close by doing what I so often do—that is, to welcome the ongoing funding in the budget for the Hunter Expressway. This is a $1.7 billion project in my electorate which is going to transform land transport in the valley. I have been fighting for it since, would you believe, about Easter 1988. Some people might describe me as a failure for taking so long, but we got there, and it is going to be a big boost to the Hunter economy. I put the RTA on notice that I intend talking to them very soon about some additional works associated with the project—simple things such as artworks along the highway and proper signage which points out and highlights the attractions of the valley. I think people are going to need a bit of a push. I am appreciative of the efforts of a member of the local chamber of commerce who put together some very good ideas on the subject which I will be putting to the minister. *(Time expired)*

Mr LAMING (Bowman) (17:56): Rather than make my contribution tonight a lament about Labor, I extend the opportunity to the member for Hunter to respond by interjection to my recounting of the wonderful example he gave of a family whose power bills rise by $100 a month only for them to be compensated by $100, and who, if they work hard, can get their power bill down by $20 and somehow keep $20. I put to him: why would someone who did not experience the Gillard churn work hard to get their power bill down and save $20 on it? I wait here for the member for Hunter to interject.

The DEPUTY SPEAKER (Mr S Georganas): There will be no interjections, and I ask the member for Bowman to continue his speech.
Mr LAMING: I invite an interjection, but I am unable to get one. How is the person any better off—$20 better off—than someone who does not churn, yet is still also $20 better off?

The DEPUTY SPEAKER: Order! The member for Bowman will direct his speech through the chair.

Mr LAMING: It is a classic example of Gillard churn outlined for you by the government. Let Hansard record that I waited 15 seconds for that interjection but none came. The member for Hunter has also explained that he emphasises workforce participation; yet he has a colleague, the former Minister for Employment Participation, who, we understand, instructed his departmental officers through departmental communication not to pursue mutual obligation in remote Australia. As a result of that, we have seen deployment rates and program rates throughout Central Australia fall away and unemployment rates as high as they ever have been.

This is not about plumbing the depths of government incompetence; this is about recording for posterity what this administration will be remembered for. When they write the history of the Gillard administration, it will be very hard to hide the facts and record a successful outcome. As I meander through its series of policy failures, which surely this chamber must be fatigued listening to, I say that Australians out there are genuinely sick of the waste.

The notion of primum non nocere—first do no harm—is just as valid for governments as it should be for the medical profession. We can understand, member for Oxley, that there will always be a little bit of redistribution; however, the one thing that Australians would ask is, 'If you're going to take some money from me and give to someone else, just try to do it effectively.' They might even ask, 'Just do it efficiently, so we don't lose too much in the process.' But the last thing they would ever want would be for that to be done wastefully or in a way that causes damage, which is what we have seen over the last five years.

In this budget, which forgot that there was even a carbon tax occurring this year, we saw tricky arithmetic to try to create an on-paper future surplus without any answer to Australians about when the debt will be paid off. The reality is that this is yet another Labor administration quite content to run significant, medium-sized, structural government debt; this is a government utterly comfortable about doing it. Of course, they do not admit that prior to the election, but now that they are here we can see that, like the Keating government before them, they are quite happy with a 10 per cent of GDP debt running forever. That is fine if the government is prepared to do that, but they also have to be able to protect the citizenry when the time comes.

So what exactly did this government do when faced with the GFC? This was the get-out-of-jail-free card for the former Prime Minister to spend, spend and spend, and we are still paying the price. We can look at the school halls program and see the $16 billion of which this government blithely says, 'We have invested into schools!' But what could we have bought with that money? We can only begin to imagine.

The shadow education minister has been quite right; he said that $16 billion could have bought so much more than just one school hall. It could have built enormous libraries and education science facilities where there are none. There is not even a concrete slab there. We saw halls put next to halls and we saw dreadful outcomes that no government should be forgiven for achieving.
When we look at the NBN we again see some very tricky balance sheet reporting by using a 1997 CAC Act to call the NBN an investment, and therefore it does not appear on the bottom line. That is an extraordinary piece of Treasury trickery, to hide what is, in effect, a massive investment from the eyes and scrutiny of ordinary Australians. We know it is a massive investment, and Australians are right to say, ‘What is going to be the return?’ It is now obvious that the government does not really know, but having initially promised a $5 billion program and then having upped it to $50 billion they are utterly compelled to roll this thing out.

No-one is going to start bagging fibre and no-one from this side is going to criticise the idea that we all want faster broadband. But I think that Australians are asking—and on their behalf we as an opposition ask—simply to see the cost benefit. We are not interested in the private good for those who enjoy gaming or other activities using fast broadband, we would just like to see where the public good lies. It is utterly appropriate for a government to pay for what delivers a public good that otherwise the private sector could not provide. That is the job of government. So all we are asking of the Labor administration in 2011 is to show us the public good derived from the NBN.

The answer usually is, ‘We cannot show you because we don't know what it is. Don't worry about it, it is all about to come.’ So why do we not turn our attention to nations which have rolled out an NBN equivalent and just see whether South Korea has been transformed by fast broadband? The answer is: not overly. When you look in parts of Europe the sign up rates are remarkably low. As wireless surges through we do not speak ill of broadband by fibre; we simply say that as younger generations demand more mobility and smart handheld devices, wireless will become increasingly important. It will by no means be a substitutional good, but it will become more important and it will make it harder for the NBN to recoup the losses of an early and expensive rollout.

It is a simple question, and I think that government deserves to make that answer to its people. But it is an answer that we did not receive in the budget, and we will have to wait another year while this NBN is rolled out in political deployments in marginal seats around the country, and people do not sign up unless it is given to them for free. There is no better indication of just how much something is valued than if the only way you can get someone to take it is to give it away. That the NBN sign-up package is so cheap it does not reflect the cost of rolling it out is the first irrefutable evidence that the NBN rollout is occurring so early in many of these areas. The take-up rates are low, so of course you are not going to be able to get a return for decades.

So I put it to this government: roll it out when people want it. Do not roll it out when the press release demands it. That is what the NBN was: it was dreamt up on a a flight between two capital cities. It was dreamt up, they came up with a figure and, by gosh, they are not going to stop until it is rolled out or someone stops them. Of course, there are these highly paid executives on obscene salaries, which really does spit in the eye of anyone from Labor politics who thinks that executives should not be paid obscene salaries. But it has been done, and it has been with a nod of assent and a nod of approval provided to these NBN executives.

Make no mistake—it is not hard to find someone who is going to head up the NBN. It is quite easy simply to turn to ex-Labor staffers, nominate someone and give them this obscene six-figure salary, just as it was when the time came to privatise New South Wales power and
three potential Labor supporters needed top ups for their superannuation; $1.4 million later for six months work we had privatised New South Wales power. It is a recurring habit in both Labor jurisdictions. So from the NBN, to the carbon tax, to school halls—and, as I said, this is not intended in any way to be a Labor lament—I am effectively an opposition member searching for something good, just a morsel of goodness that has come out of this administration, to take home to my own constituents and say: 'They're not all bad. I know the cost of living has gone up 63 per cent in five years, but they're not all bad over there.' I would love to go back to my electorate newsletter and write that there was a little bit of good on both sides of politics, that there are good ideas on both sides—as Killen said, there's good cricket players on both teams. But just give me something that I can take back to my people, who are paying more for food, more for power, more for fuel, to show that this government is heading in the right direction.

Let us take the carbon tax as case par excellence. It is not a debate about whether we care about the environment, nor even about whether we want to reduce emissions; this is an argument of timing. It is an argument of whether it is in Australia's national interest to move now compared with the global interest; or whether, by waiting, and potentially having to have a larger program, we move with the rest of the world and do it more effectively. It is a debate about the national interest. It is why we fly to Canberra: to debate the national interest. One side of politics does not have a greater love of carbon emissions, for goodness sake; we just want to do it at the right time, when it works best.

So I put a challenge to the government over there: name me one major ore-exporting, commodity-exporting economy that has signed up to a carbon tax—just give me one. Again I invite, but I hear nothing but silence, because the closest you might come up with is New Zealand—with all that energy-intensive milk production and growing apples, you can see why a carbon tax would devastate their economy! But, of course, they exempted all of their own sectors, didn't they? So what we see in a few selected economies outside the EU is a Swiss-cheese carbon tax that exempts anything that is of any value, and that is why they will sign up to a carbon tax. But the reality is, when you look across the OECD, looking at our commodity-exporting wealthy competitors, who will take our jobs without a blink, you will see that none of them are moving toward a carbon tax. There will potentially be a time when they do, and let us then have a debate about how we do it together. It is not a matter about us being a small economy and accounting for less than two per cent of emissions—no, it is about the carbon leakage; it is about what you do to the price of an Australian made car compared with a Chinese imported car. Did we get an answer from the Prime Minister on that? No, we did not. Was it mentioned in the budget? 'No.' Was there a massive big smoke screen around the carbon tax? 'Yes.'

The government are completely unwilling to talk about the challenges to working Australians, who have become the forgotten Australians. Instead we have these Garnaut reports that are foisted upon the media gallery, because these are issues that no-one believes the government has credibility to talk about. I have some considerable sympathy for Professor Garnaut, a hardworking economist who is driven by a passion; but I would like to see one more report from Professor Garnaut—don't retire yet! Give me one more report, Professor Garnaut, about how you will personally pay for the disadvantaged working Australians who are left out of pocket when they are not compensated adequately. The bottom line is that no-
one knows how working Australians will be compensated because our Prime Minister cannot and will not tell us. We get these vague promises about all of the receipts from the carbon tax reimbursing vulnerable Australians, but there is no detail. How can we possibly have a debate in this chamber when we do not know how ordinary working families will be affected?

I see another government member has entered the room. Again, I put a basic question. There are two working families, both with a single income from working at a cannery. One worker lives next door to the cannery and walks to work; one commutes 40 kilometres to get to the cannery. How do you compensate the fuel-stressed low-income Australian differently from the one who walks to work? Again, I invite a response. How do you compensate a fuel-stressed working Australian differently from one who lives next door to the cannery, when that is the only job they can do? Tell me how you moderate that and calculate compensation for every Australian. I would not trust any government department to be able to do that precisely. I would fear that I would not be able to build a bureaucracy large enough to do it fairly. The only alternative is: leave the vulnerable out of a scheme and find a way that targets the sectors where improvements are most likely to be made—and that is called ‘direct action’. It is pretty simple. It is a market based mechanism. You go to the sector, you can see the emissions, you can see where world technology is going and you say, ‘I want to purchase abatement from that sector’—and that is an incentive to do something, which does not spill over and does not churn. I am genuinely frightened about where this carbon tax is going. There is no doubt that this government can potentially delay another year, as Mr Rudd did, and simply say that we are not ready. But why not just be open and honest about how Australian families will be affected?

My greatest disappointment is not with this government, it is with the Australian trade union movement. I have got a lot of respect for people in the trade union movement but not for their leaders, who blindly follow and try and resuscitate our current Prime Minister by helping her through this carbon tax debacle by intimating that paid-up union members would support a carbon tax. There are glib claims that we will transform the economy and move ourselves into a post-carbon generation and if we do not do it now, if we do not move right now, we are somehow disadvantaged. But it just stops there and we get no more detail than that, just these glib promises of a beautiful future pulled down on a chain by Cate Blanchett.

I am quite happy to have Cate Blanchett say whatever she wants to say, but when she steps from being a universally adored actress to a commentator in a party political divide, she can expect a little bit of pushback. When I see a pensioner paid to get into an ad on TV by GetUp!, which is union funded, to hide behind a one metre round dollar coin and say, ‘Help for paying the bills, that's why I want a carbon tax,’ when I hear such an incredible statement that lacks all credibility, I can understand why the beliefs of ordinary Australians sceptical about this government move to cynicism. And this government is very close to that tipping point. The budget did not help this government one iota and I urge them to do three things: explain the NBN, talk about the business plan, and talk about the carbon tax honestly and the way it affects working families.

Mr MARLES (Corio—Parliamentary Secretary for Pacific Island Affairs) (18:11): I rise to speak on Appropriation Bill (No. 1) 2011-2012. The 2011 budget is a jobs budget which has been delivered by a jobs government, a government which has been committed to the employment of Australians from the very first day of its election, from the abolition of Work
Choices which provided Australians with job security, to the supporting of working people through the global economic crisis where 200,000 jobs were supported—200,000 Australians are working today who would not have been working but for the stimulus package put in place by the federal Labor government. Since its election the Labor government has created 750,000 jobs. This budget will provide for the creation of another half a million jobs over the next two years.

But it is also a budget which is a fiscally disciplined budget that will see the federal budget return to surplus in the financial year 2012-13. It is on track by virtue of the budget we have put in place in 2011. But that has occurred through very difficult spending decisions—$22 billion worth of saving which has resulted in the lowest level of spending increases in the last 20 years, which in turn forms part of an enviable record on the part of the Treasurer, Wayne Swan, in delivering in his time as Treasurer the lowest level of spending increases in the federal budget in political memory. Since the time of the stimulus package during the global economic crisis to the point when the budget will be back in the black in 2012-13, we will witness the most significant fiscal consolidation in the federal budget ever.

What that means in a bigger picture sense is that when during the global economic crisis the private sector was contracting we saw in its place the public sector expand through the stimulus package. Now that the private sector is returning to growth, we in turn are seeing the public sector contract as it should. By contracting in the way that it is through the spending cuts that have been introduced, this in turn will reduce pressure on inflation.

This forms part of a very enviable record that this government has in managing this economy. We kept Australia out of recession, we have delivered an economy which is the envy of the developed world, but, much more importantly than that, we have made very difficult decisions in the heat of the moment where we have got those decisions right and where the opposition has got its decisions wrong. The stimulus package that we put in place during the height of the global economic crisis supported those 200,000 jobs. Those people would be on the dole queues now if Tony Abbott had had his way. Similarly the work we have done in bringing the budget back to surplus, as we will in 2012-13, and the fiscal consolidation which is underway at the moment through disciplined spending cuts, stand in stark contrast to the spendathon that we saw during the Howard years during mining boom mark 1. It stands in stark contrast to the $11 billion black hole that was presented by the opposition in its costings in the lead-up to the last election and stands in stark contrast to the utter inability of the opposition to state where it would engage in spending cuts to bring the budget back to surplus. They say they could have done that this year but they do not explain to us exactly where they would do that or how they would do the hard work in getting there because they have no idea how they would do that.

I said that this was a jobs budget. And it is so because it understands that we will see, as the private sector returns to growth, an increased demand for labour within the Australian economy. And in seeing that increased demand for labour it is very important that we remove the capacity constraints within the economy which existed during mining boom mark 1 under the Howard government. That is particularly so in the case of skills shortages. So there is a very significant emphasis in this budget on training—a $550 million workforce development fund, which will provide 130,000 training places over four years, and the trade apprentice income bonus, which will provide $1,700 to apprentices pursuing occupations where there are
skill shortages to encourage them to complete their apprenticeships. In the electorate of Corio there are 5,000 apprentices who will fit that category.

More than one million dollars is going to be provided to employment services within the Corio electorate to provide for additional training and work experience for the very long-term unemployed, of whom there are more than 2,000 in the Corio electorate. That will be a real benefit for those who have been struggling to find employment for a very long period of time.

In addition to training, education is very central to the budget. There are programs such as $425 million to reward fantastic teachers—25,000 teachers around Australia—who are doing such a wonderful job and give them an incentive to do better. There is $200 million to support students with disabilities. Of course, the fantastic computers in schools program continues to be funded out of this budget. It has seen 2,645 computers already delivered to schools within the Corio electorate. The trades training centre program, which is also funded out of this budget, has seen more than $111 million committed to a trades training centre in Geelong, which will be shared amongst nine schools.

Families, of course, are at the heart of this budget. There is a boost to the family tax benefit A of up to $4,200 to support parents with teenagers who are in school or undertaking training. There are 4,600 families in Corio with children aged between 16 and 19, who could receive a benefit of up to $161 a fortnight. As has been remarked on often, the education tax refund is being extended to school uniforms and the childcare rebate now has the option of being paid fortnightly, which will reduce up-front fees.

But for a place like Geelong there is one really important measure in the budget, which I want to make particular mention of—that is, the $24 million package to help Australian manufacturing better engage with the resources sector to better supply, to the resources sector, the products that they make. This is a really important initiative which is going to help cities like Geelong—industrial manufacturing centres—plug into the resources boom which is being experienced in the resource-rich states of Queensland and WA.

As well, there are a number of specific spends in the Corio electorate which I want to highlight tonight. There is $26 million being provided to Barwon South Western Regional Integrated Cancer Service. I want to take this opportunity to call upon the Victorian government to come to the party on this and make its contribution to this wonderful facility, which will see a new linear accelerator provided for radiation therapy, a 32-bed oncology ward, a 24-bed palliative care ward and 20 new accommodation units. Importantly, this centre has a very regional focus, supporting not just Geelong but the entire Western District, including the member for Wannon's area. That will see supported accommodation in Warrnambool, consulting suites in Hamilton and a day unit centre for chemotherapy in Portland, which I am sure the member for Wannon is very happy to hear about. There are a number of wonderful community organisations in Geelong which do important work for people with disabilities and for those suffering from mental illness. I want to highlight their work, because they are the subject of recurrent funding in this budget. Karingal is an organisation that supports people with disabilities in supported employment. The cafes at Shell and Alcoa have become famous for the wonderful services and food that they provide to the workers at both those plants but they also provide an environment where people with a disability are able to work alongside able bodied people and get the support they need.
There are large-scale landcare projects undertaken by Karingal for Barwon Water alongside a number of river reserves but also for Alcoa at Point Henry. Karingal subsidiary Kommercial does fantastic work in the packaging area, doing everything from mail-outs for businesses in Geelong to packaging of brochures to labelling jams to packaging Easter and Christmas chocolates. In all, Karingal provides 120 people who have disabilities with meaningful work, and it is great to be able to highlight their work tonight.

Pathways is another organisation which is supported in this budget. Pathways was started in Geelong 25 years ago and is now one of the largest direct employers of people with serious mental disorders in Australia. It runs a new cafe, called MadCap Cafe, which in fact is right near my electorate office in the Westfield shopping centre. It is going to provide skills and training for people with mental illnesses so that they can, first of all, get out of their homes and do that, but also so that they can go on and work elsewhere.

Clearwater Business Services, which is a program also run by Pathways, employs about 85 people a week. These people all have serious mental disorders, including schizophrenia, bipolar disorder and clinical depression. Clearwater Business Services provides commercial and domestic property care services such as cleaning, gardening and landscaping and, in the process, provides an enduring, flexible and supportive employment space with small teams of people working with mentors and with careful monitoring of the wellbeing of those who work in those groups. Pathways and Karingal are two fantastic organisations in Geelong and they deserve a mention tonight.

The budget provides a number of infrastructure spends, some of which are done through the City of Greater Geelong—for example, the Kardinia Park netball complex upgrade and the Eastern Beach Reserve restoration; both of which are about $3 million dollar spends.

In highlighting the role that the City of Greater Geelong plays in this I want to focus on a debate which is ongoing in Geelong at the moment about the future of the City of Greater Geelong. In making a contribution to that debate, I think it is important to say that the role of local government in regional Australia has a particular importance which I think exceeds the role that local government plays within our capital cities. I want to spend a moment explaining why that is.

We have been witnessing in Australia over the last few decades a policy drift to the federal tier of government. And that is not surprising, given that we have overcome in many ways the tyranny of distance. We are a population of 23 million people making our way in the global economy. So it makes sense that we have one set of regulations nationally and then we have local service delivery occurring at a local tier of government. The question is: what is that tier of government? Mostly, the answer to that question is: the state governments. But I think it is fair to say that the Victorian government plays that role of service delivery far more naturally within Melbourne than it does within regional Victoria. The Port of Melbourne, Tullamarine, Melbourne's transport system are all issues which are instinctive to the state government, but regional airports, regional ports, regional transport systems are nowhere near as instinctive. Economic development is simply not the same issue for regional cities as it is for Melbourne in the context of the work of the Victorian government. So, in Geelong, we need strong local government. We need a local government that goes beyond the issues of potholes, footpaths and garbage and actually looks at economic development. It is a very critical debate that we are having in Geelong. At the outset, I would like to commend the council, which I think does
a great job in the context of its work. Mayor John Mitchell and CEO Steve Griffin run that council very well. The debate in Geelong has focused on whether or not there should be a directly elected mayor, which is an interesting question but in my mind is not the main question.

I want to make three suggestions in the time that I have left as to what are the critical issues for the City of Greater Geelong. First of all, we need a mayor who serves a full four-year term. The fact that John Mitchell has served a number of terms as mayor is a benefit, because he has grown into the job and has provided a continuity in that role. Voters at council elections are entitled to see a mayor emanate from those elections who serves for the full term of the council. Having a directly elected mayor would clearly do that—it would provide the duration and that sense of connectivity—but it is not the only way for it to occur.

The second thing is that we need to see professional councillors. Having part-time councillors, as we do now, makes it simply impossible for those councillors to exercise their best judgment. It means that the judgment that is normally brought to bear on any issue is that which is brought to bear by the council officers, who are professionals and yet who do not have the same connection to the voters as the councillors who need to go back to the voters every election. Having professional councillors will connect the council with the electorate much more. That would be a very democratic reform. And, by the way, these councillors represent a quarter of a million people. We are big enough to have them as professionals.

The third point is that we need to raise the profile of economic development within the council. We need to have the person responsible for that reporting directly to the CEO and directly to the council, a point that I have raised in this place before.

Mr TEHAN (Wannon) (18:26): It gives me pleasure to be able to rise tonight to talk on Appropriation Bill (No. 1) 2011-12 and Appropriation Bill (No. 2) 2011-12 and the Appropriation (Parliamentary Departments) Bill (No. 1) 2011-12. In talking about the budget tonight, there are eight points that I would like to make. The first is with regard to the carbon tax. One of the alarming things about the budget was that it made no reference to the carbon tax. The government told us that it could not because there was no detail. Yet the mining tax was not finalised and we saw the mining tax included in the budget. Why, then, wasn't the carbon tax included—especially given the impact that it is going to have across the nation on families, on the manufacturing sector and on our agricultural sector? There will not be a part of life in Australia that this tax will not hit and will not impact on.

There are a couple of points that I would like to make on the carbon tax. One is that I was extremely disappointed to see that there was no new spending on bringing the rest of the world together so that we can address this global problem with a global solution. What we needed to see, rather than funding going towards trying to get our foreign minister a seat on the UN Security Council so that he can go off and do whatever he wants to do in the United Nations, was a focus on what he once called the greatest moral issue of our time. Yet there is nothing in this budget about what impact the carbon tax will have. I would like to refer to some of the impacts that we are seeing. There was a very good report issued by the National Farmers Federation yesterday that showed that five years after the carbon tax is introduced, if it hits a rate of $36 a tonne—which is not unreasonable—you are
likely to see a wheat-growing property incur additional costs of $36,000. Our farming community has to deal with the weather, the dollar and overseas commodity prices. Now we are whacking a $36,000 impost on them as a result of the carbon tax. Do we get a mention of that in the budget? No, we do not. Do we get a mention on what impact it will have on our manufacturing sector, a key sector? Portland Aluminium in my electorate have already made huge inroads into cutting their emissions. As a matter of fact, based on 2005 levels, they have already cut their emissions by 20 per cent. That is fantastic work and they should be rewarded in some way or, if not rewarded, they should at least be acknowledged in some way for that. Yet, what will the carbon tax do? It will penalise them even further and they will get nothing for already having started this work in reducing emissions.

That is what we are going to see occur across our manufacturing sector. The high energy costs which they have been hit with, which has led them in many instances to try and do very good work in cutting emissions, will count for nought because 'whack' they will get hit by the carbon tax again. While some of the bigger manufacturers may be able to get permits, and maybe get permits up to a 95 per cent free allocation; the smaller manufacturers in Australia will not. They will be hung out to dry with devastating consequences especially in regional areas. It is our small manufacturers in our country towns that provide the majority of our jobs.

It is extremely disappointing that we saw no reference to the carbon tax in the budget, particularly when it will start on exactly the same date as the mining tax, 30 June next year, and the mining tax was included in the budget. I think the Treasurer, Mr Swan, would have preferred that it was not because, only a few weeks after the mining tax was included, the Western Australian government blew a big hole in Mr Swan's budget. It is a budget which is built on a house of cards. It is a budget that may get a surplus in three years although, as we have seen, it has been a long time between drinks before a Labor government delivered a budget surplus.

Before we focus on three years time, and that is in part what the Treasurer wanted us to do, we should focus on the here and now because we saw a budget deficit of $47 billion dollars for the last financial year. I just want to put that in perspective. The Victorian state budget was handed down a week before the federal budget. The total expenditure for the whole Victorian budget is $47 billion. So our second biggest state's total budget, which includes all the spending in health, education and transport, is the size of the budget deficit which was handed down in this last federal budget.

It does not get any better next year. The forecast is for $21 billion. What is the effect of that? We already have debt of $106 billion which means we are paying back $135 million a day of Labor debt. Just think for a moment what that money could be spent on, and think for a moment about the $96 billion debt that Labor left us the last time they were voted out of office. Think of the length of time it took us to pay that off. Although we have been focusing on a minute surplus in three years time, we should not lose sight of what we have here and now, and that is budget deficit followed by budget deficit, and we are seeing net debt increasing to $106 billion, which amounts to $135 million a day to pay back. What we need to see now is the government saying, 'We're asking the rest of the community to tighten its belt. We're going to do the same.' But unfortunately we are seeing no indication that the waste will stop. We saw a very glitzy presentation of the NBN being rolled out in Armadale, but I think I am right in saying that so far we have seven people signed up to the NBN in Armadale. We
saw a very glitzy launch down in Tasmania, in Launceston, but once again the uptake leaves a lot to be desired. So we are seeing waste continue on a vast scale.

It does not seem that the government has learnt its lessons from the stimulus package, where we saw the BER waste billions of dollars. There was not only the pink batt fiasco but also the home insulation inspection scheme fiasco. The prize example in my seat of Wannon was where we had an inspector come down to inspect six units. He did four because that is what the regulations told him he could do. He flew back to Sydney and then a fellow from the Gold Coast flew down two weeks later—

Mrs Markus: The Gold Coast? How odd.

Mr TEHAN: yes, from the Gold Coast—to do the remaining two units in a block. So there was a block of six units and they got a fellow from Sydney to do four, but he could not do the remaining two, even though he was asked to, so he disappeared back to Sydney and they sent a fellow down from the Gold Coast to do the remaining two. It is that sort of waste that the Australian people cannot tolerate, especially when you think about what this budget did to try and ease the squeeze on cost of living pressures. It did nothing.

We have seen electricity prices rise by 50 per cent since 2007. What is the government doing in the budget? It is hiding the fact that, when a carbon tax is introduced, electricity prices will go up by another 25 per cent. So our families, the forgotten families, are going to deal with a 75 per cent increase in their power bills.

Locally there were three outcomes which I would like to mention. We have seen south-west Victoria being promised a Medicare funded licence for its MRI machine. The funding has been promised for 18 months time. Obviously the community and I would have liked to have seen that occur right here and now, but we do have a promise that the Medicare funded licence will be provided. I will be looking forward to making sure that that promise comes true. We also saw two commitments for funding: one for Ararat hospital and one for Timboon primary health care. Those two million-dollar allocations were allocations for which the community had put forward compelling cases. I was glad to see that the government listened to the compelling cases and delivered on those two bits of funding and the promise of a Medicare funded licence for south-west Victoria.

What has been alarming, though, is that, while we have seen some small instances of health funding, the broader funding to regional Australia has seen pork-barrelling at an extreme level in the two rural Independent seats. This is not good government. Government should govern for all Australia. They should not pork-barrel for two rural Independents who are propping up what is a very weak government.

Before I conclude, I could not sit down without mentioning the budget reply speech. I think without doubt it was one of the best budget reply speeches which has been heard in this new parliament. Tony Abbott gave a speech pitched to the forgotten families in Australia, those families who are doing it tough as a result of this government's policies—a government, and especially a prime minister, that does not seem to understand and want to understand or listen to these forgotten families.

The cost of living pressures that these families are under are growing daily. Yet this Prime Minister, having lied to them by saying she would not introduce a carbon tax before the election, is now introducing a tax which will increase their cost of living pressures and is
doing nothing else to help them in this regard. Tony Abbott nailed that. But he also nailed what the coalition would offer as an alternative: how it would help the Indigenous people, how it would help those suffering from mental health issues, how it would help families meet education costs; and also how it would stop Labor's waste and would put in place a government which actually values the taxpayers' money—a very positive agenda.

It was a compelling budget reply speech and one which sent a clear message to the Australian community that we on this side are listening. We are aware of the cost of living pressures they are facing. We will not put a carbon tax in place which after one year leads to your petrol prices going up. We will not put a carbon tax in place which is likely to lead to you losing manufacturing jobs, losing agricultural jobs, losing services jobs. We will listen; we will get Australia heading in the right direction.

The DEPUTY SPEAKER (Ms Vamvakinou): Order! I did not want to interrupt the member for Wannon's speech, but the member for Wannon did make an unparliamentary reference to the Prime Minister and I would kindly ask the member for Wannon to withdraw.

Mr TEHAN: Sorry, Madam Deputy Speaker, I should have said 'misled'.

The DEPUTY SPEAKER: Thank you.

Ms LIVERMORE (Capricornia) (18:44): The member for Wannon also said that the Leader of the Opposition's speech was the best budget reply speech that the new parliament had ever heard. Seeing as it was the first and only that the new parliament had ever heard, I guess it does not have to stack up against much—and just as well because it certainly did not rate for those of us on this side of the house who are more interested—

Mr Tehan: I was not talking about the new paradigm, I was talking about our new parliament.

Ms LIVERMORE: Oh, I see. Well, it still does not rate on the scale of opposition leaders' budget reply speeches. I think it is probably just one more sign of the sorts of things that we saw in the Financial Review's analysis today of the steadily and consistently shrinking total of the opposition's savings measures that they keep referring to in terms of trying to establish their economic credibility. Just like their little tally of supposed savings, that economic credibility continues to shrink every day.

I want to talk about what is in the budget for my electorate because there were some significant initiatives and programs in the budget and of course I welcome those on behalf of the people of Capricornia. The first one is the investments that this government is continuing to make in health in my electorate, particularly in this instance in the city of Rockhampton. This Labor government has a very strong track record in making huge investments in the health services for the people of Central Queensland. The very first budget in 2008 provided $75 million for a major extension and redevelopment of the Rockhampton Base Hospital which is the hub, the major health care provider of the highest levels of care to people in Central Queensland—the hospital that people rely on to power the bulk of their health care. That was in the 2008 budget. Work is proceeding on that and is nearing completion. Following up on that was another announcement last year. In 2010 we found that we were successful in obtaining $67 million for a regional cancer centre for the Rockhampton Base Hospital. When the announcement was made in about April last year, it was one of the most satisfying days of my career to be able to bring that to the people of Rockhampton. Work is
proceeding on that, and when it is completed I think it will take the capacity for cancer care in Rockhampton from five chemotherapy chairs up to 16. It will also provide for certain aspects of radiation treatment, which is something that is desperately needed in Rockhampton to avoid people who are diagnosed with cancer having to leave their home, their family, their loved ones and all of their support mechanisms behind and travel down to Brisbane. This has been the case for far too long in Rockhampton.

This year, I am pleased to say, the health minister was back in Rockhampton to announce that the Mater hospital, one of the private hospitals in Rockhampton, was successful under the Health and Hospitals Fund Regional Priority Round. I think it was in the order of $6 million for two terrific projects. One is to build three new operating theatres at the Mater hospital. Money will also be there to completely fit out two of those operating theatres with equipment, and the third one will remain as a shell until demand reaches the point where it needs to be fully commissioned. Mater hospital was also successful in obtaining funding for patient accommodation. This has been a long-term goal, a long-term project, of the Mater hospital.

Again, because Rockhampton is such a service hub for Central Queensland, people from a very large radius of Central and Western Queensland rely on the hospitals in Rockhampton to provide them with high levels of treatment. Over the years, that has traditionally meant people having to travel in to stay with relatives or in private accommodation. It is great that the Mater hospital will now be able to realise its dream of providing accommodation on site for people receiving treatment at the hospital and their family members. That goes together with some units that have been completed by the Cancer Council in Rockhampton, so we really are starting to fill a very big gap that has been there for people coming to seek health treatment in Rockhampton for some years now. It is great for those country people who can now be a bit more comfortable and have one less thing to worry about when they have to be in Rockhampton for health treatment.

I will talk about one infrastructure project for which funding has also been made available in the budget. That is the Yeppen roundabout, which is at the southern entrance of Rockhampton. Anyone who was watching the flood footage in January this year, when Rocky was one of the first cities in Queensland to experience flooding, would be very familiar with the Yeppen roundabout, which was basically sitting under all of that water when they were showing the statue of the bull at the entrance to Rockhampton, surrounded by water. That is the Yeppen roundabout. It has been a real problem for some years now. There is great congestion for people driving to Rockhampton from Gracemere, a nearby town which houses a lot people who work in Rockhampton. Those people have had to put with an awful lot of congestion—I am sure nothing like the people living in the member for Oxley's community, but very bad by Central Queensland standards. We now have money in this budget to undertake a major upgrade of that roundabout, which is going to relieve a lot of those problems. Upgrading a roundabout does not sound like a big deal, but I have to tell you that for those people coming from Gracemere every morning and sitting in bumper to bumper traffic it will mean a great deal. It shows that this government has been listening to their concerns and needs.

A very significant thing that was in this budget for Rockhampton was the announcement that it will be one of the 10 communities that will receive special and intensive assistance under the place based initiatives that were announced in the budget. I have been on this
campaign for some time. I have spoken about it previously. Rockhampton is in a situation in which we have great opportunities surrounding us, whether they are in the industry and economic activity coming out of Gladstone or whether they are in the Bowen Basin to our west. And there is the perennial mainstay of Rockhampton, which is our beef industry, represented by the two large meatworks that operate in Rockhampton. So opportunities exist and are growing within our region. At the same time, there is a proportion of people in Rockhampton who these opportunities are passing by. An entrenched level of social disadvantage is emerging in Rockhampton that I have wanted to act on for some years now.

Income management was introduced into the Northern Territory as part of the intervention. We legislated a couple of years ago to apply the Racial Discrimination Act to that legislation, meaning that income management measures would be applied more generally to the population. Since that time I have been lobbying hard for an introduction of income management into Rockhampton ahead of the rest of Australia, which it will be rolled out to eventually. I am pleased to say that that is now happening. It is based on the model that has been operating in Perth for some time. It will mean specifically that families who have come to the attention of child welfare authorities, people who have been assessed as being vulnerable and perhaps able to benefit from income management by Centrelink social workers and other people who may volunteer to be part of that program, will from 1 July next year be subject to income management. That will mean that part of their Centrelink payment will be quarantined and only able to be spent on the essentials—food, rent, pharmaceuticals; those sorts of things.

I have long seen this as something very tangible that the government can do in terms of trying to turn around some of this social disadvantage. What I was not expecting—and this was great to see as part of the package—were all of the support measures that are coming with this. There is going to be a significant investment in the city of Rockhampton to try to act on and break down this entrenched disadvantage. We will give people the incentive through income management and also the opportunities that they need through training, personal support, better education, access to child care—all of those things that we need to incorporate in a whole-of-community response to try to match the opportunities that are there for employment in our region with a group of people who to date have not had the ability to take part in that. It has been well received to date. I have been very keen to make sure that the people who will be subject to some of these measures understand that it is not all stick, that there is carrot in this package as well. Yes, there will be greater obligations placed on people who are receiving Centrelink payments, but there will certainly be plenty of assistance, support and opportunities provided through this package of measures at the same time. I will be working with the community organisations in Rockhampton to really make this work. It is a great opportunity for us to turn around a group in our community that has missed out for too long.

One of the things that I know will be of great interest to not-for-profit groups working in this sector is the Local Solutions Fund. Twenty-five million dollars is available to be shared amongst the 10 regions across Australia that are part of these place based initiatives, pulling together groups within the community that work with disadvantaged people or have experience in breaking down disadvantage and helping vulnerable people in our communities...
to come up with ideas for how we can best meet those needs and tailor the solutions to our local circumstances.

In that respect it was a very noteworthy and significant budget for Rockhampton and for Central Queensland more broadly. It is what we are becoming used to under the Labor government. Year in, year out, we have been receiving investment in our core services—whether it be in health, education or training—and this year it has been taken to a new level with this very targeted package, which is addressing some of the social issues in our city. I commend the budget to the House.

Mrs MARKUS (Macquarie) (18:57): I rise today to speak on Appropriation Bill (No. 1) 2011-2012 and cognate bills on the significant impact of the Gillard Labor-Greens alliance government's budget on the electorate of Macquarie. Despite all the talk from Labor in the lead-up to the budget, this was not a budget tough on the government; but it is tough on families. There is little which helps ordinary Australians deal with the rising cost of living, cuts to family benefits, changes to fringe benefits tax and the introduction of two big new taxes. This budget will hurt 2 million families nationwide and 19,800 families, as at the last census, in the electorate of Macquarie.

Labor persists in trying to pretend a family earning a total income of $150,000 is rich. The coalition knows families are struggling under Labor's fast rising living costs. Labor should come clean and admit that families earning $40,000, $50,000 or $90,000 are also slugged by this budget. Family tax benefit part A payments will drop significantly as a result of the freeze. A family with one parent earning $65,000 and one earning $40,000 will lose around $850 in 2012-13 if they have two children under 13. It is an even bigger loss, around $900 a year, if they have three children under 13. The same results apply to any family with two children and a total family income between $102,000 and $112,000 a year, regardless of whether there are one or two wage-earners. They also apply to any family with three children and an income between $105,000 and $123,000 a year. Every recipient of any income will lose out from the freezing of the family tax benefit part A supplement. Labor has already been at those receiving part B, having frozen the $150,000 threshold in 2009 and continuing that for another two years in this budget. Over two years, more than 19,000 Australian families will completely lose family tax benefit part B as a result of this freezing alone as their wage increases push their income past the $150,000 threshold. These families have indeed been forgotten by this government, leaving them to pay for this government's wasteful spending.

The Prime Minister was right when she said that this is a traditional Labor budget—another big deficit, more borrowing and debt and more taxes. This picture could have been very different, with a coalition government having the courage to make savings where necessary. This budget is based on a lie. The carbon tax revenue and expenditure have not been included in this budget. A price on carbon will destroy jobs and increase the cost of virtually everything. A $26 a tonne carbon price would push up petrol by 6.5c a litre, gas by up to 10c in the first year and groceries by five per cent. The coalition's direct plan represents a more cost-effective policy which would tackle climate change without pushing up prices for electricity, petrol and food.

This government has spent the $22 billion surplus left to it by the previous coalition government. Australia has gone from a $20 billion surplus to a $49 billion deficit in four years. Last year's midyear budget estimates predicted net debt would peak at $94 billion. On
budget night it was revealed that the figure is now $107 billion. This government continues to borrow $135 million a day, and the interest on Labor’s debt will be a staggering $7 billion a year. They have saddled this nation with a bill of $18 million a day in interest on this debt while ordinary Australians struggle to make ends meet.

In Macquarie these interest payments could have been used to deliver projects totalling $18 million, including the Greater Western Sydney conservation corridor, the Blaxland and Glenbrook solar towns project, the reconstruction of a section of Freemans Reach Road in Wilberforce, the University of Western Sydney Hawkesbury-Nepean algae project and numerous solar schools and Green Army projects. In terms of infrastructure this government has done little to assist the people of the Hawkesbury and the Blue Mountains.

This government has allocated $2 million that is not allocated in the forward estimates until 2014-15, another empty promise that may never eventuate. Heavy peak traffic on Grose Vale Road, Terrace Road and Bells Line of Road leading down towards the M7 causes significant congestion around the Richmond bridge. It takes sometimes more than an hour for people, once they reach North Richmond, to cross the bridge to Richmond on the way to work, and the same can happen in the evening.

A study into adding a contraflow lane in peak periods on Richmond bridge does not address the larger traffic issues leading on and off the bridge, particularly the pressure on the major roads of Bells Line of Road and Richmond Road. It does not address making the intersection of Old Kurrajong Road near the bridge safer; nor does it address the issue of the set of lights and the pressure at those lights leading from Terrace Road or from Grose Vale Road.

These are the actions of a desperate government trying to look like they are delivering, making a promise. The money for that study is needed now. In fact, the RTA most recently conducted an audit of the intersections and the roads leading onto the bridge. They have come up with some solutions which could alleviate in the immediate short term. I would suggest that the government spend the money doing that.

I raise the issue of funding for the Black Spot Program. At the recent 2010 federal election the coalition reaffirmed its support for this program. The program is highly successful in funding low-cost but high-value road safety improvements where there is a history of fatal crashes or a road safety audit recommendation. In the 11 years between 1996 and 2007 the coalition invested $486.8 million to address these black spots. The Bureau of Transport Economics estimated that over the same period the Black Spot Program saved at least 130 lives and prevented 6,000 serious accidents by upgrading 4,200 dangerous sites on local and state roads.

In Macquarie this program was vital to upgrading many rural roads—for example, Drummond Street at Windsor and a roundabout at Pitt Town and Boundary roads following a fatality. I am working with local communities to address black spots on local roads: the roundabout at Boundary Road, which has been resolved; and Old Pitt Town Road, where there have been fatalities. I call on Labor to deliver more funding to this program, particularly in the seat of Macquarie so the people of the electorate of Macquarie can drive safely on the roads. This government’s inaction on freight to rail is a disgrace. Freight to rail is an area which has been largely ignored by Labor. I support an integrated road-rail policy that moves more freight to rail and improves the safety of local roads and highways. The national
transport commissioner will not deliver any policy until 2013-14. I call on the government to explain to the people of the Blue Mountains and the Hawkesbury why it is taking so long to alleviate the pressure on our roads and improve the safety of our highways.

The Bells Line of Road through the Hawkesbury and the Great Western Highway through the Blue Mountains are particular examples of why action is required on freight to rail sooner rather than later. Heavy vehicles are using these roads which are not designed to take the volume of heavy vehicle traffic that we see today. The Great Western Highway upgrade has been occurring since 1998 and, while significant progress has been made, there needs to be more. Over the same period there have been no fewer than 13 studies on the Bells Line of Road. Thirteen studies in 13 years is excessive, provides no clear direction and is a great challenge to be overcome.

The RTA crash statistics for Bells Line of Road sadly record that from 2000 to 2002 there were five fatalities and 135 injuries. Many in my electorate know that that means the loss or serious injury of someone they love—a family member, a friend—and all of us in this House know that more than one person is impacted when a serious accident, fatality or injury occurs. The statistics highlight that there are 17 black spots on the Bells Line of Road. These statistics show why action is needed. Many action groups in the villages and towns along the Great Western Highway in the Blue Mountains believe that the roads are degrading rapidly because of the continual use of heavy vehicles, creating a serious threat to safety on these roads. The inaction of this government on practical solutions highlights how little they understand the needs of residents and road users, ordinary Australians like those I represent.

These are just some of the areas in which the Labor government has failed. You only need to look at the impact on small business to see that this is a government that is out of touch and that lacks empathy. Small business is the engine room of local economies and the nation. This budget does little for or largely ignores small business. In Macquarie there are 4,514 small businesses, providing products and services in our diverse local economy. Most importantly, small business provides opportunities—including IT, tourism, hospitality, retail and community services. The Australian Bureau of Statistics from June 2006 estimated there were 1,646,344 small business operators nationwide.

Small business forms the backbone of the nation, providing support to the local economy; yet this government continues to treat small business owners with contempt. I work closely with small businesses and chambers of commerce, and businesspeople tell me that increased regulation, increased taxes and the cutting of benefits do not help small business flourish. The Labor government has introduced 220 new regulations on small business for every one regulation it repealed. How can small businesses grow when they are drowning in red tape? There is a small business in Windsor that after 30 years is contemplating putting off staff or closing down completely because of the increased burden this government has placed upon small business.

The coalition is committed to cutting Labor's red tape, which is strangling small business across the Hawkesbury and the Blue Mountains. We have committed to removing one regulation for every new one placed on small business. The coalition is committed to relieving burdensome regulation from small business. Labor offers small business no relief. For examples of this, look no further than the entrepreneur's tax offset and the proposed carbon tax. The abolition of the entrepreneur's tax offset provides a disincentive for business
growth, with some commentators suggesting that the $5,000 motor vehicle deduction sends the wrong signal to small business owners starting out in business. Furthermore, this government has done little to address the impact of the cost of the carbon tax on business cost and more importantly the increase to the cost of living on small business customers.

When looking at health, this budget continues to disappoint. The government announced a package of measures in this budget for funding mental health. Despite the headline figure of $2.2 billion, this budget commitment represents new funding of $1.5 billion over four years and only $47 million spent in the 2011-12 financial year. The reforms closely mirror the coalition's re-election plan for mental health proposed last year and while they will go some way to making improvements, we all know that a lot more is required. However, the government's proposals have been underfunded and ultimately will not achieve the same positive outcomes the coalition's policies would have. This government has been criticised by the Australian Medical Association and the Australian Psychological Society, two peak bodies in this field, for not investing enough in mental health. This budget cuts $580.5 million in funding from GP mental health services providing referrals of patients to psychologists. How will members of my local community already under stress be able to access these services if they are made more expensive? The coalition has consistently led the way on the mental health funding with the announcement in 2006 of a $1.9 billion investment. The coalition recognises the importance of mental health to the ongoing health of our nation, our communities and our families.

Many in my electorate have asked me why the government is wasting so much money. This call comes from ordinary Australians forgotten by this government. Grandparents are concerned how this great big new tax will impact upon them and their ability to pay their electricity bills. This government has done little to help families in this budget. As I have said before in this House, what does the Treasurer have against ordinary working families? A typical tradesman who lives in Windsor in my electorate earns around $78,000 a year. His wife works part time as a nurse. They have two children under the age of five. Under changes in this budget, this working family will pay a flood tax of $150, will receive less family benefits and will be hit with a fringe benefits tax on the work ute. They will likely face interest rates higher than the seven to eight per cent currently charged on the mortgage later this year and then get hit with a carbon tax. For the first time in eight years they will see no tax cuts. How does the freeze in indexation of family tax benefits A and B help this family? (Time expired)

Ms COLLINS (Franklin—Parliamentary Secretary for Community Services) (19:12): I rise to speak on the Appropriation Bill (No. 1) and cognate bills, commonly known as the budget. This federal budget really does chart a road back to surplus in 2012-13. It does so recognising that in Australia at the moment what we have is a patchwork economy. We have got some states and some areas of some states really thriving with the mining boom, and we have got other parts of Australia, even parts of the states that are booming, that are really being left behind. What we are trying to do in this budget is address some of those issues. We want to bring some of the lower income disadvantaged people with us. We want to ensure that people receive training and that we have a workforce as the mining boom escalates to allow people to fill those jobs that will become available.
What I have heard a lot from those on the other side as I have been listening to speeches is the legacy that the coalition had when they left government. What they seem to conveniently forget is that there has been a global financial crisis since they left government. What they also seem to forget is that it was the Labor government that stimulated the economy to ensure that the economy would keep moving and keep growing throughout that period. What we know from the figures and from the data of what the opposition proposed to do is that the deficit would actually be bigger if they had been in government during the global financial crisis.

We have spoken in the House many times about the disastrous floods and Cyclone Yasi that have affected Queensland and parts of New South Wales, Victoria, Western Australia and even my home state of Tasmania. We also are going to need a ready and willing workforce to rebuild those flood-affected areas of Australia. That is why it is so important that we do have a workforce ready and able to provide that work and those skills that are required as that rebuild occurs. Certainly we know that the floods and cyclones cost our economy $9 billion in lost output and that will have an effect on real growth. It is a very significant impact. Those on the other side seem to forget the GFC, seem to not understand the issue in terms of the floods and the impact they have had on the federal budget. We all know that their accounting systems are a little bit dodgy, to say the least. We saw in the lead-up to the last federal election that they had an $11 billion black hole in their costings. So we really cannot rely on anything that they say in terms of costs of policies or where things might be, but it really does get a little bit trying to continually hear about the shape the economy was in when they were in government, because of course we have dealt with the big issues of the global financial crisis, we have dealt with the floods that have affected Australia, we have dealt with Cyclone Yasi and we are now dealing with the mining boom mark 2. What we want to ensure is that the benefits of that mining boom are not squandered as they were when the coalition were in government. We want to build new infrastructure. We want to plan for better hospitals and better health care. We want to have a better mental health system. We want regional health facilities. We are going to be investing right around the country with our $2.2 billion mental health care package and our $1.8 billion priority round from the health infrastructure fund.

As I have been talking about, my home state of Tasmania did have some floods, and there is some work to be done there, but certainly Tasmania's economy is not going as well as that of some of the thriving boom states. We did continue to perform and in fact had the fastest growing economy and the lowest unemployment at the beginning of the global financial crisis, but what has happened in the Tasmanian economy in recent months is that the economy has slowed as the effect of the government stimulus has started to wind up, and it is now just starting to recover. We have had an impact on the forestry, tourism and manufacturing industries, and there are some Tasmanians really doing it tough.

The Australian dollar, of course, has had an impact on Tasmanian exports, as it has on Australian exports. To give a bit of an example of that, in 2007-08 Tasmania exported $726 million of product to Japan, and last year, 2009-10, that figure was down to around $420 million; that is over 40 per cent lower. So some of our export businesses in Tasmania are really struggling, and our 5.7 per cent unemployment rate, whilst historically low for Tasmania, is being masked somewhat by a participation rate that is lower than that around Australia: Tasmania's participation trend rate is at 61.4 per cent, compared to the national...
figure of 65.6 per cent. I guess that is really why the Tasmanian economy will benefit greatly from some of the initiatives and training in this budget. Appropriate training for Tasmanians will ensure that they are better off and that Tasmania is better off in the long run.

This budget delivers a host of new training opportunities, and it means that more of our disengaged, underemployed and unemployed, including long-term unemployed, will be given an opportunity to build and benefit from an Australian economy. We want to make sure that they are not left behind. In Tasmania there are over 1,900 people classified as long-term unemployed, and I think that they deserve our help and that we should be providing them with the support they need to be able to effectively look for work.

It is expected that from the federal budget 130,000 new training places will be developed nationally from the $550 million Workforce Development Fund. It will be particularly important in the lower socioeconomic areas of Tasmania that have had historic lows in participation in the workforce. We want to encourage these people and get them to join in the workforce. The Language, Literacy and Numeracy Program will assist many Tasmanians; the job-related training program for more than 30,000 sole parents seeking to return to work will benefit some Tasmanians; and, of course, the Australian Apprenticeships Access Program will help vulnerable job seekers develop skills to succeed in an apprenticeship. Then, of course, more than 10,000 apprentices in Tasmania could potentially have access to the apprenticeship mentoring programs and the $1,700 trade apprentice bonus that will support apprentices. This apprentice bonus is really important in Tasmania; there are a lot of young apprentices and this will obviously encourage them to complete their apprenticeships.

One of the things that I am really proud of in this budget is that it delivers $240 million for the Royal Hobart Hospital out of the health infrastructure fund priority round. This is a $565 million project. It is the largest ever single infrastructure project in Tasmania's history. To give you an understanding of what it will mean for Tasmania, it is in addition to the $100 million that the Gillard government has already provided to the Tasmanian state government, and the state government is contributing $225 million. Planning work has begun by the state government on the women's and children's precinct. I would really like to put on record my appreciation of the other Tasmanian members of parliament that have lobbied very hard for this project, going back to the former member for Denison, Duncan Kerr, and my local Labor senators Catryna Bilyk and Carol Brown, and of course the current member for Denison, Andrew Wilkie, has also had that as part of his agreement with the government.

There is a lot of support for this investment in southern Tasmania in our hospital system, and I was really pleased to see it in the budget. It will mean more beds, more services and better facilities for the communities of Greater Hobart—in fact the hospital serves the whole of Tasmania. It will provide capacity for 195 new overnight beds, a one-third increase, as well as 12 new operating and procedure rooms.

The budget also provides $1.2 million for the new Cygnet medical centre, which I have spoken about in this place before, and that is also from the regional priority round of the health infrastructure fund. These projects will provide not just better health care in southern Tasmania over the long run but also a stimulus to the local construction industry and work for Tasmanians. As I said, the largest single investment project is very important to the construction industry in Tasmania as the Building the Education Revolution projects start to wind up and will provide great support for people in our local community.
I would like to talk a bit about some of the budget measures in my own portfolio that I am assisting the Minister for Families, Housing, Community Services and Indigenous Affairs with. In that area we have delivered for the most vulnerable in our community: we are providing an additional $83.3 million boost over the four years for emergency relief services. We had a boost in emergency relief services for two years for the global financial crisis, but this is an ongoing commitment from the government. It is an historic boost to the base funding of emergency relief services and is the largest increase in the base funding of emergency relief services since the program began in 1977. It is really significant in terms of those vulnerable Australians or those Australians doing it tough that need our support.

We also have continued funding of the Commonwealth financial counsellors that we did boost during the global financial crisis. They are also funded on an ongoing basis through the budget and will be offered three-year funding contracts to provide certainty for the clients accessing those services and for the workers who are providing that vital financial counselling around Australia.

The budget also includes funding for Foodbank Australia. Foodbank provides a remarkable service to Australians: for every dollar invested by the government they can produce $7 worth of food that they then provide directly to local charities and local non-government organisations to distribute to those people that need some support. We are funding $4 million over the four years—that is $1 million each year for four years to Foodbank Australia. This is in addition to the $2.24 million that we provided to them during the global financial crisis.

This funding is part of an overall package—a boost of $171.9 million over the four years—for emergency relief services, for financial counselling services and for innovative projects such as low-interest loans and matched savings schemes and some micro-finance type schemes. It comes after the government commitment of $15.7 million for emergency relief and financial counselling services in disaster-affected areas of Queensland, Victoria and New South Wales from December last year that we announced on 16 April. That money is to 31 December 2012. It is for 18 months at current levels in those flood-affected areas to ensure those vital services are there for those communities as they recover from those circumstances.

As I have said, this is a budget that charts a path back to surplus. It recognises that some Australians are doing it tough. We have seen that in a range of measures through the budget—whether it be supporting teen mums, and we have our trial site in Burnie, whether it be providing in my portfolio with Minister Macklin the emergency relief services and financial counselling services or whether it be providing support for people with disabilities to enter the workforce—to ensure those Australians who are doing it tough are not left behind. But this budget is also recognising that we are entering another mining boom and that we need to be prepared to be back in surplus and we need to have the skills and the workforce available and ready to take those jobs that Australia will have to support that boost to the economy that the mining boom will have to bring. All in all, I think the budget has been well received. Certainly there has been some criticism from those on the other side in relation to what we are doing to support families. This government has shown remarkable support for families since it came to office. We have increased the childcare rebate from 30 per cent to 50 per cent. From 1 July, that can be paid fortnightly directly to the childcare provider, which helps with out-of-pocket expenses for mums and dads who are paying those bills. That is a very significant change from the 30 per cent provided by the opposition when they were in government, and
when they first introduced that 30 per cent you of course had to wait for more than 12 months to receive the money.

So there have been remarkable improvements. We have seen Australia's first Paid Parental Leave scheme, which certainly helps Australian families, which was introduced from 1 January this year. We have seen an extension of the family tax benefit to 13- to 16-year-olds while they are in school. A whole range of measures have been implemented by this government to support Australian families. We understand that there are some issues with the cost of living and that is why we have addressed them so comprehensively over the last almost four years that we have been in government, because we do understand that there are people in our community doing it tough.

There have also been our historic pension reforms and our carer payment increases, so there have been a whole range of measures from this government to ensure that families receive the support they need and that Australians who have been doing it tough receive the support that they need. Overall, this is a good budget. It is a Labor budget and a budget that I am proud of.

Dr JENSEN (Tangney) (19:26): I rise to speak about the role of federal government tax reform and growth in the federal budget, especially since 2007. Over the past three decades we have seen successive governments expand the size and scope of the federal budget, I believe to the detriment of all Australians. This year's budget, with all its debt and deficit, continues a disturbing trend, with the centralisation and growth of the federal government.

At Federation, federal government spending made up a mere five per cent of GDP. At present it is close to 25 per cent, and this year total government spending, including state government spending, will surpass 30 per cent of Australian GDP. Let us look at the past decade, one which has seen the most pronounced growth in the federal government. Treasury figures show that the total dollar value of Australian government spending, including GST payments to the state and territory governments, has grown by 54 per cent since 2000-01—from $176.9 billion to $272.2 billion in 2007-08. Based on the pre-election economic and fiscal outlook 2007, spending grew further, to $314.3 billion by 2010-11—a total increase of 78 per cent since 2000. This equates to 5.9 per cent growth per annum over the past decade.

Since coming to power, Labor has exponentially grown its commitments to the electorate and employed an additional 24,000 public servants to administer them. Public Service employment has grown considerably faster than private sector employment, yet Ms Gillard and Mr Rudd both consider themselves to be fiscally conservative, persistently labelling themselves as such during the Kevin 07 election campaign. The growth in spending is particularly noteworthy, given that Australia has experienced 19 consecutive years of real GDP growth. Unemployment has fallen to 4.9 per cent, which is a 33-year low, and capital utilisation is at a record high of 84.2 per cent, demonstrating that we have a highly efficient private sector.

Why, then, is the government spending so much that at the moment it is borrowing $135 million per day, when times are so good? In this unprecedented period of economic growth the federal government is wasting our finest opportunity. A passion for equality has seen rampant welfare spending make vain the hope for freedom and prosperity. Of course, the freedom I refer to is freedom from taxation, freedom from social engineering and freedom from unfair wealth redistribution for all Australians. Moreover, our federal government sees
as its role and responsibility to constantly intervene in our free society—all in the hope of levelling the playing field and creating equality. Under the guise of progressivism, social justice, equality and a fair go, Australia has advanced along the well-worn path of wealth redistribution and exploitative tax regimes more akin to the broken European welfare model.

Over the past month, I have heard the federal Treasurer, Wayne Swan, make statements such as, 'This government is responsible for creating jobs, creating wealth and spreading the prosperity,' and, 'This government will not waste the resources boom and we will ensure the wealth is spread.' When did it become okay for the government to claim credit for the prosperity of free enterprise? This is a false dichotomy. Any attempt to spread prosperity to every postcode—another Wayne Swan quote—still ends up with disadvantage existing in both Australia and around the world. After all, resources left to the private sector have a far bigger economic multiplier, and this multiplier creates greater economic efficiencies and further wealth creation. These efficiencies are imperative for Australia, a country currently operating at full capacity.

Let me be blunt: it is not progressive to grow the federal budget and it is not progressive to continually expand the size and scope of federal government. It is in fact regressive by any reasoned definition and by historical context. In Australia, we have yet to see a robust debate on exactly what the role of federal government is. And both parties have made the same mistakes. While in government, the coalition may have shown budget discipline—and this was commendable—and we still matched rising tax receipts with increased government spending as a percentage of GDP. We did not spend more than we received, but we did grow the budget—against our party platform. So what do we believe?

The Liberal Party believes:

- In the inalienable rights and freedoms of all peoples; and we work towards a lean government that minimises interference in our daily lives; and maximises individual and private sector initiative ...

'Lean government' is code for 'do not expand the size of federal government'. Most importantly, it says that business and individuals, not government, are the true creators of wealth and employment. In short, we believe in individual freedom and free enterprise. If you share in this belief, then ours is the party for you. As Liberals, we must return to the wise words of our party platform.

The world over, the GFC has forced governments to rethink their obligations to their citizens. Dubbed the PIGS of Europe, countries like Portugal, Ireland and Spain have been forced to downsize their governments with a gun to their heads. Questions relating to the role and size of government must be front and centre, both in our national debates and in our international discussions. And this not just be an academic exercise. It needs to be a continual review process, facilitated by measured political debate designed to keep the size of government in check. John F Kennedy famously said to his fellow Americans, 'Ask not what your country can do for you; ask what you can do for your country.' It is not a new concept, but it requires our leaders to understand the role of government, and that role is not to give things away and redistribute the wealth of individuals simply to win votes.

I say to my constituents that we need to fundamentally rethink the social contract with our federal government. Nobody is suggesting that government does not have a role to play. Government can do a lot of good—but only if it settles for being the handmaiden to the free market. You can hardly call the Department of Climate Change, numerous multicultural
councils, pink batts, overpriced school halls, set-top boxes and a whole raft of bureaucrats a wise use of taxpayer moneys. As political leaders we must acknowledge the inherent limitations of government and avoid ill-guided policies that empower governments but not people. As MPs we should all be asking ourselves a fundamental question: is this something that needs to be done by government or are we contributing to a wider problem of government growth and private enterprise subversion? President Bill Clinton said in his state of the union address in 1995 that the era of big government is over. Yet it seems today that big government is back with a vengeance, not just as a brute fact but as a vigorous ideology. But how do we bring about smaller government and empower our citizens and communities to make decisions and enact reforms at a local level? I think it can be done with a fundamental rethink about our tax regime and the way it is administered.

The Henry tax review, despite costing $10 million and taking 18 months to compile, is not worth the paper it is written on. We need fundamental tax reform. We need to ask the hard theoretical questions like: is income tax still necessary; should we use a flat income tax rate; and should it be administered by the federal government?

The income tax, first and foremost, has enabled government to expand far beyond its acceptable constitutional limits, regulating virtually every aspect of our lives to the point where it is not even contested that we live in an over-regulated society. It is a fact that is readily accepted and backed up by numerous studies and non-partisan bodies.

Those Australians who are ignorant of their history would not know that prior to 1942 income tax was administered by the states. With threats not too dissimilar to the ones currently being levelled at WA Premier Colin Barnett, the federal government coerced states into ceding their income taxing power to the Commonwealth. The Prime Minister and the Treasurer need to remember their place on this issue. We are a federation of independent sovereign states. WA is a sovereign state with the power to raise their royalties whenever they wish.

The income tax takes billions of dollars out of the legitimate private economy, with most Australians giving a large chunk of their income and other investment monies to the federal government. So could we proceed without an income tax in Australia? The Treasury will tell us we need one. After all, income tax addresses what would inevitably be a shrinking revenue base. However, this is what the Treasury is tasked to do. It is their job to ensure government spending can be met by reciprocal tax receipts. I believe it would be possible to reduce the income tax, compensated for by an increase in the GST and other consumption taxes. But we have never even considered this approach. We routinely hear that if we reduce a certain tax it will be a cost to government. But there is no such thing as cost to government; there is only cost to our people. Lower income taxes would achieve the outcome of a smaller federal government that would have constrained revenue and thus lower spending. A reduction in receipts from income tax would force MPs to ask the fundamental question when assessing new legislation, that being: is this something that really needs to be done by government or are we contributing to a wider problem of government growth and private enterprise subversion?

Income tax seems to be the universally accepted medium to fund government. But before income tax the states would raise money through tariffs, excise taxes and property taxes without ever touching a worker's pay packet. Income tax changes would result in the control
of the purse strings in areas such as health and education being returned to the states, and that is a good thing. Remember it was not that long ago that the states provided 100 per cent of the funding for both health and education. A quick check of the executive power section in our Constitution shows that neither health nor education appear on the federal government's list of things to do. I believe the most important aspect of state control would be a return of our government to the people, governing themselves as was envisioned by our founding fathers.

A debate on spending levels is a good thing; however, we ought not to be debating whether we can save a million here or a million there but whether whole departments, agencies and programs should exist at all. Little cuts here and there do not address the big picture problem. Real root-and-branch tax reform is a big job but it must be done. The hot-button issue of the moment is cost-of-living pressures. Our constituents are telling both sides of politics about it and both sides are talking about it. It is a problem government cannot make better but can make infinitely worse. Every attempt at providing handouts, stimulus, subsidies and welfare programs merely inflates the economy and places greater economic pressure on all Australians. So let's try the opposite—why not have less government and less tax?

The good of the collective society has replaced the idea that the individual has a right to live unhindered by government interference. The expansion of government control over our lives is both a result and a cause of individuals assuming less responsibility for themselves. We need to get away from the idea that big government makes our lives better, that government can do anything other than redistribute and then waste our economic resources from the productive private sector and citizenry.

Australian government is growing faster than the private sector investment and debt financing is allowing our government to grow unchecked. I reiterate that large government and mass wealth redistribution has not paid off by delivering higher standards or better social conditions for Australia. Remember, every dollar paid to someone who does not work for it is a dollar worked for by someone who is not paid for it. Bigger government is not better. Let markets play a bigger role in delivering on the promises that politicians have already made and let a free people continue to live free.

Mr McCORMACK (Riverina) (19:41): The Manager of Government Business yesterday accused the opposition of 'standing for nothing', during his reply in the suspension of standing orders. Coming from that side of politics I would say it is a bit rich. The coalition has a whole suite of policies which disprove that mistruth, just one of many offered as fact to the national parliament and the Australian people by this desperate focus-group-driven government.

Essentially the coalition stands for good government, living within our means and ensuring that the best interests of families and farmers are protected, preserved and promoted. Unfortunately, since the Independents gave an unelected Prime Minister an undeserving and unwarranted lift into the Lodge last September, those interests have not exactly been catered for. Families are facing cost-of-living pressures not felt since the 1980s when home loan interest rates, thanks to the Prime Minister we had to have and Mr Keating's recession we had to have, hovered around 18 per cent.

Farmers confront uncertainty as never before each and every day. Families and farmers, who have helped make this country great and who continue, despite adversity, to fight the good fight for the sake of the future and for the need to feed the nation, were the forgotten ones in this recent budget. But they were not the only ones. Small business, miners, the aged
and university students were all overlooked or plain ignored by a budget the Treasurer introduced by declaring that it was 'a Labor budget'. He was right about that. It truly was a Labor budget—all spin and precious little win.

Very early in his budget speech the Treasurer referred to the Asian century. It was a term also used by the tourism minister at a recent launch. The Treasurer made the Asian century remark again just yesterday. The Asian century describes the belief held by some that, if certain demographic and economic trends continue, the 21st century will be dominated by Asian politics and culture, as the 20th century is often called 'the American century' and the 19th century is called 'the British century'. I say, 'To hell with that.' I would like to see the 21st century be the Australian century, and it is high time a few people on the other side of the House started thinking the same. There is no reason why Australia cannot be a world leader in so many respects. This government is about making us a world leader in some areas—unwanted areas, I would argue—such as national debt. This government is the first to roll out a fibre national broadband network across a continent of this size, which will cost somewhere in the order of $55 billion and cover about 90 per cent of our 22 million people but will not go to towns with fewer than 1,000 premises. Let me tell you, there are plenty of those towns within the Riverina electorate I represent. This is happening as the United States of America, the mainland of which is larger than ours, is implementing a wireless version which will cost just $18 billion but will cover 98 per cent of its 311 million people.

This government is pushing ahead—or should I say that this government is being led by the nose by the Greens?—to implement a price on carbon when our major trading partners are steering well clear of such a toxic tax. Once a carbon tax is in place at the behest of those unrepresentative and un-Australian Greens, we will become a world leader in exporting jobs offshore. Dare I say it has already started? A carbon tax will do nothing to cool the planet or lower sea levels—not one degree, not one millimetre—but the financial costs will, even as Ross Garnaut indicated in his review update today, be borne ultimately by Australian households, Australian families.

There is no denying the word 'tough' went hand in hand with this year's budget. In a pre-budget speech the Treasurer said 'tough decisions are required' and 'this will be a tough budget'. The finance minister, in an interview in the lead-up to the budget used the word 'tough' more than 10 times, including four times in one answer. Headlines nationally screamed, 'Federal budget, will be tough,' and, 'That's not a tough budget; this is a tough budget.' Thank you, Labor, Australia got the message. However, what you failed to say is that this is such a tough budget that few will benefit from it. This budget is mostly disappointing because, despite all the pre-budget hype about this being a tough budget, this government has been tough on families—families who are working hard to meet the increasing cost of living. Many are struggling, and this budget seems to have ignored that fact.

We have seen, for the first time in eight years, a budget which has not provided a tax cut for families. For a party which says that they are all about the working family, where was their mention in this year's budget, or is it just tough bikkies? We are seeing support for families reduced at a time when the majority of Australians are facing tremendous cost-of-living pressures. Over the past 18 months we have seen the cost of living for everyday families rise by 4.9 per cent—well above the official increase in headline inflation of 3.3 per cent. For pensioners the increase was 4.1 per cent, for other welfare recipients it was 5.1 per
cent and for self-funded retirees it was 3.4 per cent. Since this government came to power in 2007, electricity prices have increased some 51 per cent, grocery prices have gone up 14 per cent and education and health costs have gone up by more than 20 per cent. There have been seven interest rate rises in a row, yet this government continues to borrow money and add more taxes. That is what they are all about: tax, tax and more tax.

We have already seen this government waste billions of dollars on ill-fated, poorly-managed and poorly-thought-out green programs to deal with the deceiving global warming phenomenon. These include failures such as the pink batt insulation scheme and the dreaded Building the Education Revolution plan. And let us not forget Fuelwatch and GroceryWatch.

Ms Rishworth interjecting—

Mr McCormack: However, once again this ineptitude has been compounded by the Prime Minister's plans to introduce a carbon tax from 1 July 2012. This tax will hit every family, every household, every business and—make no mistake!—every farm in Australia. This government is wasteful and reckless and continues to treat the—

Ms Rishworth interjecting—

The Deputy Speaker (Ms S Bird): I remind the member that there is a method of intervention in this chamber if she would like to use it. We will do it through that method, not through yelling at each other.

Mr McCormack: This government is wasteful and reckless and continues to treat the nation and its people with disdain and as fools, by counting new or higher taxes as savings, continuing to deliver policies which lead only to a higher cost of living for all Australians, and doing nothing for the future prosperity of our nation by leaving a legacy marred by debt, the interest on which will rob future generations of their wealth. It is a debt which will have to be repaid by a future coalition government. Before this budget parliament gave approval for the government to borrow $200 billion. After this budget the limit will be one quarter of a trillion dollars. That is what the Treasurer calls 'back in the black'. This is what the first harbinger of debt looks like to the nation's capital. There will be cuts over the forward estimates—that is, the next four years—of $2.133 million for the National Library; $1.762 million for the National Museum; $1.099 million for the National Film and Sound Archives; $1.373 million to the National Gallery; and, wait for it, $1.632 million to the centrepiece of Australian democracy and what our soldiers, airmen and sailors have worked to fight for, the Australian War Memorial. How disgraceful.

Some of the alarming facts to come out of this budget are that the deficit has soared to $49.4 billion and that net government debt has climbed to $107 billion. That puts government borrowing at $135 million per day, every day. This budget also confirmed how out of touch the Labor government is with Australian families and small business. It fails the essential test: to ease the cost of living on Australians who face higher prices every day.

The new arrangements for taxing company cars will slug small business operators, tradesmen and farmers with increased costs at a time when they are already doing it tough. There is that word again. This measure will impact negatively on those Australians who rely on their motor vehicle to earn their income and who have to travel long distances, including tradespeople, salespeople, couriers, primary producers, small business people and farmers, many of whom live in my Riverina electorate. This new arrangement therefore weighs heavily
on my constituents. Many people from my electorate live many kilometres away from their place of work, homes and shops, and travel—that tyranny of distance—is something they have to do.

With this latest Labor scheme, and the rumour is that petrol prices will increase by 6.5c a litre, this government is once again targeting already struggling people. As the member for Riverina, which houses the training base for the Army, defence is obviously a high priority for my electorate and my constituents. Yet the 2011-12 budget has shown that the Gillard Labor government is carelessly indifferent to the ongoing viability of the Australian defence industry sector and, importantly, the jobs it supports and creates.

According to the shadow minister for defence, the budget papers reveal that the total Defence Materiel Organisation resourcing for the procurement and sustainment of equipment reduced from $11.7 billion in 2009-10 to $10.1 billion in 2011-12 and would further decrease to $9.8 billion in 2012-13. In keeping with these figures, by the 2012-13 budget, the Defence Materiel Organisation will reduce its spending on purchasing equipment and sustainment of activities by almost $2 billion in less than four years. That is despite the government's huge list for more training and extra equipment.

The Prime Minister has announced that an extra 21,000 university students are receiving youth allowance. Once again, students in Wagga Wagga, Adelong, Batlow, Coolamon, Gundagai, Junee, Mangoplah and Tumut, considered to be inner regional areas, have missed out. Probably plenty in Labor electorates have too. For some reason they are considered not isolated and are not eligible for the independent youth allowance. Hopefully, the inquiry, which is currently being undertaken, will soon rectify that.

The Treasurer claimed his budget delivered to regional Australia like no other budget. Considering $500 million was cut from regional programs, it is a little hard to comprehend that regional Australia benefited.

Regional Australia has been deprived in this budget, not compensated. The agricultural industry, which regional Australia relies heavily on, was largely rejected. Not one cent of new money was given to roads and rail. And the farm sector, which drives more than $150 billion a year in economic production and which has a job support network of more than $1.6 million, has had its budget slashed by $33 million.

However, the upside of the budget, and the member opposite will be glad to hear me say this, was the health spending for some electorates—admittedly, mostly government or Labor-aligned rural Independent electorates. But I would like to acknowledge and pass on the gratitude of the people of the Riverina for the $55.1 million allocated to Wagga Wagga Base Hospital, as part of the Health and Hospitals Fund regional priority round in the budget.

I also acknowledge the $3.412 million given to the Calvary Drug and Alcohol Rehabilitation and Detoxification Facility.

Ms Rishworth interjecting—

Mr McCORMACK: I am acknowledging it. These funding announcements will make a positive difference to the lives of Riverina people and those of the 250,000 people who the Wagga Wagga medical facility serves. Mind you, it was not before time. They have endured facilities which have at best been described as dilapidated for too many years to contemplate. I would also like to place on record the fact that the Wagga Wagga Base Hospital rebuild still
requires additional funding—somewhere in the order of $130 million. I am hopeful that this or part thereof might be forthcoming in the next Health and Hospitals Fund regional round, with applications to open later this year. Finally, and whilst appreciating that many submissions for funding were received, I am hopeful that the bid by the City of Griffith in the Riverina for $11 million for its exciting hospital project in partnership with St Vincent's will be looked upon favourably in the next HHF round. Thank you.

Mr HAWKE (Mitchell) (19:55): I rise tonight to speak on yet another Labor budget, which is of course leaving Australia with a legacy of debt and deficit. It is impossible to examine a budget and think about what is going on in Australia today without considering what the bottom line is. Numbers do not lie. The ruthless efficiencies of figures and numbers are things that should be at the forefront for any responsible government that seeks to deliver improvements in the quality of life of its citizens.

When I ask Australians, as I do in my electorate regularly, what the biggest single item of expenditure within the federal budget is, most say health. Defence is another popular answer, as is education. Lots of different answers are given. But it always dismays me to note and I always like to note in this place that the single biggest item of expenditure within the federal budget, what we spend money on here in Canberra, is of course welfare, the services budget, at $121 billion this year. The largest item of federal expenditure is welfare. It is double the health budget. It is four times the defence budget. It is 2½ times the education budget.

That is always an important starting point for this discussion, because we have to find ways to reduce the welfare budget in Australia, to ensure that we are not a nation of rent seekers. I do not believe we are. I do not believe that is worthy of a country like Australia. Almost every single dollar of individual income taxation that is taken in by the federal government is sent back out in the form of welfare, and that is something I do not agree with. I think it is something future governments will have to change. There is no doubt that is not going to change under the current government. There is now a deficit of $49.4 billion this financial year—$50 billion. Today we refer to a billion like it is going out of fashion. Net debt will peak at $107 billion. That is the single largest amount of net debt accumulated by any Australian government. We pause often in the chamber for all kinds of solemn occasions and events, but I reckon it is worth a minute's silence to note that we have the highest level of net debt in Australian history, racked up in just four short years by this government. That is a legacy for all Australians.

When you think about debt and deficit, you have to think about the approach to take into government. And too often we see from a Labor government that is spiralling out of control in its spending habits not a carrot and stick approach—the carrot is all gone—but just a stick approach. And that is something I want to speak about further.

This government seems to think that taxation or penalties, the punitive powers of government, are the answer to every single problem that the government faces, every single challenge. That is why, since 2007, Labor has announced 14 new or increased taxes. There was most famously the alcopops tax, which was supposed to provide for an education campaign to reduce drinking rates. That was the justification for that increase in taxation, which of course has not happened. There was an increase in the luxury car tax; the mining tax; the flood levy; and the LPG excise. There was a new tax on Australians working
overseas, making it more difficult for people coming from Australia to go and earn money and bring it back to Australia; a cut to the amount Australians can put into superannuation tax-free; new restrictions on business losses claimable for tax purposes; and changes to the employee share scheme. Some were even abandoned. All of these were announced by Labor. There were taxes on cigarettes of up to 25 per cent; ethanol tax increases; tighter restrictions on tax claims for medical expenses; fringe benefits tax in the 2011-12 budget; and, of course, the biggest tax of all, a big new carbon tax. That is why I say that this government is addicted to punitive measures.

But there are other things in this budget which I think are very relevant for this House to consider. My approach, and the Liberal Party's approach, to government is built on incentives, not on saying that people are doing the wrong thing out there in the economy so we need to create all these disincentives. For them to earn, create, innovate, employ and do the things that we ask them to do, our approach says that there should be incentives built into government. That is a better way of doing government and that is why I think that, hidden within this budget, there are many measures which go to the heart of what is wrong with the federal Labor government's budgetary settings today—things like lowering the drawdown rate for self-funded retirees, making it more difficult for a person to retire under their own steam, to fund their own retirement without government assistance after they decide to stop working, and measures like halving the rate for upfront fees. When you go to university in Australia today you can pay your HECS fees upfront and get a 20 per cent discount. That is called an incentive. That is a decent incentive that will drive, and has driven, people to pay for their education upfront. Why would we want them to do that, Madam Acting Deputy Speaker? People paying their education expenses upfront save the government money not just now but in the long run. It gets capital into the education system. So halving the rate from 20 per cent to 10 per cent is a removal of an incentive that works, a removal of something that actually saves the government money in the long run, which is what incentives do. But all we see from a Labor government addicted to spending is taxation, punishment and settings that say, 'You are doing the wrong thing.' There is no ode to genuine incentives, which would of course make a big difference in the long run.

That is why I am so opposed to this government's approach to fiscal matters, not only because they cut $2 billion from the Defence budget. When you go to the Australian Labor Party's website it says the No. 1 priority of a national government should be the nation's defence. It acknowledges that its own government's first priority ought to be the defence of the nation. Yet in this budget we see a $2 billion reduction for expenses in defence without serious attention given to defence expenditure and the capital acquisition outlined in its own defence white paper, which calls for a rapid expansion of Australia's defence forces, including serious long-term capital acquisition of key items. None of that is funded. In fact we see a reduction in overall defence spending, without any consideration of how we will meet the challenges outlined in that white paper, how Australia will be able to defend itself in the long term and, more importantly, how we can fund it. That is yet another consequence of a Labor government addicted to debt and deficit.

Of course this government has omitted serious and substantial items from its budget. The carbon tax is one, notably—and they use the excuse that the GST was not in the budget. Fair enough! What would you say then, about the biggest single item of Commonwealth
Expenditure in this country's history, the National Broadband Network? Why would we not include that in the budget bottom line, considering that this will be the single most expensive item of government expenditure ever? I think there is an answer to that as well, and it does not bode well for this country's future that the government is taking such a reckless and casual approach to the nation's finances. The member for Bradfield made an eloquent appropriation speech about the NBN, and I think he made some very valid points. He is a serious man from the industry. What we have is the NBN Co., which started from the ground with no experience of construction, no record of achievement in a particular industry, now moving into a niche of the market and attempting to dominate it, funded by the taxpayer and other investors, allegedly—although that will remain to be seen. As the member for Bradfield eloquently outlined, the recipe there—when all of the industry is saying, 'don't do it this way; don't do the things you are doing the way you are doing them, because you will not make it work'—is one that will be a serious challenge for this country's future, especially with the current government running it.

The NBN is not in the budget. The difficult thing about the budget today is that, if you try to get a figure of how many billions the government is spending on the NBN, it is a moving feast. Is it $20 billion? Is it $26 billion? Is it $30 billion? Is the total cost of the NBN going to be $40 billion or $50 billion? It keeps going up. And, if you are trying to put a cable to 93 per cent of households in a country like Australia, I would suggest to you that your costs cannot be overestimated. They cannot be overestimated because the cost and expense of doing that when the industry is saying, 'Don't do that; you don't need to do that,' is obviously quite severe.

The carbon tax is also a very serious issue for this country's future. There are polls that suggest that many Australians support action on climate change: improving our environmental practices, dealing with badly polluting industries and indeed transitioning our economy into a cleaner and greener future. Those are instincts that I think are not incompatible with the advancement of human beings. In fact, the only answer to those questions is for us to advance—to use technology to our best ability to ensure our impact upon the planet is minimised.

However, for the government to suggest that the tax system will provide the answer to our environmental challenges is one dimensional. It is wrong and it is demonstrably not going to achieve the aims of the government to reduce the emission of carbon by individual households, by industry or by anybody else. The concept of a tax, once again, is very clear—it is a disincentive to do something. In this case, you are putting a tax into the economy to create a disincentive to emit carbon, to create carbon or to use carbon-intensive products and services.

But the government suggests to this place and to every member here—and it is really an insult to the intelligence of every member and the Australian people—that somehow the government will compensate individual households. We do not know how many, but of course the government suggests most of them and that everybody will be better off. Industry will be compensated and exempted, and indeed there are now whole states and territories seeking complete exemptions. If there is no disincentive to use carbon, which would be created by a carbon tax, for all of those households and all of those industries, how will our
emissions reduce? The answer is always unclear; it is always vague. It is always, 'Oh, don't you know? Haven't you worked it out? We've got a snide sort of view of these things.'

Recently it was revealed that New South Wales and Queensland are today paying double the price for electricity that Victoria is—double. We have been paying double for some time now because of billions of dollars of underinvestment in the power grid and in the power network. So effectively what you have had in New South Wales and in Queensland is a price on carbon. Electricity generation is the No. 1 reason why Australians do emit high amounts of carbon. Everybody knows the challenge; governments know the challenge. But effectively in New South Wales and Queensland you have had in operation a carbon price—double the rate of electricity in Victoria.

Have we seen any alteration in behaviour or any reduction in emissions in those states where the electricity price is already double what it is in another state? It is fascinating. But, of course, it is not fascinating to some, who have obviously pointed out from the beginning that electricity generation is vital to every sector and every household in this economy. It will continue to be necessary, it will continue to be used and it will continue to be in demand. There has been, with a doubling of the price in two states, no difference in the rate of increase of carbon emissions in either of those states. So you already have an effective working model in this country today of how a carbon price might work, and it has already been revealed that it will not work on the principle that the government suggests.

In a state where electricity is half the price you would expect a doubling of the rate of increase—more people, more activity or more generation—and in a state where the price is doubled you would expect a reduction. Neither has occurred, showing that the demand for electricity is very stable across the nation and will remain stable—and no tax on electricity, electricity generators or those essential items of everyday living will produce a reduction in carbon emissions. That, of course, is the big furphy behind the government's carbon tax proposal. That, of course, goes to the heart of this matter.

At a time when in New South Wales we have power bills double the rate of other states and increases that are hurting families across Western Sydney and in my electorate of Mitchell—and I have the highest rate of families with dependent children in the entire country—it is a great concern that this government does not consider cost of living increases as a serious political issue in Australia today. We are told that households will pay and they will just absorb cost increases. Households are already absorbing cost increases in Australia today. They have absorbed substantial cost increases. In New South Wales you can go into any part of Sydney and speak about electricity prices and every household will tell you, every small business reliant on energy will tell you, that the cost of electricity is squeezing them in a way that is unsustainable. So for this government to suggest that somehow we will increase the cost of living through a carbon tax and that will just be borne and not have an environmental benefit is something that I regard as irresponsible.

In summary, Labor being addicted to debt and deficit has seen the highest level of net debt in our country's history. That will all have to be paid back. So will the NBN. So will the carbon tax and its consequences when Labor is finished in office. I think we need the restoration of a government that has the ability to read numbers, understand the bottom line and not take a punitive approach to government. (Time expired)
Mr RUDDOCK (Berowra) (20:10): I commend the member for Mitchell for his remarks. The remarks that I make tonight will be related to both his and my electorates. That is not necessarily an invitation to stay but he may be interested in what I have to say. This budget is a budget of betrayal. It is a budget of betrayal because it is saddling Australians with increased debt. That observation was made by the member for Mitchell but I want to reinforce it. This is a time in which if you are going to pay off debt you should be doing so. It is not a matter that you can put off, effectively. I know because I have been in government when we had to pay off Labor's debt before. You have to early in a government—and this is relatively early in this government's term, if it is to go a full term—make a clear commitment to cut government expenditure and to live within your means as a government. Yet this government wants to have its cake and eat it too. It tells us that they have their own philosophical commitments. What that really means is that they have substantial areas of new expenditure that they wish to undertake. When you look at the tough decisions we were told were going to be included in this budget, where the savings were going to be made, you find that those savings were substantially used to pay for new commitments. That is why I call this a budget of betrayal, because future generations of Australians are being saddled with the largest debt that we have ever experienced nationally and they are going to have to pay it off.

But this is also a budget which has betrayed my electorate, the Central Coast, and I suspect the electorate of Mitchell. This is a budget in which the government again stripped away funds unjustifiably from north-western Sydney to fund what they say were their own priorities. When I turn to Budget Paper No. 2, I find on page 268 a statement, 'Nation building program, F3 to Sydney orbital, feasibility study deferral.' There it is outlined that $150 million appropriated by the government is to be deferred until 2015-16, outside of the future budget appropriations. That will reduce expenses by $150 million, so the government tells us, and savings from this measure will be redirected to other government priorities. Unless you know the history of this it probably does not mean a great deal to you. But I have to say that this is very clearly a betrayal. Last year, I asked the government in this chamber during the estimates debates on the transport and infrastructure portfolio what the government intended to do in relation to the F3-M2 link. I said:

I note that last year $150 million was appropriated for design work in relation to that road to ensure that it would be, presumably at some point in time, shovel ready in relation to the procedures that may enable a project to be considered for funding.

I asked the minister whether those funds had been spent. Minister Albanese was gracious enough to be present and to respond he said:

Secondly, in terms of the questions from the member for Berowra, I can confirm to the member that we have allocated $150 million. It is in the Nation Building Program. The memorandum of understanding has been signed with the state government and we remain committed to that funding.

So when I use the term 'betrayal' I use it very advisedly, because those funds were there and the minister last year gave a commitment that those funds would remain. And yet has he has the audacity to defend a decision—a base political decision, I might say—to strip that money away from that project in order to assist in buying off one of the Independents with the expansion of the Pacific Highway. I was perhaps a little indecent to the Speaker by interjecting in the other chamber when I heard of that matter. When the member for Lyne was raising the issue of the Pacific Highway, I asked why he was worried, as nobody would get
there because they could not get past Pennant Hills Road. And there is a degree of truth in that.

I want to explain the history of what has happened in relation to this matter. The Labor Party have had their fingerprints on this for a very long period of time and they play one government off against the other—the state Labor government and the federal government—ensuring that nothing is done. If Howard was trying to do it in Canberra, the state government would not cooperate. Even when we had the $150 million there, the government here said, 'There has to be a matching grant of $30 million from the state government.' Do you think that the state Labor government was going to cough up that $30 million? Of course they did not. Now there is a government that is ready to assist—and I might say that I have here a statement from the Hon. Duncan Gay MLC, Minister for Roads and Ports, commenting on this matter. He made the point that the New South Wales government would have welcomed the $150 million expenditure on the design of the missing link.

I want to talk about the missing link, because I do not think that a lot of people understand its importance to the national infrastructure of Australia. The fact is that across Sydney, excluding national road No. 1, which is the Hume Highway and then the Pacific Highway and presumably includes the Harbour Bridge, there are four major arteries that channel all their traffic onto Pennant Hills Road and then off onto a freeway called the F3. They include Silverwater Road, Woodville Road, the Cumberland Highway and now the M7, the major orbital road to take traffic around Sydney. And all of them are consolidated at one point on what the federal government regards as a state road. There are three lanes in each direction dissected with major cross roads and traffic lights every half a kilometre or so. For some eight or nine kilometres, you have major interstate traffic mixed with suburban traffic in the most dangerous circumstances imaginable. There are four highways consolidated onto one state road, of six roads. You would not do it anywhere else in the country. It is described as a missing link. Why is it a missing link? Because the cost of building infrastructure across my electorate is comparatively higher than elsewhere because of the hills, the natural charm of the area and the urban development that has occurred around it. Of course it is going to involve major infrastructure. It was always recognised that that was the case. I have to say that, as a minister in the Howard government who was sitting around the cabinet table when the state government in New South Wales, for the political purpose of shoring up support in the western suburbs of Sydney, wanted an M7 freeway that ended on the M2, linked the Hume Highway and skirted around Liverpool, Fairfield and all of these places—very good for the Labor Party, with the minister for roads, Carl Scully, representing Fairfield—I said to myself, 'They are going to put all this traffic onto the M2 and then onto Pennant Hills Road and what is to happen next?'

The state government bought off the federal government by saying, 'We will have a study.' They got an organisation called SKN to do that study. They looked at all of the options and said it was absolutely essential to have a tunnel built between Beecroft and Wahroonga, the M2 to the F3, duplicating and following the alignment of the Pennant Hills Road. We have had some inquiries that have said that is the right solution. Whether it is or it is not, the work has to be done to prepare designs to ensure that that road would be, in the parlance of all of these people who deal with the funding of these issues, shovel ready. The government has made it very clear through Infrastructure Australia and its own intentions that there will be no
money to deal with Pennant Hills Road, the F3-M2 link, unless the project is shovel ready and able to be given priority for funding as against other proposals. That is why this measure is so much of a betrayal. It will never get to first base. There is no money to undertake the design work that is necessary to ensure that this matter can be dealt with on its merits.

There is no justification for this decision and I have to say to this government, 'You may have been too smart by half.' Yes, it impacts upon my electorate—and I doubt that the Labor Party will ever win the electorate of Berowra—but I tell you there are some other electorates that are more impacted by this than even mine. The member for Robertson knows that her future is very much dependent upon her constituents being able to access Sydney safely. She knows, as I know, when you are mixing those transport vehicles, the B-doubles and the like, with mums and their bubs going to child care and to school each day, that this is a disaster waiting to happen. We saw a vehicle in flames last week on the F3. They had to close the F3 because it was too dangerous. They were able to divert the traffic to the Old Pacific Highway. I can tell you on the Pennant Hills route there is no old Pacific Highway. There is no alternative route, yet accidents of this sort are very likely to happen. I go to bed each night anxious as to what might happen to my constituents and others in the circumstances that we have been left with here in the electorate of Berowra. If you get the impression that I am worked up about this matter, you would be right. I think it is a betrayal. I will come into the estimates in this place and I will confront Minister Albanese again about his statement because he made it very clear when he was in this place that they had allocated $150 million. It was in the Nation Building Program. There was a memorandum of understanding with a Labor state government and we remain committed to that funding.

Here in this budget this government has walked away from it. I asked the other day in the House whether the Treasurer was reconsidering this matter. I have to say, the member for Robertson has been so concerned about it there have been suggestions that it might be looked at again. She peddles that around the electorate. The Treasurer made it clear in his answer to that question that the government had no intention of revisiting the budget in relation to this matter. I think that is regrettable. The government ought to be big enough to own up to the fact that it made a major mistake, to put the funding back and to apologise for the betrayal that took place in this budget. (Time expired)

Mr TUDGE (Aston) (20:26): I rise to speak on the Appropriation Bill (No. 1) 2011-2012, Appropriation Bill (No. 2) 2011-2012 and Appropriation (Parliamentary Departments) Bill (No. 1) 2011-12, which implement the Gillard government's budget for this year. I note the passionate comments of the member for Berowra, who spoke just before me.

In my address this evening I want to comment on the budget's impact on residents in my electorate and on families and small business particularly. These make up an important part of most electorates but particularly electorates like mine, which comprise a huge number of middle-income families and small businesses. Overall this budget is an attack on those two groups at a time when families are doing it particularly tough with cost-of-living pressures and at a time when small businesses are also particularly doing it tough with rising interest rates, less flexible industrial relations regimes and difficulty in accessing finance.

Let me make some macro comments about this budget. In the government's own words, this is a 'very Labor budget'. It sure is. It has growing debt. There is a growing deficit, slowing jobs growth and more wasteful spending. They called this a tough budget but they increased
spending. They talk about surpluses but they deliver deficits. They talk about the need to repay the debt but they lift borrowings to record levels.

Let us look at some of the numbers in the budget. This year's deficit will be $50 billion, and that is a blow-out of $10 billion even since the forecast from last November. Net debt will now peak at $107 billion and will stay above the $100 billion mark, according to the forward estimates, for at least the next four years. The government continues to borrow $135 million per day and the interest payments on Labor's debt will be a staggering $7 billion per year.

The government is forever telling us that the debt is not that high; we should not have to worry about it; it is minor compared to those of Greece and Spain and some of these other countries. But just let us consider for a moment the interest repayments alone: $7 billion per year. That would build seven Rowville rail links. We have been campaigning in my electorate to get a rail link out to Rowville to ease congestion and to link up Australia's largest university, Monash University, for some time now. A feasibility study was just announced last Sunday and is finally underway. The $7 billion interest alone would build seven Rowville rail links. One year's interest payments of $7 billion would complete the last section of the Melbourne ring road, which needs to be done and which causes so much congestion in outer eastern Melbourne. About $7 billion would also complete the connection of the Eastern Freeway to the Tullamarine Freeway, again a vital piece of infrastructure which everybody accepts needs to be done and would alleviate the bottleneck at Hoddle Street, where the Eastern Freeway just comes to a full stop. Of course this one also greatly affects residents of my electorate who have to travel into the city. The amount of $7 billion would also build seven tertiary hospitals. This is a huge amount of money which is now just disappearing every year—$7 billion year on year—just to pay the interest repayments on Labor's debt. The debt is also a concern because it puts upward pressure on interest rates, and in my electorate, which has one of the highest proportions of home ownership in the country, that is a very great concern. The debt alone, as Mr Ruddock pointed out, is left as a legacy for our children, so they will have to pay it off in due course.

Why are we left with such debt? How did we get into such a position given that when the Labor government was elected in 2007 they had $60 billion in the bank and they had $20 billion of surplus? What happened was their spending was essentially out of control and was often on wasteful activities which have left no legacy for future generations. We have seen the greatest growth in government spending since Whitlam.

What do we have to show for it? Do they have those major infrastructure projects that I was referring to previously? No, we do not. What we do have is cheques of $900 which were issued; we have school halls that were built for double the price of what they could have been built for; we have blow-outs in border protection; and of course we have hundreds of thousands of roofs which were fitted with pink batts and then had the pink batts taken out. Literally billions of dollars have been wasted over the course of the last few years of the Rudd and Gillard governments, and this budget continues to spend and spend and spend more—often on wasteful activities.

Let me move now to the impact which the budget will have on families and particularly the families in my electorate of Aston in eastern Melbourne. As I said at the outset, my electorate is a family electorate basically made up of middle-income, everyday families working hard, frequently with two parents working and kids who attend school, go to church and do all the
other activities which families do. Like many families across the country they are doing it
tough with cost of living pressures.

I hear this every single day that I am in the community. We know this because since
December 2007 electricity prices have gone up 51 per cent; gas prices have gone up 30 per
cent; water has gone up 46 per cent; and education costs have gone up 24 per cent. But
instead of taking measures to try to ease the cost of living pressures in this budget, the
government has actually added to them by slashing the support for families. The government's
budget will freeze the indexation of family tax benefit part A and the government is also
going to fix the income threshold limit for family tax benefit part B. The first measure will
affect over 10,900 families in my electorate, and families with incomes as low as $45,000 will
be affected by that, while the second measure will affect a further 7,900 families in my
electorate.

Families will not just be losing a few dollars from these particular measures. Quite often
they will lose considerable money each year. For example, a family with one parent earning
$65,000 and one earning $40,000 will lose $853.50 a year in 2012–13 if they have a couple of
kids under 13, and they will lose $907 a year if they have three kids under 13. This is a
standard family in my electorate. One parent, who might be a teacher or a junior police
officer, is earning $65,000 and the other parent is earning $40,000, and they might be a
typical part-time worker who contributes to the family in the other half of his or her time.
That is a very significant hit on their family budget at a time when they are already stretched
to capacity.

Families will also be hit through the changes to the private health insurance rebate scheme
in this budget. That will affect directly not only those people who will be above the new
income threshold; it will have flow-on effects to all other families who take out private health
insurance, because premiums will inevitably have to go up if people drop out of private health
insurance.

What is not included in this budget but should have been included is the carbon tax, which
will have a dramatic additional impact on cost-of-living pressures. It is the great betrayal of
this government that went to the last election promising that there would be no carbon tax
under a government that Julia Gillard leads, and of course it has lied to the Australian public
and is planning on introducing that. It will have a dramatic effect also on cost-of-living
pressures on families across Australia, including in my electorate.

I want to move to small business. Again, this budget is a direct hit on what is the engine
room of our economy, and certainly the backbone of the economy in Aston. The budget has
three strikes on small businesses. The first, as you may well be aware, is the scrapping of the
entrepreneurs tax offset. This was a relatively small tax benefit for micro-businesses with an
income of less than $75,000. The 400,000 small businesses across Australia that fit that
category will lose up to $2,500 due to this adjustment, and 1,500 small businesses in my
electorate will be affected as a result of it. The second hit was the changes to the fringe
benefits tax on motor vehicles. We know that, under the new regime, if a person has to drive
more than about 25,000 kilometres they will be worse off under this measure. The third hit is
the measure that imposes burdensome reporting requirements on those in the construction
industry, for no apparent reason. Yes, there is a small new benefit in terms of businesses
being able to write off $5,000 on a new work vehicle, but that is no recompense for those other measures I have mentioned.

Why has the government made those attacks on small business? It is basically because the unions do not like small businesses and they particularly do not like independent contractors. If you look at a quote from Ken Phillips, the executive director of the Independent Contractors of Australia, he made the comment that in all his time in professional life he has 'never seen such a blatant and intentional attack on the self-employed as there is in this budget.' 'It reflects the changed dynamic within the federal government,' he said. I think he sums it up very well.

In my remaining couple of minutes let me say at least a couple of positives about the budget.

Mr Ruddock interjecting—

Mr TUDGE: There were two or three, Mr Ruddock. I was pleased that more money was put into mental health. I have been running a campaign in my electorate to get more investment in mental health in the outer east of Melbourne, including a headspace site. Unfortunately, it was not the $2.2 billion that the government said it was investing. It was only $583 million over the four-year forward estimates and, of course, it did come at the cost of scrapping the Better Access Initiative. But, overall, more money for mental health is a good thing and I am hoping that some of that money will come to the outer east of Melbourne.

I also support the government's decision to extend the National School Chaplaincy Program, which is an excellent initiative that Julie Bishop introduced when she was the Minister for Education, Science and Training. It is a very popular program in my electorate and the government in this budget has committed to a further three years for it.

Mr Ruddock: No guarantee in the future, then?

Mr TUDGE: There is no guarantee after those three years but it has committed to it. I also support the additional funds for students with disabilities and I support the Welfare to Work measures in the budget. These are all good things. By and large they are all things which the coalition has led. It led with the School Chaplaincy Program, it led in the debate on students with disabilities, it has certainly led in the debate on mental health issues and it has led in the debate on the Welfare to Work measures. Overall, however, this is a disappointing budget for families and for small businesses in my electorate and it continues the Labor tradition—more debt, more spend, more taxes and more waste.

Ms JULIE BISHOP (Curtin—Deputy Leader of the Opposition) (20:40): I welcome the opportunity to speak tonight on the appropriation bills currently before the parliament. Australia is in a period of relative economic strength with the rise of our close neighbours lifting our terms of trade to record highs. Most analysts predict the hunger for our mineral resources is likely to continue to drive our economic prosperity into the future, with Australia's real GDP growth forecast to reach four per cent in 2011-12.

The strength of the Western Australian economy is the bedrock of our growing relationship with the emerging economic powerhouses of Asia. Western Australia not only accounts for 70 per cent of Australia's total exports to China; it attracts 80 per cent of Chinese investment into our country. All up, Western Australia accounts for 44 per cent of our country's exports—a figure greater than the total combined exports of New South Wales, Victoria and Queensland.
Yet, despite all this, the people of Western Australia find themselves under regular attack from the Prime Minister, the Treasurer and the rest of this hapless Labor government. I suspect that it may well be a clumsy attempt at a diversion, a distraction, from the state of this budget.

This government inherited the strongest set of books of any incoming government in our history with zero government debt, a budget surplus of more than $20 billion and tens of billions of dollars in savings. In four short but catastrophic years this Labor government has effectively destroyed the budget bottom line with billions upon billions wasted on cash splashes, overpriced school halls, a disastrous Home Insulation Scheme, bungled Green Loan schemes and much, much more. There is now more than $100 billion in government debt and a budget deficit of almost $50 billion, and most of the savings have been frittered away on blatant pork-barrelling. In four budgets this Treasurer has delivered cumulative deficits of $150 billion.

Worse still, in the dead of budget night after the Treasurer had completed his budget presentation, when the spotlight was off, the cameras had moved on and the media was focused on the budget speech, the Assistant Treasurer scuttled into the House and introduced a bill to increase the government's borrowing limit, to increase the debt ceiling by a further $50 billion to $250 billion. The government clearly intends to spend even more taxpayers' money while telling the public it was giving up on its wasteful ways. This sly and cynical act reveals the level of embarrassment felt by this government about its shameful record. The attack on Western Australia is a mere diversion.

Many of my colleagues have already spoken at length, including the member for Aston just now, about the financial incompetence of this Labor government. It has an unrelenting determination to relieve the Whitlam government of its well-deserved reputation as the worst government in Australia's history, until now. The Gillard government has come along and is proving every day to be more reckless than even the Whitlam government.

I will focus on a number of aspects in the foreign affairs portfolio. In his media release following the announcement of the budget Foreign Minister Rudd highlighted the government's commitment to delivering consular services for Australians abroad. However, what the government has presented as a one-off increase to consular assistance hides what is really going on. According to Appropriation Bill No. 1 government funding for outcome 2, which provides assistance for the protection and welfare of Australians abroad, will decrease by $23.8 million in 2011-12. This cut comes at a time of immense insecurity throughout the world. We have witnessed the turmoil in the Middle East and North Africa, with violence in many of the countries, including Egypt, Libya, Syria, Yemen and Bahrain, as old regimes have sought to cling desperately to power.

The budget cuts also come at a time when natural disasters have shattered parts of our region. Each of these events has placed immense strain on Australia's consular officials, who provide vital assistance to Australians, some of whom find themselves in great distress and need while caught up in circumstances overseas. The government's decision to cut $23.8 million stands in stark contrast to the coalition policy, which we took to the last election. It was a promise to strengthen Australia's overseas consular services by reversing previous cuts introduced by the then Rudd government. The Gillard government's cuts are short-sighted and
ill conceived and indicate a lack of understanding on the part of the government of the increased number of Australians travelling overseas and the demands on our consular posts.

Of considerable interest is the fact that according to the budget papers the government has committed a further $10.5 million to the final phase of its campaign for a temporary seat on the United Nations Security Council for 2013-14. Details obtained under freedom of information show that back in 2002 the Department of Foreign Affairs and Trade estimated the cost of running a campaign to win a temporary seat to be $55 million. The government now wants us to believe that, almost a decade later, it will cost only a fraction of that. It was $55 million in 2002 and that is a far cry from the $13 million over three years that the government has previously committed. Senate estimates will seek to uncover the true cost, as massive resources are being directed to this campaign, but under the guise of general DFAT expenditure.

Importantly, the freedom of information documents also revealed that the Department of Foreign Affairs and Trade considered a bid for a temporary seat on the security council in 2018 to be the preferred option on the grounds that a successful campaign would require long-term strategic thinking, which is not something that this government is renowned for. Having received this advice upon coming into office as the then Prime Minister, the advice was promptly ignored by Minister Rudd. The year 2018 would be beyond Mr Rudd's likely hold on the top job, so he launched into the current bid for a seat in 2013. I make it clear that I am not opposed in principle to Australia holding a temporary, two-year seat on the security council, but I am concerned that millions of dollars could be wasted on what will turn out to be Rudd's folly. The official advice was to aim for 2018. Then Prime Minister Rudd went against that advice and took the least preferred option. According to reports, the now foreign minister's cabinet colleagues would also prefer him to postpone the bid to 2018 but, as the media report noted:

For the foreign minister to delay the bid would be unthinkable and sure to put him offside.

Given the precarious nature of the current parliament and the Prime Minister's desperation to cling to power, we can be sure that the foreign minister's cabinet colleagues will not be pushing back too hard on this issue. They would not want to incur the wrath of the foreign minister.

DFAT noted in further documents, which were obtained under freedom of information, the need to:

… prosecute an increasingly active, dynamic and well resourced campaign, including ministerial and prime ministerial attendance at multilateral meetings and an active program of visits by special envoy. Whole of government efforts to address bilateral issues remain essential.

That sounds pretty expensive to me. DFAT also suggests 'a high-level travel plan for the foreign minister'. Well, there is absolutely no doubt that the foreign minister's high-level travel plan is underway.

But this international crusade for votes recently led one of the two other contenders, Luxembourg, a nation with no major strategic interests in the Pacific, to attend a meeting of the Melanesian Spearhead Group, involving Fiji, Papua New Guinea, Solomon Islands and Vanuatu. There can be no doubt of the motives behind its attendance. That Luxembourg considers the votes of these countries in play is a sad indictment of the state of the Gillard government's relationship with our closest neighbours. When Australia's standing in the
region falters, so too does our influence with our close friends and allies in the United States and Europe. A temporary seat on the United Nations Security Council in 2013 will not automatically enhance Australia's standing nor recover the lost momentum amongst our close neighbours. It will not help to restore democracy in Fiji, or slow the spread of HIV-AIDS in Papua New Guinea or strengthen democratic institutions in East Timor. It was also interesting to note in the DFAT budget statement the government's continued intention to 'promote and actively support international pressure on Fiji's military regime to return the country to democracy and the rule of law'. It is obvious to everyone but current members of the government that the present strategy is not working. The government's intransigence with progressing a return to democracy in Fiji will potentially drive a wedge between Australia and our closest allies, most of whom have now conceded that a new approach is needed.

According to the United States Assistant Secretary of State for East Asian and Pacific Affairs, Kurt Campbell, the United States is planning to:

... seek more direct engagement with Prime Minister Bainimarama to encourage his government to take steps to restore democracy and freedom that would allow movement towards normalisation of Fiji's relations with other countries in the region.

New Zealand has also expressed concern and wants to find a way out of the diplomatic deadlock with Fiji. According to foreign minister Murray McCully, New Zealand needs to 'be prepared to engage and to try and find constructive solutions'. Japan, too, has stressed the importance of continuous dialogue with Fiji. It seems that it is only diplomatic courtesy that has stopped these countries from speaking out more firmly on this issue, saving the Gillard government from an embarrassing retreat. Or, as the CEO of Civil Liberties Australia testified before the Parliamentary Joint Standing Committee on Foreign Affairs, Defence and Trade, 'There is no clear mission or vision where we are going with Fiji, yet we are going to continue doing whatever it is we are doing.'

Rather than encourage reform, all the government strategy has done is drive Fiji further into the arms of others. China's growing presence in the Pacific has been noted by many over the past five years and more recently by the United States, with Secretary Clinton specifically expressing concern at China's close ties with Commodore Bainimarama. According to the Lowy Institute, China's interests in Fiji:

... at the expense of Australian influence as the Fiji government convinces itself it does not need Australia while it has a friend in China.

I am aware that Commodore Bainimarama may well seek to exploit any change and Australia should not be panicked into a response. And that is a big call for a government that is in constant panic mode.

The drift that has beset Australia's foreign policy in the Pacific was acknowledged by the government's own former Parliamentary Secretary for Pacific Island Affairs Duncan Kerr. As revealed in a US diplomatic cable, Kerr reportedly sought out the United States for advice as Australia was 'close to exhausting its diplomatic options on Fiji to little apparent effect'. That the then parliamentary secretary was forced to go to the United States for leadership on this issue reflects poorly on Australia. As foreign editor Greg Sheridan wrote in the Australian in November 2009, 'The Rudd government has mishandled the Fiji situation from the start.' He referred to the fact that Australian no longer had a high commissioner in Fiji and Fiji no
longer had one in Australia. 'Congratulations, Canberra: a brilliant result,' he wrote, heavy with sarcasm.

The coalition believes that it is time for the Australian government to review its stance on Fiji. I stated in my National Press Club address prior to the last election that the coalition would open negotiations with Commodore Bainimarama in order to promote electoral reform. I believe that this is important if elections are to be held by 2014 at the very latest and for there to be a return to democracy and the rule of law in Fiji.

I have also voiced my concerns that the Gillard government has taken its eye off the Pacific region and particularly the development needs in that area. Australia's foreign policy must focus primarily on our immediate region. While there are many pressing issues throughout the world, it is the area in which Australia has the most influence and can do the most good. As the portfolio budget statement reveals, Australia's foreign policy under the present government is a one-man show. This Prime Minister appears both unable and unwilling to stamp her authority on this crucial portfolio. Given the Prime Minister's disastrous attempts to shape the direction of Australia's important relationships in the region—and I note particularly the disastrous engagement with East Timor over the East Timor processing centre—this Prime Minister should no be permitted to shape the direction of Australia's relationships.

The other significant issue in the budget papers related to the increase in Australia's foreign aid and overseas development assistance budget. Prior to the last election during my National Press Club address I indicated that, given the size and significance of our foreign aid budget, the coalition would appoint a minister for international development to work with the Minister for Foreign Affairs to oversee our aid budget and have responsibility for AusAID and the delivery of aid through non-government channels. I called for an inquiry into our aid budget because the Australian National Audit Office had raised serious concerns about AusAID's ability to effectively manage the large increases in aid required to meet the 0.5 per cent of GNI target. There have been deep criticisms of AusAID's overreliance on technical assistance, questionable priorities, waste and mismanagement. I am pleased that the government has adopted our policy and a review has been held. I understand that the government has a report into aid and the coalition will respond to the recommendations from that report when it is made public, including in relation to the priorities identified in the budget papers. The fact is that Australia must investigate the allegations of waste and mismanagement and provide clear direction as to how we can increase effectiveness and transparency in our aid delivery.

Mr HUNT (Flinders) (20:55): I want to start this discussion of the appropriation bills with an assessment of the government's general fiscal performance and to establish a pattern of fiscal waste and mismanagement not just over four years but over the last nine Labor budgets. Those non-Labor budgets should be remembered by their numbers. Heading back to the five last Keating government budgets, what we see are deficits of $12 billion, $18 billion, $18 billion, $14 billion and $11 billion. Then we see a period of 12 Howard-Costello budgets, of which 10 were surpluses. The first cut the deficit in half and then there was only one deficit of 0.1 per cent for one year during the middle of the tech wreck and the year of the September 11 tragedy, which had such a profound impact on global financial markets. So there were 10 out of 12 surpluses and five consecutive Labor deficits, all greater than 1.5 per cent, and now all of a sudden the moment government changes—and of course there are circumstances but
there were always circumstances that governments must face—what we see are four further consecutive Labor governments of $27 billion, $54 billion, $49 billion and then this coming year $22 billion.

Let me run over those figures again because they are profound. What we have first is nine consecutive deficits—$12 million, $18 billion, $18 billion, $14 billion and $11 billion. And then under this government they were $27 million, $54 billion, $49 billion and $22 million—in percentage terms, three per cent, four per cent, -3.9 per cent, 2.8 per cent, 2.1 per cent. Under the Rudd and then Gillard governments there were deficits of 2.2 per cent, 4.3 per cent, 3.6 per cent and 1.5 per cent—nine consecutive massive budget deficits, of over 1.5 per cent. The smallest of those deficits is 1.5 per cent. Events are one thing but a pathology of deficits over nine consecutive budgets must surely cause the House and all members and all members of the public who are aware of this to stop and think: how can it be that one party has nine consecutive budget deficits over two different periods of government and right there in the middle, as soon as another party comes in, the deficits stop and we get 10 out of 12 surpluses, and then as soon as that party leaves the deficits start again? It is not a story of bad luck; it is a story of pathologies, of type, of intent. No matter what the circumstance, that circumstance will be used by the Liberal and National parties to seek to exercise constraint over public spending. No matter what the circumstance, that circumstance will be used by the Australian Labor Party when in power to seek to justify massive expenditure of the public purse. I say this having sat down, analysed the budget figures and seen the extraordinary difference between the almost $100 billion of savings made simply through the cash accounts, let alone the capital, during the course of the Howard and Costello era and the over $200 billion of deficit over a lesser period of time under the Keating, Rudd and Gillard governments—three consecutive governments, nine consecutive deficits: a pathology of expenditure.

Let me give examples. In my own portfolio, the waste and mismanagement under the Home Insulation Program continues to this day. Only last week I received news of an apartment block in Sydney where 86 apartments had been insulated and nobody had sought to check whether this was in any way fraudulent or inappropriate. Given that it was a multistorey apartment building and every one of the apartments—in fact, there were actually only 85 apartments in this Potts Point apartment building, so there was one extra—was fitted out, given that multistorey apartment buildings do not have cavities between the floors and do not need home insulation between the floors, and given that not one actually received home insulation, it could have been prudent if one minister at one time sought to check whether or not this was an appropriate insulation installation job. There was nobody watching.

The result is that we have seen the best part of $2½ billion allocated and $1½ billion spent on extraordinary levels of dodgy, dangerous and inappropriate jobs. The consequence was that, of those 150,000 homes tested under the general Home Insulation Safety Program, 24 per cent were found to have been defective insulation jobs. That is a figure which is extraordinary. It is allied with 200 house fires and 1,500 potentially deadly electrified roofs, and still the government refuses to check the remaining one million homes. In light of last week's news that the fraud continues to remain undiscovered and that dodgy jobs continue to surface, it is time for the government to commit to 50,000 additional random inspections.

The government's justification is, 'We looked at the houses with the highest likelihood of having dodgy jobs.' I do not disagree with that prioritisation of inspections. I do disagree with
the fact that, having discovered a 24 per cent failure rate in the first 150,000 homes inspected, nothing is being done for the remaining one million homes. How can it be that a million homes are suddenly assumed to be at an acceptable level of defect when the first 150,000 produced a 24 per cent failure rate? Let us say the rate is lower. Let us say it is only 15 per cent; that is 150,000 defective houses. Let us say it is only 10 per cent; that is 100,000. Let us say it is a relatively paltry five per cent, compared with the extraordinary 24 per cent failure rate; that is 50,000 homes that have either dangerous or substandard insulation. That is the best scenario the government can hope for and that problem is not being addressed. That is why we have called for the government to act. They have money in the kitty. Well over $400 million was set aside to help fix the roofs as part of this year's budget, a continuing figure of over $300 million to the end of this financial year and another $111 million for the next financial year. There is ample scope for the government to conduct these inspections. So tonight I call upon the Prime Minister to intervene where the Minister for Climate Change has refused to act and guarantee that there will be 50,000 random inspections from the remaining one million homes, for reasons of public safety, for reasons of prudence and to ensure that additional cases of fraud are investigated, detected and prosecuted.

That is an example of the waste that has gone into nine consecutive ALP deficits. That is a figure our side perhaps does not raise often enough, because this issue of nine deficits, over $200 billion of accumulated debt, as opposed to 12 budgets and 10 surpluses during the course of the Howard and Costello government is a profound pathology of difference between the two parties.

That is dealing with those items that are on budget. There are of course those items that are off budget. We are about to witness through the NBN the perversion of a good purpose to a bad end. Whether it is $36 billion or $50 billion, ultimately a massive amount of money will be expended for no good purpose. The world is moving to a wireless world. Blackberries, iPhones and tablets—whatever form they are—are the communications form of the future. And we are building a fixed line system, which will be bypassed, which is unnecessary and which will in many ways prove to be stranded over time. And we will do it at a massively inflated cost and in a way that will distort national resources. That debt, as with all other debts, will have to be repaid by our children and our grandchildren. The definition of a responsible generation is one that pays down the debt for their children. The definition of an irresponsible generation is one that leaves the debt and leaves the bill for their children and grandchildren. What we are seeing from this government is the practice, the pathology and the nature of an irresponsible government.

That brings me to the last element I wish to raise briefly in terms of off budget items: the carbon tax. Of course the carbon tax was not in the budget—although $14.7 million for advertising was. The total budgetary impact is likely to be between $30 billion and $40 billion over the forward estimates. That is a profound figure that was excluded and which we will ultimately see. My challenge to the Treasurer this evening is to guarantee budget neutrality for each of the years that will see the carbon tax introduced. In the first financial year, in the second financial year and in the third financial year, which go to the three out years of the forward estimates, we expect the government to make a full statement as to whether or not it is budget neutral. If it is not, it will be a tax grab or it will be an assault on the surplus.
It is very clear that the government is beginning to walk away from the language of budget neutrality. They are now saying 'over the cycle'. The cycle was defined during Senate estimates as 'the seven- or eight-year period heading towards 2020'. What we see is that the express, clear and absolute pledge of budget neutrality is beginning to collapse under any close inspection. It is about being budget neutral in each of the years. That is what they implied; that is what they set out at the beginning.

In that context, let me make one other point. Professor Garnaut today—and we may have our disagreements but I have always been publicly respectful—let the cat out of the bag. Professor Garnaut made it absolutely clear that petrol will be taxed and that the price of petrol will increase every year as a consequence of the government's carbon tax. The test for the Prime Minister is to say whether she will rule out a new tax on petrol. It is time for the Prime Minister to rule out a new tax on petrol. It is time for the Prime Minister to rule out a new tax on petrol. The cost of living is hurt almost every Australian family. Maybe it is not hurting a North Shore movie star so much—that is a hypothetical—but the cost of living is hurting almost every Australian family. The Prime Minister's plan—her proposal, her objective—is to increase the cost of electricity, petrol and gas. The test of the Prime Minister this week is to rule out, once and for all, a permanent increase in petrol excise which, even if it did not begin in the first year, as Professor Garnaut has said, will continue after year one, every year ad infinitum. Each year new weight will be put on the price of petrol. (Time expired)

Mr HAASE (Durack) (21:11): I rise to speak on the amendment and on Appropriation Bill (No. 1) 2011-12, Appropriation Bill (No. 2) 2011-12 and Appropriation (Parliamentary Departments) Bill (No.1) 2011-12, which are being debated concurrently. Twelve months ago I spoke on the 2010-11 budget appropriation bills. It has been twelve long months of Labor induced waste and debt and further financial hardship for Australian families. As the full scope of this big-spending, big-taxing budget is being digested by scholars, politicians and mums and dads, I, like the aforementioned, can only shake my head in disbelief that a government could treat a nation with such contempt and that a government in power—only by default I might add—has Australia's financial future teetering on the brink of ruin by basing the annual budget on revenue from the mining tax. That is a tax that has not even been legislated.

This immoral government has included revenue from a tax that has not yet been bedded but has failed to make mention of the carbon tax revenue and its associated spending anywhere in the budget. Quite frankly, I, along with my colleagues on this side of the House, am very weary of fixing successive Labor governments' financial blunders. I am tired of listening to the rhetoric. I am tired of the Liberal Party leaving Australia in a position where we can taste the financial future for our children, only to have that future destroyed every time Labor claim power.

In the greatest growth in government spending since the Whitlam government, it has taken less than four years to beat Paul Keating's record. He left the incoming Liberal government a $96 billion debt in 1996. We paid that debt off just as we will this one. Already this debt is at $107 billion. Who knows what it will be if this government runs the full term? The thought of this government running full term with an open chequebook and unlimited IOU vouchers makes me cringe. Spending under the Rudd-Gillard government has gone from $271.8 billion in 2007-08 to $362 billion in 2011-12.
Just last November we were told that the deficit for 2010-11 would be $41.5 billion. Then on budget night it was revealed that it had blown out to almost $50 billion. In November we were told that net debt would peak at $94 billion. Just six months later we are told the figure is $107 billion and is set to stay above $100 million for at least the next four years.

With borrowing of $135 million a day, interest on Labor's debt will be an incomprehensible $7 billion a year. As a nation we have become desensitised to the outrageous spending of this careless government. We, the people of Australia, through the psychological process of desensitisation, no longer count the zeros in the dollars that this wasteful government throw away. One billion dollars equals one thousand million dollars. The average run-of-the-mill calculator cannot even fit the nine zeros needed to make up this mammoth number on its screen.

The Prime Minister stated quite unapologetically that this budget was a traditional Labor budget. Back in 2002, the Canberra Times reported on the taste and the danger of a traditional Labor budget—albeit a state Labor budget. In fact, it just proves that the rot sets in at the state level. Some of the Crispin Hull comments included:

Tax the rich, the middle and the upper middle and tax business—
And—
Have a lot of inquiries and commissions instead of getting on with it ...
He also said:
The downside is that a lot of money gets spent for no outcome.
He later continued:
... higher taxes, too much regulation, too much public-sector wage and program costs and the devil take tomorrow with the bottom line.

If you had read the same article with the data raised, you would be forgiven for thinking Crispin Hull was commenting on the federal Labor government of 2011. Yes, this really is a traditional Labor budget—another big deficit, more borrowings and more taxes. This Labor government talk the talk, but when it comes time to walk the walk they suddenly find themselves crippled. They talk about tough budgets but increase their spending. They talk about surpluses but deliver deficits. They talk about the need to repay the debt but lift borrowings to record levels. They talk about easing the cost-of-living pressures but then slug families $2 billion to pay for their wasteful spending. They have made further attempts to implement the private health rebate changes; made changes to the fringe benefits tax arrangements to work vehicles; and frozen family tax supplements and the upper income threshold. They will phase out dependent staff offsets such as education costs against youth allowance and will remove the discount for upfront HECS payments. This Labor government talks of reducing spending, yet total savings from policy decisions amount to only $2.7 billion over five years, where total spending is almost $1.9 trillion.

Just try to put a trillion into the calculator; it will go into meltdown. I implore the Australian taxpayers to stop this government before they issue run-of-the-mill calculators, government funded of course, which will enable people to calculate the interest payable on Labor government debt in trillions of dollars. By the time they are issued, pensioners will still be having their new set-top boxes installed—or recalled, if the bungled insulation scheme is anything to go by. With a forecast cost of $308 million, the set-top box program is ripe for
rorting. The subsidy for digital television connections is expected to cost taxpayers between $350 and $400 for each connection, the same cost as a new digital TV with a built-in DVD player. Set-top boxes can be purchased for around $50. Industry sources suggest that most people can install the boxes without professional help. This scheme reeks of the roof batts scam—well intentioned, lacking industry knowledge, badly bungled and above all wasteful.

'Wanton waste' has now become a term synonymous with the Rudd and Gillard governments. Another term that has become synonymous with the Labor government is 'asylum seekers' or, as I prefer to call them, 'economic opportunists'. In fact, put wanton waste and asylum seeker together and you have a word that describes this government: debacle. And 'debacle' is the only way to describe the asylum seeker situation the Labor Party currently has on its hands. In August 2007 the Labor government softened the border policies that the Liberal government had in place. In doing so, they opened the floodgates for the people-smuggling business not only to survive but to thrive, and the economic opportunists began arriving on our doorsteps in their thousands—and I mean thousands. As at 31 May 2011 the total number of economic opportunists arriving in leaky boats was 11,413, on 228 boats. On 27 June 2010, not long after the Prime Minister knifed Mr Rudd in the back, and with the smell of blood still on her hands, the current Prime Minister said in an interview with Laurie Oakes:

I took control to get the government back on track ... This place is our sanctuary, our home. We all wish it best for the future ... I'm obviously concerned about asylum seekers, about boats. I've indicated that concern, and I think the Australian community feels it ... This isn't about slogans. To use an old saying, in an area like this tough ain't enough, it's about being effective, and that is what I want to ensure that we are being effective ... I believe in doing the effective things to manage our borders.

Well, Prime Minister, you are as effective as a rudderless boat. Since the Prime Minister's election by proxy, we have had 4,164 people on 73 leaky boats arrive on our shore. According to the Labor Party, that is effective. My definition of effective is vastly different; in fact it runs parallel to John Howard's effective boat policy, the very same policy that was deemed ineffective by the Prime Minister. So effective was the Liberal Party's policy that when we were last in government we had four—yes, four—people in detention across Australia. Currently there are 6,500 people in Labor detention centre across Australia, including 1,000 children, who arrived by boat in Labor's detention centres. The average time spent in detention is now just under 180 days compared with the 60. Costs have spiralled from $100 million to $1 billion a year, yet the government saw fit to introduce a flood levy for Queensland on the law-abiding citizens of Australia because there was not enough cash in the bank to look after our own. The rolling crisis of this government asylum seeker policy has seen violence, chaos and the torching of our buildings, scenes that Australia should not tolerate. This sort of noxious behaviour may be commonplace in the homelands of those economic opportunists but it is certainly not acceptable behaviour in ours. With an average of more than three critical incidents being reported every day in the Labor detention network, ranging from self-harm to riots, fires and deaths, this government needs to start taking the word 'effective' seriously. I am, along with the majority of the residents of this country, hardworking, taxpaying and grateful for the opportunities we have in Australia. We are a tolerant mob, yet my tolerance, and it would seem from the emails I regularly receive the tolerance of mainstream Australia, has come to an end in relation to the economic opportunists taking advantage of a weak government treating these people with kid gloves.
The never-ending asylum seeker debacle has now entered a new phase with the five for one people swap with Malaysia, an appalling deal with an exorbitant cost to Australian taxpayers. Who knows how this will play out considering Malaysia is not a signatory to the UN Convention. Dare I say a leopard never changes its spots, and I think we all know how this chapter in the book of Labor's faux pas will end. We have seen the SIEV36 set alight, killing five people. And, wait for it, all of the perpetrators were granted permanent visas. When the SIEV221 crashed against Christmas Island rocks, 50 people lost their lives. How many more have lost their lives on the journey to the promised land is not known, although we do know that a boat set out in November with 91 persons on board never to be heard of again. How many will lose their lives trying to get back to Australia after they have been exported to Malaysia? How soon will Labor be lamenting the Malaysian people swap?

The mental health of this government needs to be addressed. Why any sane government would cut 40 per cent out of the patient rebate for GP mental health treatment plans needs to be seriously considered. We have seen a failed border protection budget blowout since 2009-10 of more than $3 billion, money that should have been spent in areas that are critical to our nation, such as the mental health of our people. The Prime Minister on one hand calls for people to participate in the workforce. On the other hand she further disenfranchises those who would appreciate being able to join the call, those with a mental illness. The government announced a package of measures in its 2011 budget for funding mental health and, despite the headline figure of $2.2 billion, the government will spend just $583 million over the next four years. In the 2011-12 financial year the total amount to be spent is only $47 million, yet they can spend $440 million on their building the detention centre revolution. The government is in fact cutting mental health by ripping $580.5 million from GP mental health services and allied health treatment sessions from the Better Access initiative. According to the latest ABS figures, 2009, mental illness costs Australia $20 billion annually, which includes the cost of lost productivity and Labor force participation. Mental disorders were identified as the leading cause of healthy years of life lost due to disability. After nearly four years of the Australian public having to endure a Labor government fraught with waste, we all deserve a little from that mental health budget. Mental disorders were identified as the leading cause of healthy years of life lost due to disability. After nearly four years of the Australian public having to endure a Labor government fraught with waste, we all deserve a little from that mental health budget. Since December 2007, the price of electricity is up 51 per cent. Gas is up 30 per cent, water is up 46 per cent, education costs are up 24 per cent, health costs are up 20 per cent, rent is up 21 per cent and groceries are up 14 per cent. And since mid-2009, interest rate rises have added $500 every month to mortgage repayments—and all this while wages have risen just seven per cent. This is typical of a term of a Labor government.

In this typical Labor budget, this government delivered total savings from policy decisions of only $2.7 billion over five years. And one-third of these savings are new taxes. Yes, indeed: this is a typical Labor budget. All of this is on the shaky of a foundation of a carbon tax we have no detail on at this stage. But every thinking person realises that if there is to be a reduction in greenhouse gases, which we produce as part of our economy, then there is going to have to be pain. This government is painful enough without mention of the carbon tax, a carbon tax that the Prime Minister promised would not be introduced by a government led by her. (Time expired)

Mr Turnbull (Wentworth) (21:26): It will not come as a surprise to anyone familiar with the way that the Rudd and Gillard governments have managed our economy over the
past 3½ years to learn that this year's budget is not just weak; it is also irresponsible and risky. The strategy chosen by the Treasurer to dig this nation out of the fiscal hole we find ourselves in is utterly dependent on the continuation of the current China-led resources boom. There is no plan B. The budget papers make even plainer the extraordinary expense to taxpayers of the current design of Senator Conroy’s National Broadband Network. Regrettably, it appears that there is also no plan B there. If the plan for the NBN has to be altered in coming years—as seems highly probable—taxpayers will be slugged again. But I will return to that issue shortly.

Let me begin by discussing the budget in a broader context given the government's barely credible plan to move from the record deficits of the past two financial years to a lesser deficit in the coming year and a tiny surplus for 2012-13. Many of the financial market economists have already pointed out that if this meagre $3.5 billion surplus projected for 2012-13 does eventuate it should be stamped 'made in China' given the importance of buoyant commodity exports, especially iron ore and metallurgical coal, to China and other economies in Asia, to the achievement of fiscal consolidation.

Australia’s resources sector is certainly in the midst of a remarkable boom, arguably already the largest and the longest lived in our history. Thanks to urbanisation in China, India and elsewhere, prices for Australia's commodity exports have risen dramatically since 2003. The Reserve Bank's commodity price index is currently at an all time peak and more than three times its average level of the two decades prior to 2003. The Prime Minister and the Treasurer claim that it requires a new resource rent tax for the federal government to properly benefit from this boom.

In the run-up to this year's budget, the government also attempted to suggest that the cupboard was entirely bare and that mining boom mark II, as the Treasurer describes it, would not boost revenues at all. Neither claim is correct. We know that the boom has been substantially boosting budget revenues for many years without a minerals resources rent tax, although there is an uncertainty or at least a controversial debate about by how much. Last October the Treasury's economic forecasters released work on the 'structural' budget deficit, suggesting that the resources boom has been delivering ever-larger revenue windfalls since around 2004. The central case in that work assumes that Asia's economic ascent and growing demand for food, raw materials and metals means that Australia's average terms of trade in the early 21st century will be about 20 per cent higher than they were in the late 20th century. That assumption seems reasonable and broadly matches the expectations of most market economists. But as Martin Parkinson, the Secretary of the Treasury, correctly pointed out on 17 May, estimates of this sort are always highly sensitive to the assumptions which underlie them and it is difficult to be entirely precise about the impact of changes over time in the terms of trade or, indeed, many other economic variables in the budget.

Nonetheless, Kevin Rudd and Wayne Swan were entirely willing to use a crude earlier version of the Treasury's work published in the 2009-10 budget without any such qualification to try and trash John Howard and Peter Costello's reputations by claiming that they squandered the resources boom. In fact it appeared that the work had been commissioned for that very purpose. So I acknowledge Dr Parkinson’s point that Treasury's estimates are sensitive to various assumptions, but I will take the central case figures provided as a reasonable estimate of the revenue windfall arising from the current terms of trade. According
to the Treasury's central case the resources boom delivered a revenue windfall of about $25 billion over the last three budgets delivered by Peter Costello. Those three budgets were in surplus by $53 billion so all of the income from the boom and more was banked, although Treasury's central case estimate suggests the budget was in a small structural deficit in 2007-08. So much for claims that the Howard government blew the boom! While its last term could have been more disciplined, as my colleague Joe Hockey acknowledged on 18 May, there was nothing like the thoughtless orgy of frenzied spending and borrowing that we have seen under Labor.

During the four budgets delivered so far by Labor in this term of government the Treasury figures from October last year suggest that the federal government has benefited from a terms of trade windfall of at least $90 billion, with the largest single boost coming in the 2011-12 financial year we are about to commence. According to the latest government forecasts deficits run up by Labor over those four years from 2008-09 to 2011-12 will total $154 billion. Regardless of the impact of the global financial crisis those figures speak for themselves.

And for all Labor's claims that its record deficits have been caused by weak revenues, first because of the GFC and more recently because of the strong exchange rate, capital gains losses, which have reduced post-GFC capital gains tax collections, and the patchwork economy, if we really want to understand what has been going on with the federal budget we need to look at the outlays side—the spending side. There we can see that annual spending has risen by $90 billion since the last year of the Howard government. That is a rise of 33 per cent in nominal terms and more than 20 per cent after adjusting for price changes. That is the equivalent of adding the annual expense of four additional Defence forces, three extra education and training systems or two new national health and hospital services to the existing expenses in the last Costello budget—in just four years. No wonder we are in deep deficit despite full employment, an unemployment rate starting with a four and the strongest terms of trade in our history.

The bottom line is simply this: Labor has already spent all of the extra income and budget revenue that the resources boom has delivered to Australia, and then some. Now, that raises an obvious red flag. What if the resources boom fades more quickly than Treasury and, indeed, most market analysts expect or is interrupted by an unanticipated and uncontrollable external shock? Where will the budget, and our nation for that matter, be if China's amazing growth story overheats and temporarily, if not in the long term, slows, or if another global financial upheaval perhaps starting in Europe triggers the same massive slump in international trade as we saw in 2008-09 but over a prolonged period? Where will we be if global low-cost production of what are already relatively abundant resources such as coal and iron ore ramps up faster than we expect, slashing market prices and Australia's national income?

We know more supply is going to come on line. For example, Rio Tinto is negotiating with Chinalco and the government of Guinea in West Africa to develop Simandou, which would be the largest iron ore mine in the world. That is just one of many projects in West Africa.

In short, does the Gillard government have a plan B? The unfortunate reality is that they do not. A plan B would require far more intellectual and fiscal discipline than has so far been shown by this cynical and incompetent government. It is far easier to live for the day, spend
everything that comes in and more and say whatever it takes to cling to power, and the future be damned.

Fortunately, Australia's fundamental prospects are good. Asia's growth story will continue for many years although there will be many hills and hollows along the way. Although increased global supply of some commodities will lower our terms of trade from current levels, there is every chance they will remain higher in the next decade than they were in the 1980s and 1990s as Treasury's central case forecasts assume. But it is very dispiriting to see this government's complete lack of vision about where the resources boom is taking us and what Australia might look like at its end, its refusal to honestly canvass the difficult structural adjustments that our economy will experience along the way and its failure to acknowledge the increased volatility that our greater exposure to the commodity cycle likely entails.

When we talk about the resources boom and the value of having a fallback plan, it is important to anticipate and prepare for unexpected adversity. It is important to be clear that this does not mean trying to somehow resist the forces currently changing our economy. The rise of China and India—and the return of China and India to a position in the economic order of the world proportionate to their size, a return to the same position they had in the global economic order in the 18th century, proportionate to their population—is in effect a return to normalcy. This will result in extraordinary shifts in relative prices for commodities and other traded goods. These are immensely powerful trends. Australia, as a small and open economy with some of the world's best resource endowments and some of the most expert and technologically sophisticated resources companies, has little choice but to go with the flow. I tend to agree with the Secretary of the Treasury when he suggested recently that Australian businesses and other trade-exposed sectors cannot resist the challenges that this is creating, such as the higher exchange rate. Firms are going to have to evolve their business models and find different ways to compete and become more specialised and become more effective.

The government, however, does have some choices it can make about how it responds to the resources boom and the associated structural changes. It can make decisions in areas such as industrial relations that impede or smooth the movement of labour and capital from one sector to another. Let us be clear about this. We are talking about major changes and shifts in our economy from one sector to the other. Industrial relations laws and labour laws which impede the movement of labour—the flexibility of labour from one sector to another—will make that transition harder. The government also has the opportunity to make policy choices that can influence whether the extra income arising from the boom and accruing to both the private and public sectors is saved or spent. The desirability of saving some of what may turn out to be a temporary boost to income is why I have advocated a sovereign wealth fund. The idea behind a sovereign wealth fund—indeed, in this case a second sovereign wealth fund after the Future Fund—is to smooth consumption of income arising from temporarily high commodity prices or the exhaustion of finite resources. This is achieved via substantial public saving which enables later consumption or preferably investment. Smoothing can be over a years-to-decades horizon, as in the case of Chile's fund, which stabilizes the impact of volatile copper prices on its budget, or a longer intergenerational horizon, as in the case of Norway's $550 billion fund, which invests oil income. If as in Norway a wealth fund invests offshore, preferably in assets uncorrelated with the commodities cycle, the high exchange rate and
pressure on non-resource exporters can be mitigated to an extent, although it is unclear by how much, and risks can be better diversified.

There is a lot of talk about what we can do about Dutch disease—the resources boom and the high exchange rate prejudicing the non-resources part of the economy. The one thing that a government can definitely do is to save more. That is a focus that this government lamentably lacks. I find it incredible that the Gillard government's leaders, including some of its alleged rising stars, such as the Assistant Treasurer, Mr Shorten, have so airily dismissed this proposition, with the most flimsy arguments imaginable. *(Extension of time granted)*

I continue to believe that the proposal for a sovereign wealth fund is appropriate to our economic circumstances. I note that The Economist magazine, unquestionably the most influential and important mainstream financial journal in the world, has made the point that it is incredible that Australia is not establishing a sovereign wealth fund. Take your pick; whether it is the IMF, the OECD, The Economist or the Financial Times, leading economists around the world are all asking, 'Why is it not a key focus of the government of Australia, which is enjoying this resources boom, to establish a new sovereign wealth fund to put some of this money aside?' If you despise the views of international organisations and international journals, the most distinguished public sector economist in this country by a country mile, the Governor of the Reserve Bank, Glenn Stevens, has argued again and again that the focus of the government should be on saving. If they want to put downward pressure on inflation, if they want to put something aside for future generations, if they want to have something to show for the resources boom, there must be a new sovereign wealth fund. That should be a key focus.

Let me turn now to the National Broadband Network, where there is also an emerging and very worrying indication of a lack of a plan B. As we all know, the NBN as it is currently planned involves running a fibre-optic cable into 93 per cent of all the homes and businesses in Australia at a cost that will ultimately exceed $50 billion once payments to Telstra for migrating customers and using its ducts are counted. The gigantic cost of the NBN is largely a consequence of the decision to build an entirely new fibre-to-the-premises or fibre-to-the-home customer access network regardless of whether cheaper network architectures, such as fibre to the node or upgrade of the existing hybrid fibre-coaxial pay TV cables that run past almost a third of Australian homes, could achieve comparable broadband speeds. Fibre to the node is an architecture that pushes fibre beyond today's telephone exchanges further into the field to nodes or cabinets nearer to homes and businesses, but uses the existing copper for the last part of the connection. Therefore it avoids the vast expense of digging up every front garden and drilling holes in the walls of every house or apartment in Australia. Were the NBN being built in an economically rational way, fibre would extend to the furthest economically viable and technically necessary point in the network and no further. The decision that 93 per cent of Australia will receive fibre to the home is an ideological choice. It is not an engineering or economic necessity.

The cost differential of using almost as fast but much less expensive alternatives is huge. Upgrades to the HFC pay TV cables could achieve speeds of 100 megabits per second to a third of Australian households for about 10 per cent of the cost of a fibre-to-the-home overbuild.
Rolling out a fibre-to-the-node or fibre-to-the-kerb network design can deliver speeds high enough to be indistinguishable from fibre to the home at half or less of the cost. As Alcatel-Lucent notes, in a 2007 technology white paper: 'The economics of fibre to the node are hard to resist, given cost points that can be 50 per cent or less than those of fibre to the home.'

Under the terms of the Telstra/NBN deal currently being negotiated, the NBN will pay Telstra about $9 billion in net present after-tax value terms—about $16 billion in nominal dollars—in return for it decommissioning its copper customer access network. But as the deal is apparently envisaged at present, if NBN Co. or a future government from either side were to try to redesign the NBN so as to build a cheaper and equally effective fibre-to-the-node network in part or most of Australia, NBN Co. would be required to renegotiate its deal with Telstra to use a part of the copper network it has already paid Telstra to decommission. That is more billions of dollars of your taxes out the door and yet another case of having no plan B.

At the recent hearing of the Joint Standing Committee on the NBN, its CEO, Mike Quigley, was unapologetic about NBN Co's failure to seek the right to use any part of the Telstra copper customer access network so that it had the option to deploy fibre to the node, instead of fibre to the home. Mr Quigley said that he had not sought to acquire the right to use a portion of the Telstra copper because the government had not told him to do so and, in any event, he said it would be complex. No doubt, many of us thought, as we listened to him, it was simpler and less complex to drop a few more lazy billion dollars of taxpayers' money.

It is utterly mind-boggling that a government would pay a private company $16 billion to decommission a network asset but not reserve for itself, as part of the deal, the right to use as much of that network as it chooses, if the current NBN design were to be changed. But this is the bizarre world that Senator Conroy, Treasurer Swan and Prime Minister Gillard inhabit—a world where risk does not matter, because there are always new tax hikes available to cover up for any mistakes.

Unless there is a change of direction on the part of the government, the Telstra/NBN deal may set Telstra up to be paid twice for its copper network if, as seems inevitable after the failure of NBN Co's recent construction tender, the current architecture of the network is exposed as unaffordable, unnecessary and unachievable.

Let me say one more thing about the current negotiations between the government, NBN Co. and Telstra, and the apparent attempt to use long-term contracts to lock future Australian governments into the Conroy model regardless of the democratic right of voters to choose a different government with different policies on broadband. We in the coalition respect the rule of law and property rights. But, nonetheless, we will be utterly committed to ensuring that, if we are returned to government, the interests of the taxpayers are protected. We will use every measure available to us to ensure that taxpayers get value for money with the NBN and that consumers of the NBN service get broadband at an affordable price. (Time expired)

Mr IAN MACFARLANE (Groom) (21:49): I rise today to speak on what the Treasurer spruiked as a very Labor budget. He was spot on. This budget is quintessentially Labor. It is about taxes, spending and debt. Hiking up taxes and sending the country into the red: it really does not get any more Labor than that. It is also a budget that proves how out of touch both the Prime Minister and the Treasurer are with everyday Australians, because it fails the fundamental test of easing the cost-of-living pressures for Australian families, who face higher prices everyday—higher electricity prices; higher gas prices; higher water prices;
higher bus fares; higher food prices; higher cost-of-living pressures. But nothing in this budget addresses those things.

The simple truth so clearly exposed in this budget is that Labor cannot manage Australia's finances. This government and its predecessor, led by the member for Griffith, has made such a hash of the budget process that Australian families are being slugged again and again in order to paper over the black holes created by this government's mismanagement. The Treasurer assures us that he will deliver a surplus in 2012. He is so fond of talking about this budget of the future, perhaps embarrassed by what he has presented to the parliament so far, that he does not seem to want to talk about the current budget. How can we have any faith that a surplus will be delivered in 2012 when my youngest daughter, who I must admit is only two years older than the member for Longman, has never seen a Labor budget in surplus in her lifetime? From the decision to impose a freeze on the family benefit supplement, which will affect families earning more than $45,000 a year, to the imposition of an array of new taxes, this Labor budget has nothing for families at all.

My electorate of Groom is an area that is well on its way to recovery in the wake of the floods of earlier this year. That is no thanks to the Queensland Labor Bligh government, which has kept the millions—in fact, quarter of a billion—of dollars in donations tied up in red tape and incompetence. It is not the Bligh government or the Gillard government that has gone out and done something to relieve the pain of those people in my electorate who were affected by the floods in January. I, my office and the good graces of the people of Toowoomba have helped those people affected by floods. It is a great disappointment to me that the Prime Minister of Australia has driven six times past the houses of people in Oakey who are yet to have their insurance claims for the floods settled. Did she stop? No. Did she talk to them? No. Did she ask the Assistant Treasurer to see if he could sort out the problems? No. It is me and my good officers and the people who support me who are out there fighting for the people of Oakey so that they can have their insurance claims settled. It is an indictment on both the Labor government of Queensland and the Labor government of Australia that neither the Premier nor the Prime Minister have lifted a finger.

But the good news is that we will win, no thanks to the government. It is the community spirit and the community based fundraising that will give those people relief, and I have supported them along the way. While the homes are being rebuilt, there is one critical piece of infrastructure that will not be fixed so easily. I wonder how many people in Australia right now are operating with half of what they had before Christmas—and that is what Toowoomba is operating on: half of the road to Brisbane that we had before Christmas. The Prime Minister has not driven that road. She chooses to fly in. She lands at Oakey, drives past all these flooded houses, does not stop, comes into Toowoomba, makes herself out to be a hero and then leaves again. She does not actually understand that Toowoomba is connected to the east by a range crossing that was severely damaged by the flood, and her government has no commitment to fix it. The commitment the Howard government made was spending $43 million to acquire the corridor, and we then allocated $700 million to begin construction. We lost the election in 2007 and with that the people of Toowoomba have been left high and dry. With a bit of luck and, again, no thanks to the federal government, we might have two lanes to Brisbane by Christmas next year.
The impact on my electorate is of course disastrous and the impact on the economic development of Western Queensland will be affected as well. Whilst this government is happy to take the PRRT money from the oil and gas enterprises to the west of there, they are not prepared to return a single solitary cent—not a cent. I see the member opposite lift her head—no money from the PRRT collected in Queensland will be returned in infrastructure spending in Queensland.

**Ms Smyth:** I was checking the time, actually.

**Mr IAN MACFARLANE:** Not a cent. You want to check your own facts. You should read the budget, because it says that there is not a cent for the people of Western Queensland. For those trucks that travel through Toowoomba, not a cent will be returned from all the dollars that the Bligh government collects and all the dollars that the Gillard government hopes to collect.

**Ms Smyth:** Thanks for your support on the flood levy.

**Mr IAN MACFARLANE:** I am sure the people of Toowoomba would be happy to pay a flood levy were they to get a cent of that flood levy back—just one cent would be good. We will take one cent, but we get nothing of course.

And we all know that new taxes are part of this new budget. Taxes will be applied not only through a flood levy but through an LPG levy, through a CNG levy, through an LNG levy, through a carbon levy, through the mining tax levy, of course, and through the PRRT, the Petroleum Resource Rent Tax. Every time the people of my electorate look up they pay a new tax and get nothing back.

This is a tax and spend government. It is a government that has a history of being unable to manage its money. It is a government that has managed to take a $70 billion cash in the bank operation to a $107 billion debt. It is a government that does not know the value of money and does not respect the taxpayers of Australia, who have to earn that money before they contribute it to a government that wastes it.

Missing from this budget are the figures of the carbon tax—this much vaunted tax that will change nothing in terms of emissions of the world. It will change nothing in terms of lowering greenhouse gases in the world, because all it will do is move industry from Australia to China, to Russia, to India, to Indonesia, to Korea and to all of those countries that have made it clear in the last few days that they are not going to continue to tax their industries under any suggestion that there is a global agreement on lower greenhouse gas emissions. Those countries have made it absolutely clear that they will not sign up to the extra emissions targets of the Kyoto agreement.

So, here we have a government in Australia that delivers a budget that drives Australia further into debt, a budget that offers Australian families no hope but for higher taxes, and a budget where families know that this government cannot manage to spend the money in a way that produces a tangible outcome for all Australians. Then the government watches as every other country steps back from an agreement on lowering greenhouse gas emissions while Australia is quite prepared to continue to tax our jobs and our industries while those industries move overseas.

This budget is a disgrace. And the disgrace of this budget is only surpassed by the government that handed it down. We have a Treasurer who has no idea of what it means to
manage an economy, to deliver a budget in surplus—a surplus that would give hope to the Australian people that this government actually knows the value of money and a government that can actually put in place projects that work.

In the 15 seconds left, I will talk a little about the insulation scheme that cost millions. I will talk a little about the Building the Education Revolution that wasted billions. In the end Australians know that this budget continues the waste, increases taxes and does not deliver any hope for the future.

I seek leave to continue my remarks at a later date.

Leave granted.

The DEPUTY SPEAKER (Mrs D'Ath): The debate is adjourned and the resumption of the debate is made an order of the day for the next sitting.

Main Committee adjourned at 22:01
QUESTIONs IN WRITING

Ministers and Ministerial Staff: Mobile Phones and iPads
(Question No. 141)

Mr Briggs asked the Minister for Families, Housing, Community Services and Indigenous Affairs, in writing, on 25 November 2010.

(1) How many (a) mobile phones, (b) blackberries and (c) I-Pads are currently allocated to the (i) Minister, and (ii) the Minister’s ministerial staff.

(2) In respect of mobile phone usage between (a) 3 December 2007 and 24 November 2010, and (b) 24 June 2010 and 24 November 2010, what was the total cost for (a) the Minister, and (b) the Minister’s ministerial staff.

(3) For each month since December 2007, what was the cost of mobile phone usage for each mobile phone account allocated to the (a) Minister, and (b) Minister’s ministerial staff.

Ms Macklin: The answer to the honourable member’s question is as follows:

All figures provided are GST exclusive.

(1) (i) As at 25 November 2010, there were 0 mobile phones, 1 blackberry and 1 iPad allocated to the Minister.

(ii) As at 25 November 2010, there was 0 mobile phones, 11 blackberrys and 1 iPad allocated to the Minister’s ministerial staff.

(2) (a) Between 3 December 2007 and 24 November 2010 (or the end of the nearest monthly accounting period), the total mobile phone usage cost for the Minister was $8,232.90. Between 24 June 2010 and 24 November 2010 (or the end of the nearest monthly accounting period), the total mobile phone usage cost for the Minister was $1,506.24.

(b) Between 3 December 2007 and 24 November 2010 (or the end of the nearest monthly accounting period), the total mobile phone usage cost for the Minister’s ministerial staff was $61,984.20. Between 24 June 2010 and 24 November 2010 (or the end of the nearest monthly accounting period), the total mobile phone usage cost for the Minister’s ministerial staff was $11,825.16.

(3) (a) For each month since December 2007, the total cost of mobile phone usage for the Minister was as follows:

$342.83 for January 2008
$267.54 for February 2008
$181.05 for March 2008
$240.07 for April 2008
$303.20 for May 2008
$179.06 for June 2008
$258.85 for July 2008
$183.39 for August 2008
$177.79 for September 2008
$87.89 for October 2008
$197.06 for November 2008
$223.01 for December 2008
$184.94 for January 2009
$205.24 for February 2009
$193.10 for March 2009
$228.47 for April 2009
$223.36 for May 2009
$201.17 for June 2009
$247.02 for July 2009
$169.17 for August 2009
$187.00 for September 2009
$189.42 for October 2009
$221.28 for November 2009
$161.81 for December 2009
$136.59 for January 2010
$253.84 for February 2010
$416.65 for March 2010
$464.31 for April 2010
$401.55 for May 2010
$366.62 for June 2010
$237.90 for July 2010
$299.68 for August 2010
$234.46 for September 2010
$188.65 for October 2010
$178.93 for November 2010

(b) For each month since December 2007, the total cost of mobile phone usage for the Minister’s ministerial staff was as follows:

$301.66 for January 2008
$663.97 for February 2008
$1,266.29 for March 2008
$1,131.56 for April 2008
$1,189.76 for May 2008
$1,034.61 for June 2008
$1,263.96 for July 2008
$1,199.95 for August 2008
$999.44 for September 2008
$1,171.47 for October 2008
$1,470.81 for November 2008
$1,798.87 for December 2008
$1,889.40 for January 2009
$1,040.96 for February 2009
$1,418.28 for March 2009
$1,375.29 for April 2009
$1,333.36 for May 2009
$1,152.12 for June 2009
$1,989.71 for July 2009
$1,317.43 for August 2009
$1,539.75 for September 2009
$1,710.53 for October 2009
$1,899.77 for November 2009
$1,716.81 for December 2009
$1,649.59 for January 2009
$2,632.61 for February 2010
$3,820.57 for March 2010
$5,342.66 for April 2010
$4,837.85 for May 2010
$3,653.00 for June 2010
$2,301.55 for July 2010
$1,937.54 for August 2010
$1,619.17 for September 2010
$1,168.33 for October 2010
$1,145.57 for November 2010

Ministers and Ministerial Staff: Mobile Phones and iPads
(Question No. 157)

Mr Briggs asked the Minister for the Status of Women, in writing, on 25 November 2010.

(1) How many (a) mobile phones, (b) blackberries and (c) I-Pads are currently allocated to the (i) Minister, and (ii) the Minister’s ministerial staff.

(2) In respect of mobile phone usage between (a) 3 December 2007 and 24 November 2010, and (b) 24 June 2010 and 24 November 2010, what was the total cost for (a) the Minister, and (b) the Minister’s ministerial staff.

(3) For each month since December 2007, what was the cost of mobile phone usage for each mobile phone account allocated to the (a) Minister, and (b) Minister’s ministerial staff.

Ms Kate Ellis: The answer to the honourable member’s question is as follows:

All figures provided are GST exclusive.

(1) (i) As at 25 November 2010, there were no (0) mobile phones, Blackberrys or iPads allocated to the Minister.

(ii) As at 25 November 2010, there were no (0) mobile phone, Blackberrys or iPads allocated to the Minister’s ministerial staff.

(2) (i) Between 3 December 2007 and 24 November 2010 (or the end of the nearest monthly accounting period), the total mobile phone usage cost for the Minister was $7,853.03. Between 24 June 2010 and 24 November 2010, the total mobile phone usage cost for the Minister was $841.35.

(ii) Between 3 December 2007 and 24 November 2010 (or the end of the nearest monthly accounting period), the total mobile phone usage cost for the Minister’s ministerial staff was $40,790.91. Between
24 June 2010 and 24 November 2010, the total mobile phone usage cost for the Minister’s ministerial staff was $4,357.17.

(3) (i) For each month since December 2007, the total cost of mobile phone usage for the Minister was as follows:

- $40.45 for January 2008
- $87.68 for February 2008
- $206.02 for March 2008
- $220.04 for April 2008
- $151.78 for May 2008
- $153.70 for June 2008
- $160.21 for July 2008
- $229.52 for August 2008
- $174.36 for September 2008
- $205.87 for October 2008
- $202.71 for November 2008
- $215.70 for December 2008
- $206.38 for January 2009
- $114.68 for February 2009
- $916.88 for March 2009
- $181.83 for April 2009
- $156.74 for May 2009
- $206.74 for June 2009
- $478.24 for July 2009
- $154.25 for August 2009
- $158.00 for September 2009
- $131.57 for October 2009
- $180.29 for November 2009
- $134.40 for December 2009
- $90.30 for January 2010
- $779.53 for February 2010
- $303.83 for March 2010
- $429.70 for April 2010
- $340.28 for May 2010
- $338.73 for June 2010
- $212.96 for July 2010
- $256.20 for August 2010
- $33.46 for September 2010

(ii) For each month since December 2007, the total cost of mobile phone usage for the Minister’s ministerial staff was as follows:

- $594.60 for January 2008

QUESTIONS IN WRITING
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Note: During the period of 3 December 2007 to 13 September 2010, the Hon Tanya Plibersek MP was the Minister for the Status of Women. From 14 September 2010, these responsibilities were transferred to the Hon Kate Ellis MP.

The billing period for October 2010 includes costs incurred by the Office of the Hon Tanya Plibersek MP prior to the change in Ministry.
Ministers and Ministerial Staff: Mobile Phones and iPads
(Question No. 160)

Mr Briggs asked the Minister representing the Minister for Social Housing and Homelessness, in writing, on 25 November 2010.

(1) How many (a) mobile phones, (b) blackberries and (c) I-Pads are currently allocated to the (i) Minister, and (ii) the Minister’s ministerial staff.

(2) In respect of mobile phone usage between (a) 3 December 2007 and 24 November 2010, and (b) 24 June 2010 and 24 November 2010, what was the total cost for (a) the Minister, and (b) the Minister’s ministerial staff.

(3) For each month since December 2007, what was the cost of mobile phone usage for each mobile phone account allocated to the (a) Minister, and (b) Minister’s ministerial staff.

Ms Macklin: The Minister representing the Minister for Social Housing and Homelessness has provided the following answer to the honourable member’s question:

All figures provided are GST exclusive.

(1) (i) As at 25 November 2010, there were no (0) mobile phones, Blackberrys or iPads allocated to the Minister.

(ii) As at 25 November 2010, there was one mobile phone, no (0) Blackberrys and no (0) iPads allocated to the Minister’s ministerial staff.

(2) (i) Between 3 December 2007 and 24 November 2010 (or the end of the nearest monthly accounting period), the total mobile phone usage cost for the Minister was $7853.03. Between 24 June 2010 and 24 November 2010, the total mobile phone usage cost for the Minister was $841.35.

(ii) Between 3 December 2007 and 24 November 2010 (or the end of the nearest monthly accounting period), the total mobile phone usage cost for the Minister’s ministerial staff was $40,790.91. Between 24 June 2010 and 24 November 2010, the total mobile phone usage cost for the Minister’s ministerial staff was $4,357.17.

(3) (i) For each month since December 2007, the total cost of mobile phone usage for the Minister was as follows:

$40.45 for January 2008
$87.68 for February 2008
$206.02 for March 2008
$220.04 for April 2008
$151.78 for May 2008
$153.70 for June 2008
$160.21 for July 2008
$229.52 for August 2008
$174.36 for September 2008
$205.87 for October 2008
$202.71 for November 2008
$215.70 for December 2008
$206.38 for January 2009
$114.68 for February 2009
$916.88 for March 2009
$181.83 for April 2009
$156.74 for May 2009
$206.74 for June 2009
$478.24 for July 2009
$154.25 for August 2009
$158.00 for September 2009
$131.57 for October 2009
$180.29 for November 2009
$134.40 for December 2009
$90.30 for January 2010
$779.53 for February 2010
$303.83 for March 2010
$429.70 for April 2010
$340.28 for May 2010
$338.73 for June 2010
$212.96 for July 2010
$256.20 for August 2010
$33.46 for September 2010
$0 for October 2010 (by the monthly billing period of accounts paid).

(ii) For each month since December 2007, the total cost of mobile phone usage for the Minister’s ministerial staff was as follows:

$594.60 for January 2008
$909.66 for February 2008
$1143.48 for March 2008
$1321.02 for April 2008
$973.42 for May 2008
$334.93 for June 2008
$799.58 for July 2008
$851.96 for August 2008
$854.73 for September 2008
$812.15 for October 2008
$1174.31 for November 2008
$1574.97 for December 2008
$1201.00 for January 2009
$605.10 for February 2009
$1966.23 for March 2009
$1054.42 for April 2009
$856.67 for May 2009
$945.08 for June 2009
$970.23 for July 2009

QUESTIONS IN WRITING
$1077.08 for August 2009
$1041.06 for September 2009
$1079.51 for October 2009
$1137.57 for November 2009
$1865.84 for December 2009
$1317.81 for January 2010
$2066.98 for February 2010
$2965.25 for March 2010
$2906.40 for April 2010
$2032.70 for May 2010
$2134.25 for June 2010
$1076.79 for July 2010
$897.17 for August 2010
$139.74 for September 2010
$109.22 for October 2010 (by the monthly billing period of accounts paid).

Note: During the period of 3 December 2007 to 13 September 2010, the Hon Tanya Plibersek MP was the Minister for Housing. From 14 September 2010, these responsibilities were transferred to the Senator the Hon Mark Arbib.

The billing period for October 2010 includes costs incurred by the Office of the Hon Tanya Plibersek MP prior to the change in Ministry.