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SITTING DAYS—2005

<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>8, 9, 10, 14, 15, 16, 17</td>
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<tr>
<td>March</td>
<td>7, 8, 9, 10, 14, 15, 16, 17</td>
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<td>May</td>
<td>10, 11, 12, 23, 24, 25, 26, 30, 31</td>
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<td>June</td>
<td>1, 2, 14, 15, 16, 20, 21, 22, 23</td>
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<td>August</td>
<td>9, 10, 11, 15, 16, 17, 18</td>
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<td>September</td>
<td>5, 6, 7, 8, 12, 13, 14, 15</td>
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<td>October</td>
<td>4, 5, 6, 10, 11, 12, 13, 31</td>
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<tr>
<td>November</td>
<td>1, 2, 3, 28, 29, 30</td>
</tr>
<tr>
<td>December</td>
<td>1, 5, 6, 7, 8</td>
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</table>

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- **NEWCASTLE** 1458 AM
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- **GOLD COAST** 95.7 FM
- **MELBOURNE** 1026 AM
- **ADELAIDE** 972 AM
- **PERTH** 585 AM
- **HOBART** 747 AM
- **NORTHERN TASMANIA** 92.5 FM
- **DARWIN** 102.5 FM
FORTY-FIRST PARLIAMENT
FIRST SESSION—SECOND PERIOD

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

House of Representatives Officeholders

Speaker—The Hon. David Peter Maxwell Hawker MP
Deputy Speaker—The Hon. Ian Raymond Causley MP
Second Deputy Speaker—Mr Harry Alfred Jenkins MP

Members of the Speaker’s Panel—The Hon. Dick Godfrey Harry Adams, Mr Robert Charles Baldwin, the Hon. Bronwyn Kathleen Bishop, Mr Michael John Hatton, Mr Peter John Lindsay, Mr Robert Francis McMullan, Mr Harry Vernon Quick, the Hon. Bruce Craig Scott, the Hon. Alexander Michael Somlyay, Mr Kimberley William Wilkie

Leader of the House—The Hon. Anthony John Abbott MP
Deputy Leader of the House—The Hon. Peter John McGauran MP
Manager of Opposition Business—Ms Julia Eileen Gillard MP
Deputy Manager of Opposition Business—Mr Anthony Norman Albanese MP

Party Leaders and Whips
Liberal Party of Australia

Leader—The Hon. John Winston Howard MP
Deputy Leader—The Hon. Peter Howard Costello MP
Chief Government Whip—Mr Kerry Joseph Bartlett MP
Government Whips—Mrs Joanna Gash MP and Mr Fergus Stewart McArthur MP

The Nationals

Leader—The Hon. John Duncan Anderson MP
Deputy Leader—The Hon. Mark Anthony James Vaile MP
Whip—Mr John Alexander Forrest MP
Assistant Whip—Mr Paul Christopher Neville MP

Australian Labor Party

Leader—The Hon. Kim Christian Beazley MP
Deputy Leader—Ms Jennifer Louise Macklin MP
Chief Opposition Whip—The Hon. Leo Roger Spurway Price MP
Opposition Whips—Mr Michael Danby MP and Ms Jill Griffiths Hall MP

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

<table>
<thead>
<tr>
<th>Member</th>
<th>Division</th>
<th>Party</th>
</tr>
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<tbody>
<tr>
<td>Abbott, Hon. Anthony John</td>
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<td>Ferguson, Michael Durrel</td>
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</tbody>
</table>
## Members of the House of Representatives

<table>
<thead>
<tr>
<th>Member</th>
<th>Division</th>
<th>Party</th>
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<tbody>
<tr>
<td>Fitzgibbon, Joel Andrew</td>
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<td>Mallee, VIC</td>
<td>Nats</td>
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<td>Petrie, QLD</td>
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<td>Kingsford Smith, NSW</td>
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<td>Gilmore, NSW</td>
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<td>Hindmarsh, SA</td>
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<td>Throsby, NSW</td>
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<td>Kooyong, Vic</td>
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<td>Bendigo, Vic</td>
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<td>Kalgoorlie, WA</td>
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<td>Shortland, NSW</td>
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<td>Moreton, Qld</td>
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<td>Cowper, NSW</td>
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<td>Blaxland, NSW</td>
<td>ALP</td>
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<td>Hawker, David Peter Maxwell</td>
<td>Wannon, Vic</td>
<td>LP</td>
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<td>Henry, Stuart</td>
<td>Hasluck, WA</td>
<td>LP</td>
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<td>Charlton, NSW</td>
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<td>North Sydney, NSW</td>
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<td>Fowler, NSW</td>
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<td>Scullin, Vic</td>
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<td>Tangney, WA</td>
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<td>Johnson, Michael Andrew</td>
<td>Ryan, Qld</td>
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<td>Kennedy, Qld</td>
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<td>Dawson, Qld</td>
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<td>Lindsay, NSW</td>
<td>LP</td>
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<td>Denison, Tas</td>
<td>ALP</td>
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<td>Ballarat, Vic</td>
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<td>Farrer, NSW</td>
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<td>Herbert, Qld</td>
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<td>Capricornia, Qld</td>
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<td>Robertson, NSW</td>
<td>LP</td>
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<td>Groom, Qld</td>
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<td>Jagajaga, Vic</td>
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</table>
Members of the House of Representatives

<table>
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<th>Member</th>
<th>Division</th>
<th>Party</th>
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<td>Washer, Malcolm James</td>
<td>Moore, WA</td>
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<td>Wilkie, Kimberley William</td>
<td>Swan, WA</td>
<td>ALP</td>
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<td>Windsor, Antony Harold Curties</td>
<td>New England, NSW</td>
<td>Ind</td>
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<td>Wood, Jason Peter</td>
<td>La Trobe, Vic</td>
<td>LP</td>
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PARTY ABBREVIATIONS

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

Heads of Parliamentary Departments

Clerk of the Senate—H. Evans
Clerk of the House of Representatives—I.C. Harris
Secretary, Department of Parliamentary Services—H.R. Penfold QC
<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
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<tbody>
<tr>
<td>Prime Minister</td>
<td>The Hon. John Winston Howard MP</td>
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<tr>
<td>Minister for Transport and Regional Services and Deputy Prime Minister</td>
<td>The Hon. John Duncan Anderson MP</td>
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<tr>
<td>Treasurer</td>
<td>The Hon. Peter Howard Costello MP</td>
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<tr>
<td>Minister for Trade</td>
<td>The Hon. Mark Anthony James Vaile MP</td>
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<tr>
<td>Minister for Defence and Leader of the Government in the Senate</td>
<td>Senator the Hon. Robert Murray Hill</td>
</tr>
<tr>
<td>Minister for Foreign Affairs</td>
<td>The Hon. Alexander John Gosse Downer MP</td>
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<tr>
<td>Minister for Health and Ageing and Leader of the House</td>
<td>The Hon. Anthony John Abbott MP</td>
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<tr>
<td>Attorney-General</td>
<td>The Hon. Philip Maxwell Ruddock MP</td>
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<tr>
<td>Minister for Finance and Administration, Deputy Leader of the Government in the Senate and Vice-President of the Executive Council</td>
<td>Senator the Hon. Nicholas Hugh Minchin</td>
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<tr>
<td>Minister for Agriculture, Fisheries and Forestry</td>
<td>The Hon. Warren Errol Truss MP</td>
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<tr>
<td>Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Indigenous Affairs</td>
<td>Senator the Hon. Amanda Eloise Vanstone</td>
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<tr>
<td>Minister for Education, Science and Training</td>
<td>The Hon. Dr Brendan John Nelson MP</td>
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<tr>
<td>Minister for Family and Community Services and Minister Assisting the Prime Minister for Women’s Issues</td>
<td>Senator the Hon. Kay Christine Lesley Patterson</td>
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<tr>
<td>Minister for Industry, Tourism and Resources</td>
<td>The Hon. Ian Elgin Macfarlane MP</td>
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<td>Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service</td>
<td>The Hon. Kevin James Andrews MP</td>
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<td>Minister for Communications, Information Technology and the Arts</td>
<td>Senator the Hon. Helen Lloyd Coonan</td>
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<tr>
<td>Minister for the Environment and Heritage</td>
<td>Senator the Hon. Ian Gordon Campbell</td>
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</tbody>
</table>

(The above ministers constitute the cabinet)
HOWARD MINISTRY—continued

Minister for Justice and Customs and Manager of Government Business in the Senate
Senator the Hon. Christopher Martin Ellison

Minister for Fisheries, Forestry and Conservation
Senator the Hon. Ian Douglas Macdonald

Minister for the Arts and Sport
Senator the Hon. Charles Roderick Kemp

Minister for Human Services
The Hon. Joseph Benedict Hockey MP

Minister for Citizenship and Multicultural Affairs and Deputy Leader of the House
The Hon. Peter John McGauran MP

Minister for Revenue and Assistant Treasurer
The Hon. Malcolm Thomas Brough MP

Special Minister of State
Senator the Hon. Eric Abetz

Minister for Vocational and Technical Education and Minister Assisting the Prime Minister
The Hon. Gary Douglas Hardgrave MP

Minister for Ageing
The Hon. Julie Isabel Bishop MP

Minister for Small Business and Tourism
The Hon. Frances Esther Bailey MP

Minister for Local Government, Territories and Roads
The Hon. James Eric Lloyd MP

Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence
The Hon. De-Anne Margaret Kelly MP

Minister for Workforce Participation
The Hon. Peter Craig Dutton MP

Parliamentary Secretary to the Minister for Finance and Administration
The Hon. Dr Sharman Nancy Stone MP

Parliamentary Secretary to the Minister for Industry, Tourism and Resources
The Hon. Warren George Entsch MP

Parliamentary Secretary to the Minister for Health and Ageing
The Hon. Christopher Maurice Pyne MP

Parliamentary Secretary to the Minister for Defence
The Hon. Teresa Gambaro MP

Parliamentary Secretary (Foreign Affairs and Trade)
The Hon. Bruce Fredrick Billson MP

Parliamentary Secretary to the Prime Minister
The Hon. Gary Roy Nairn MP

Parliamentary Secretary to the Treasurer
The Hon. Christopher John Pearce MP

Parliamentary Secretary to the Minister for Transport and Regional Services
The Hon. John Kenneth Cobb MP

Parliamentary Secretary to the Minister for the Environment and Heritage
The Hon. Gregory Andrew Hunt MP

Parliamentary Secretary (Children and Youth Affairs)
The Hon. Sussan Penelope Ley MP

Parliamentary Secretary to the Minister for Education, Science and Training
The Hon. Patrick Francis Farmer MP

Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry
Senator the Hon. Richard Mansell Colbeck
SHADOW MINISTRY

Leader of the Opposition The Hon. Kim Christian Beazley MP
Deputy Leader of the Opposition and Shadow Minister for Education, Training, Science and Research Jennifer Louise Macklin MP
Leader of the Opposition in the Senate and Shadow Minister for Social Security Senator Christopher Vaughan Evans
Deputy Leader of the Opposition in the Senate and Shadow Minister for Communications and Information Technology Senator Stephen Michael Conroy
Shadow Minister for Health and Manager of Opposition Business in the House Julia Eileen Gillard MP
Shadow Treasurer Wayne Maxwell Swan MP
Shadow Minister for Industry, Infrastructure and Industrial Relations Stephen Francis Smith MP
Shadow Minister for Foreign Affairs and International Security Kevin Michael Rudd MP
Shadow Minister for Defence and Homeland Security Robert Bruce McClelland MP
Shadow Minister for Trade The Hon. Simon Findlay Crean MP
Shadow Minister for Primary Industries, Resources and Tourism Martin John Ferguson MP
Shadow Minister for Environment and Heritage and Deputy Manager of Opposition Business in the House Anthony Norman Albanese MP
Shadow Minister for Public Administration and Open Government, Shadow Minister for Indigenous Affairs and Reconciliation and Shadow Minister for the Arts Senator Kim John Carr
Shadow Minister for Regional Development and Roads and Shadow Minister for Housing and Urban Development Kelvin John Thomson MP
Shadow Minister for Finance and Superannuation Senator the Hon. Nicholas John Sherry
Shadow Minister for Work, Family and Community, Shadow Minister for Youth and Early Childhood Education and Shadow Minister Assisting the Leader on the Status of Women Tanya Joan Plibersek MP
Shadow Minister for Employment and Workplace Participation and Shadow Minister for Corporate Governance and Responsibility Senator Penelope Ying Yen Wong

(The above are shadow cabinet ministers)
<table>
<thead>
<tr>
<th>Shadow Ministry Role</th>
<th>MP Name</th>
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<tr>
<td>Shadow Minister for Immigration</td>
<td>Laurence Donald Thomas Ferguson MP</td>
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<td>Shadow Minister for Agriculture and Fisheries</td>
<td>Gavan Michael O’Connor MP</td>
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<tr>
<td>Shadow Assistant Treasurer, Shadow Minister for Revenue and Shadow Minister for</td>
<td>Joel Andrew Fitzgibbon MP</td>
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<td>Banking and Financial Services</td>
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<tr>
<td>Shadow Attorney-General</td>
<td>Nicola Louise Roxon MP</td>
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<tr>
<td>Shadow Minister for Regional Services, Local Government and Territories</td>
<td>Senator Kerry Williams Kelso O’Brien</td>
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<tr>
<td>Shadow Minister for Manufacturing and Shadow</td>
<td>Senator Kate Alexandra Lundy</td>
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<td>Minister for Consumer Affairs</td>
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<tr>
<td>Shadow Minister for Defence Planning, Procurement and Shadow Minister for</td>
<td>The Hon. Archibald Ronald Bevis MP</td>
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<td>Industrial Relations</td>
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<td>Shadow Minister for Sport and Recreation</td>
<td>Alan Peter Griffin MP</td>
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<td>Shadow Minister for Veterans’ Affairs</td>
<td>Senator Thomas Mark Bishop</td>
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<td>Shadow Minister for Small Business</td>
<td>Tony Burke MP</td>
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<td>Shadow Minister for Ageing, Disabilities and Carers</td>
<td>Senator Jan Elizabeth McLucas</td>
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<tr>
<td>Shadow Minister for Justice and Customs, Shadow Minister for Citizenship and Multicultural Affairs and Manager of Opposition Business in the Senate</td>
<td>Senator Joseph William Ludwig</td>
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<tr>
<td>Shadow Minister for Pacific Islands</td>
<td>Robert Charles Grant Sercombe MP</td>
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<td>Shadow Parliamentary Secretary to the Leader of the Opposition</td>
<td>John Paul Murphy MP</td>
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<td>Shadow Parliamentary Secretary for Defence</td>
<td>The Hon. Graham John Edwards MP</td>
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<td>Shadow Parliamentary Secretary for Education</td>
<td>Kirsten Fiona Livermore MP</td>
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<td>Shadow Parliamentary Secretary for Environment and Heritage</td>
<td>Jennie George MP</td>
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<td>Shadow Parliamentary Secretary for Infrastructure</td>
<td>Bernard Fernando Ripoll MP</td>
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<td>Shadow Parliamentary Secretary for Health</td>
<td>Ann Kathleen Corcoran MP</td>
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<td>Shadow Parliamentary Secretary for Regional Development (House)</td>
<td>Catherine Fiona King MP</td>
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<tr>
<td>Shadow Parliamentary Secretary for Regional Development (Senate)</td>
<td>Senator Ursula Mary Stephens</td>
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<tr>
<td>Shadow Parliamentary Secretary for Northern Australia and Indigenous Affairs</td>
<td>The Hon. Warren Edward Snowdon MP</td>
</tr>
</tbody>
</table>

ix
CONTENTS

TUESDAY, 15 FEBRUARY

CHAMBER

Condolences—
Mr Peter Nicholson Duckett White MC ................................................................. 1
Ministerial Arrangements ........................................................................................... 1
Questions Without Notice—
  Iraq ........................................................................................................................... 1
  Iraq ........................................................................................................................... 2
  Iraq ........................................................................................................................... 2
Distinguished Visitors ............................................................................................... 3
Questions Without Notice—
  Economy: Performance .......................................................................................... 3
  Iraq ........................................................................................................................... 4
  North Korea ............................................................................................................. 4
Distinguished Visitors ............................................................................................... 5
Questions Without Notice—
  Iraq ........................................................................................................................... 5
  New South Wales: Housing ..................................................................................... 5
  Fuel: Ethanol ........................................................................................................... 6
  Health Insurance .................................................................................................. 7
  Regional Services: Program Funding .................................................................... 8
  Transport: Infrastructure ....................................................................................... 8
  Regional Services: Program Funding .................................................................... 9
  Workplace Relations: Reform .............................................................................. 9
  Regional Services: Program Funding .................................................................. 10
  Trade: Australia-China Free Trade Agreement ..................................................... 10
  Regional Services: Program Funding .................................................................. 11
  Family Law: Reform ............................................................................................ 11
  Regional Services: Program Funding .................................................................. 11
  Drought: Assistance ............................................................................................... 12

Auditor-General’s Reports—
  Report No. 27 of 2004-05 ..................................................................................... 13
Documents ............................................................................................................... 13

Matters of Public Importance—
  Truth in Government .......................................................................................... 13
Committees—
  Selection Committee—Report ............................................................................. 26
Australian Sports Commission Amendment Bill 2004 ........................................... 28
Australian Institute of Marine Science Amendment Bill 2005—
  Referred to Main Committee ............................................................................... 28

National Security Information (Criminal Proceedings) Amendment (Application)
Bill 2005—
  Second Reading .................................................................................................. 28
  Third Reading ...................................................................................................... 32
Appropriation Bill (No. 3) 2004-2005 ................................................................. 32
Appropriation Bill (No. 4) 2004-2005 ................................................................. 32
Appropriation (Parliamentary Departments) Bill (No. 2) 2004-2005—
  Second Reading .................................................................................................. 32

Adjournment—
  Howard Government ........................................................................................... 99
CONTENTS—continued

Mr Peter Nicholson Duckett White MC ................................................................. 100
Foreign Affairs: Aid .............................................................................................. 101
YWCA Youth Services .......................................................................................... 102
Roads: Princes Highway ....................................................................................... 102
Health: Regional Australia ................................................................................... 104
Pallarenda Land Sale: Media Release ................................................................. 105
Notices .................................................................................................................. 106
The SPEAKER (Mr David Hawker) took the chair at 2.00 p.m. and read prayers.

**CONDOLENCES**

Mr Peter Nicholson Duckett White MC

The SPEAKER (2.01 p.m.)—I inform the House of the death on Sunday, 13 February 2005 of Peter Nicholson Duckett White MC, a member of this House for the division of McPherson from 1981 to 1990. As a mark of respect to the memory of Peter White, I invite honourable members to rise in their places.

Honourable members having stood in their places—

The SPEAKER—I thank the House.

Mr HOWARD (Bennelong—Prime Minister) (2.02 p.m.)—On indulgence, Mr Speaker: I want to particularly express my sadness and that of my colleagues on Peter White’s death. He was a close friend of mine. He was a shadow minister at the time that I was Leader of the Opposition in the 1980s. He was, in every sense of the words, both an honourable and a gallant member. He won a Military Cross when serving with the Australian defence forces in Vietnam. I extend to his wife Shirley and their children my deepest sympathy and condolences from all of my colleagues.

Mr BEAZLEY (Brand—Leader of the Opposition) (2.02 p.m.)—On the same matter, Mr Speaker: I remember Peter White well, obviously not as an intimate colleague but as my opposite number when I was Minister for Defence; therefore our paths crossed one way or another quite frequently. He was a fellow of some reading, a fellow who actually enjoyed his life in parliament and who had a fine sense of patriotism and a fine sense of concern about this country. We in the opposition join with the Prime Minister in offering our condolences to his family at this sad time.

**MINISTERIAL ARRANGEMENTS**

Mr HOWARD (Bennelong—Prime Minister) (2.03 p.m.)—I inform the House that the Minister for Workforce Participation will be absent from question time today to attend to personal matters. The Minister for Employment and Workplace Relations will answer questions on his behalf.

**QUESTIONS WITHOUT NOTICE**

**Iraq**

Mr RUDD (2.03 p.m.)—My question is to the Prime Minister. I refer to the Prime Minister’s answer yesterday in parliament to my question in relation to the allegations aired last night by Mr Rod Barton, recently of the Iraq Survey Group. Now that the Prime Minister has had the opportunity to examine Mr Barton’s allegations, does he still stand by the statement of 16 June 2004 of the Minister for Defence that ‘Australia did not interrogate prisoners’? And does he stand by his own statement of 28 May 2004 on the Neil Mitchell program when he said:

Can I just say again it did not involve Australians. We didn’t have anybody in our custody. We were not involved in any interrogations. We did not witness any interrogations.

Mr HOWARD—Since being asked that question I have had an opportunity to examine the interview that I gave to Neil Mitchell. It was entirely as the member for Griffith should have acknowledged in his question in the context of the Abu Ghraib allegations. The member for Griffith knew that and the member for Griffith should have been a little more candid with the parliament in asking the question. As to matters concerning the defence minister, those questions are best directed to him, and he and his colleagues will of course—

Mr Albanese interjecting—
The SPEAKER—Order! The member for Grayndler! The Prime Minister has the call.

Mr HOWARD—He and his officials will be available at the Senate estimates committee tomorrow.

Iraq

Mr PROSSER (2.05 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of international reactions to the 30 January elections in Iraq? Are there any alternative views?

Mr DOWNER—First, I thank the honourable member for Forrest for his question. I just want to add my condolences to Peter White’s widow and family. He was a very fine member of the House of Representatives, a very good man. On this side of the House we warmly welcome the elections in Iraq. I note, in answer to the honourable member’s question, that the warmth of the welcome for the results of those elections by the government—by the coalition members of the House of Representatives—has been reflected in the mainstream of the international community. That redoubtable Prime Minister of the United Kingdom, Tony Blair, called the elections ‘moving and humbling’. The New Zealand Minister for Foreign Affairs and Trade said that they were ‘a key step towards achieving a democratic and peaceful Iraq’. The South Korean foreign minister—from our own region—highly praised and celebrated Iraq’s elections. Japanese Chief Cabinet Secretary Hosoda said it was significant. As for the Indonesian foreign ministry spokesman, and I have been asked before about Indonesia’s approach to changes in Iraq, he described the elections as a ‘commendable determination’ by the Iraqi people to seize their own destiny.

There is no doubt about it: the international community, including, very importantly, Iraq’s neighbours, have been delighted with the progress of the elections and the advent of democracy in Iraq. King Abdullah of Jordan said it was a good example of a democratic process, and he praised the democratic processes in both Iraq and the Palestinian territories. Even the Iranian regime recognised the vote as a great step for Iraqis towards an independent regime. It is not surprising that there are still a number of countries—at the moment, 28—with troops on the ground in Iraq, a number that the opposition spokesman on defence found surprising when he did an interview the other day but, if you follow these issues, you will find there is a lot more to them than meets the eye. The 28 countries there on the ground are making a valuable contribution.

Finally, let me just say that I regret the opposition is less enthusiastic about the elections, has less to say about the elections and has fewer positive remarks to make about the elections. Instead we have just had lectures from the opposition about how awful the prospects for Iraq are. For example, we had the famous 106-word sentence from the Leader of the Opposition.

Opposition members interjecting—

Mr DOWNER—Yes, you may moan. They are moaning now, Mr Speaker. To put that into some perspective, I checked. The Gettysburg Address was reputedly 244 words, so 106 is not even quite half the length of the Gettysburg Address—but it was just one sentence.

Iraq

Mr McCLELLAND (2.09 p.m.)—My question is to the Prime Minister. Prime Minister, in light of your previous answer to the question from the member for Griffith, does the government now acknowledge that Australians were involved in the interrogation of Iraqi prisoners?

Mr HOWARD—What I said was that those are questions that should be best di-
rected to the defence minister, and the reason they should be directed to the defence minister is that they concern and are based upon remarks that have been made overnight by Mr Barton, who was at some point an officer in the defence forces and—

An incident having occurred in the gallery—

Honourable members interjecting—

Mr HOWARD—The coalition not only does well with the over 60s but with the very young as well! But these questions arise from some remarks that have been made by Mr Barton. They concern claims that he has made in relation to communications that he has made to the defence department. I think the best and most appropriate way in which they can and will be responded to is by questions being directed to the defence minister and to his officials, and that is what will happen.

DISTINGUISHED VISITORS

The SPEAKER (2.10 p.m.)—I inform the House that we have present in the gallery this afternoon members of a delegation from Papua New Guinea who are visiting Australia under the auspices of the Australian Political Exchange Council. On behalf of the House, I extend a very warm welcome to the members.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Economy: Performance

Mrs MAY (2.11 p.m.)—Would the Treasurer outline for the House information released today on business expectations and new lending? What does this data indicate about prospects for the Australian economy?

Mr COSTELLO—I thank the honourable member for McPherson very much for the question. The Australian Bureau of Statistics has released lending finance figures today showing that, in relation to housing finance, there was a bit of a tick up at the end of last year. Members of the House will recall that I have been dwelling on the fact that housing finance had turned down, which was something the government actually welcomed, in the course of the year. It does appear that there was a bit of a tick up at the end of the last year. Whether or not that presages something more permanent or it is just a change in relation to those months, we will have to wait and see. However, personal finance, although it increased in the month of December, is down over the year by 5.3 per cent. This is consistent with what we believe to be indications that households are consolidating their balance sheets and saving more than in the past. If so, that is very much a welcome thing.

The St George-ACCI Business Expectations Survey was released today, and it shows that expectations for the Australian economy are good; 2005 is expected to be buoyant and, importantly, expectations for wages growth over the next year have moderated. This is a point I have been making on numbers of occasions. We have historically low unemployment at the moment, over the last 30 years in Australia. If that should work its way into wage claims which are not based on productivity, that would be a key risk for the Australian economy. I would say to employees that there is an opportunity for good job opportunities and there is an opportunity for real wage increases, but we can only do that in a productive economy.

St George and ACCI point to robust employment growth expectations in the next year. On this side of the House, we believe that there is nothing more important in economic policy than delivering job opportunities to young Australians. Over the course of the government’s period since 1996, in Australia there have been created 1.5 million new jobs. That is 1.5 million Australians who have had an opportunity that they would not
have had if we had not had that growth in the economy and that job opportunity. The task of economic policy is to keep on going in this country to give more young Australians better opportunity in a growing economy.

**Iraq**

**Mr BEAZLEY** (2.14 p.m.)—My question is to the Prime Minister and follows the previous two that have been asked of him. Why won’t the Prime Minister accept responsibility for answering in this place questions related to Australians’ involvement in interrogations in Iraq?

**Mr HOWARD**—I have been asked two questions which have been based on claims made by somebody who was an officer in the defence forces. I repeat—as the Leader of the Opposition, both as a former Minister for Defence and otherwise, will know—that answers in relation to matters of detail like that are based on advice from Defence. There will be ample opportunity tomorrow for the Minister for Defence and the Department of Defence to answer those questions. The only thing I would add is to assure the member for Barton that I am not in any way acknowledging that Australians were involved in the interrogation of prisoners.

I repeat what has previously been said in this parliament: we accept in the early stages after 2003 that we were not an occupying power and Australia did not accept or detain prisoners. As I understand it, Mr Barton was involved at the time in doing work by the Iraq Survey Group. He was not involved as an officer of the Defence Force in ordinary defence work.

**North Korea**

**Mr FAWCETT** (2.16 p.m.)—My question is to the Minister for Foreign Affairs. Would the minister inform the House of the North Korean declaration that it has nuclear weapons?

**Mr DOWNER**—I thank the honourable member for Wakefield for his question. The member asks sensible questions on important issues for Australia and for the Asia-Pacific region. As the House is aware, the North Korean foreign ministry issued a statement on 10 February claiming that it had indefinitely suspended participation in what are called the six-party talks on its nuclear weapons programs and—to use its words—that it had manufactured nukes for self-defence. Our first reaction to that statement was that it was important not to overreact. Over the years we have been pretty used to the rhetoric of the North Korean regime, and there is no reason for us to react too strongly to that kind of rhetoric. The important thing for Australia and for the region is to do what we can to ensure that the six-party talks process does work.

I spoke last Friday to Secretary of State, Condoleezza Rice. Amongst other topics we discussed this issue. We certainly, and not surprisingly, warmly agreed with each other on the need to try to get the six-party talks going again. I spoke with the North Korean ambassador. I rang him, as I was in Adelaide and he was in Canberra, and I made it clear to him that we wanted to see North Korea return to the six-party process, that there was not a viable alternative for North Korea. If North Korea want some kind of a security guarantee, they will get that security guarantee from the other five parties to the six-party talks process by following through on the six-party talks. I made it clear to him that if they want to see economic development in North Korea—and from my experience there they certainly need it—a successful outcome to the six-party process would give North Korea the best opportunity to do that.

I also spoke with the Chinese ambassador, who used to be the Chinese negotiator in the six-party process—and many members here will know Fu Ying—and I made it clear to
her that we appreciated what China had been doing and that we hoped China would redouble its efforts to get the six-party talks going again. The North Koreans, not surprisingly, have come out and said that they would like to have bilateral negotiations just with the United States. Let it be said that Australia stands firmly by the view that the best way forward is through the six-party process, not through trying to isolate countries like China, Japan, South Korea and Russia from the process. It is very important that all of those countries are involved in this negotiation, not just the United States. I hope very much that, as time goes on, the North Korean leadership will recognise the commonsense of this position—and we will continue to communicate it to them.

**DISTINGUISHED VISITORS**

The SPEAKER (2.19 p.m.)—I inform the House that we have present in the gallery this afternoon His Excellency Ambassador Muehlethaler and Mrs Muehlethaler from Switzerland. On behalf of the House, I extend a very warm welcome to our visitors.

Honourable members—Hear, hear!

**QUESTIONS WITHOUT NOTICE**

**Iraq**

Mr BEAZLEY (2.20 p.m.)—My question is to the Prime Minister and follows the previous question about the specific employment arrangements with the Australian government for Mr Barton. Is it a fact, Prime Minister, that, when Mr Barton left the ISG, the special adviser to the director of the US Central Intelligence Agency wrote to the assistant secretary of the Australian Department of Defence, thanking him for the support you have provided in the person of Mr Rob Barton’. Isn’t it also a fact that, upon his return, he provided information to the Department of Defence about the interrogation of Iraqi prisoners?

Mr HOWARD—I do not have a direct knowledge of that. That is all the more reason why these questions are best answered by the Minister for Defence and his department. I will refer the Leader of the Opposition’s question to the defence minister. I would suggest that the Leader of the Opposition encourage his colleagues in the Senate to ask questions about it tomorrow.

**New South Wales: Housing**

Mr CADMAN (2.21 p.m.)—My question is addressed to the Treasurer. Has the Treasurer seen reports of a scheme for home purchasers in New South Wales which would involve superannuation savings? Are there any other proposals which would help home buyers in New South Wales?

Mr COSTELLO—I thank the honourable member for Mitchell for his question. I was rather intrigued to read in the *Sydney Morning Herald* yesterday that I had been challenged by the New South Wales housing minister, Mr Tripodi, to change Commonwealth superannuation rules. You become the New South Wales housing minister and you are suddenly a superannuation expert. Normally, when you get these challenges, somebody rings you up or you receive a letter from them. But, no, apparently you have to read the *Sydney Morning Herald* to find Mr Tripodi’s challenges—and it was a very challenging one, if I may so. It did not seem to get much support:

Assistant federal Treasurer Mal Brough said the proposal was ‘ridiculous’...

Always a man of few words, but good ones. The federal Labor spokesman on finance and superannuation said that the compounding impact of $25,000 out of your superannuation ‘will be very significant by the time you hit your 50s and 60s.’ That seems right to me. Also:
The Investment and Financial Services Association chief executive Richard Gilbert said Mr Tripodi should ‘stick to his knitting ...’  I do not know what sort of a knitter he is, but he is a better knitter than he is a housing minister, that’s for sure!

**Mr Albanese**—This is going to boost his ego no end!

**Mr COSTELLO**—I know he is a good friend of the member for Grayndler. I want to get that onto the record: ‘Member for Grayndler speaks up in favour of Joe Tripodi’. Nobody will believe it back in Sydney, unless they see it in the Hansard. ‘At that point Labor frontbench joins with government in laughing at Mr Tripodi’ probably should go into the Hansard. But I make this point: the New South Wales government has a new concern about the level of the property market in New South Wales. Can I say, the whole of the New South Wales government budget runs flush on the property market of New South Wales.

In 1994, the New South Wales government collected $510 million in land tax. Ten years later, in 2003-04, from $510 million the land tax had gone up to $1,355 million. In relation to stamp duties in New South Wales, since the election of the Carr government, when stamp duty was $1.09 billion, today the New South Wales government is collecting $3.9 billion in stamp duties, and what is Mr Joe Tripodi’s view? Mr Joe Tripodi says you should draw forward your retirement income and use your retirement income to try and pay some of your New South Wales tax bill.

If he wants to do something for the people of New South Wales, let the New South Wales Labor government cut its taxes, and, in particular, the vendor tax. Not only do they tax you when you buy a property—not only do they tax you with land tax—they now tax you as you sell your property. We would say to the New South Wales government: if you want to make it easier for people to purchase an investment property, if you want to make it easier for young couples to rent in the New South Wales market, now is the time to get rid of that vendor tax. It was not a tax that you were honest about; it is a tax that is hurting the market. It ought to be gone, and the New South Wales government ought to get rid of it.

**Fuel: Ethanol**

**Mr WINDSOR** (2.25 p.m.)—My question is to the Prime Minister. Given the many benefits to country communities associated with the development of an Australian ethanol industry, articulated by the Deputy Prime Minister, the Minister for Local Government, Territories and Roads, and others, will the Prime Minister now support the introduction of legislation to mandate the use of ethanol in petrol?

**Mr HOWARD**—I am certainly aware—and the member for New England, perhaps surprisingly, draws attention to it—of the strong personal commitment of the leader of The Nationals and Deputy Prime Minister to the ethanol industry. I want to applaud the efforts to bring sensible policy in this area that have been pursued by the Deputy Prime Minister. We have looked at mandating in the past and we have looked at it, I think, with quite an open mind. The advice that is available to the government at present is not sufficiently convincing to support mandating.

Mandating of ethanol does involve, prima facie, a significant market distortion. What we are in effect saying is that you must, under penalty of law, use a certain product in a certain ratio. You have to have a very good reason before you do that. Given the fact that there are already significant tax inducements for the use of alternative fuels and given the fact that we have an ethanol program which is designed to help companies that are trying
to use ethanol, you have to have a pretty convincing scientific case. We have looked at it. In a sense, the easy policy option—the lazy policy option—would be the one being advocated by the member for New England, because there is a lot of popular support for it. But, on the information that we have seen to date, that popular support is not soundly based.

Let me say to the member for New England, as I say to everybody else in the House, that, if the scientific and other evidence coming before the government were to change, I would certainly be willing to change my mind and I am sure my colleagues would be willing to change their minds. We do not have any prejudice against ethanol. We do not have any prejudice against the people who are promoting it. We have not tried to destroy the ethanol industry, as members of the Labor Party did last year.

One of the reasons why the member for New England asks this question is that there is a lot of distress amongst those people who are concerned about the future of the ethanol industry and of one company in particular, and the difficulties of those people and that company are the direct result of the political campaign that was waged in this parliament by members of the Australian Labor Party. They could not have cared less about the bush. They did not care less about the ethanol industry. They just wanted to try and get somebody on the grounds of some alleged over-close association with me. I have never denied the fact that I know and like Dick Honan. I do not run away from people I know—that is not my style. Quite frankly, that campaign has done great damage to the industry, and the Labor Party ought to be ashamed of the way in which they have played politics to the detriment of companies, investment and an industry.

Health Insurance

Mr ANTHONY SMITH (2.29 p.m.)—My question is addressed to the Minister for Health and Ageing. Would the minister advise the House of the number of Australians taking out private health insurance? What does this mean for the availability of health services more generally for all Australians?

Mr ABBOTT—I thank the member for Casey for his questions. Yesterday I was able to inform the House about more bulk-billing and today I am able to inform the House that more Australians are taking out private health insurance. In the December quarter 34,000 more Australians were covered by private health insurance, including 31,000 more Australians over the age 55. Thanks to the policies of the Howard government nearly nine million Australians now enjoy the added security that private health insurance brings, including—

Honourable members interjecting—

Mr ABBOTT—I am being distracted by this unaccustomed flattery. Nearly nine million Australians enjoy the added security that private health insurance brings, including one million Australians with incomes of less than $20,000 a year. For the benefit of members opposite I point out that having more people with private health insurance helps everyone because that takes the pressure off public hospital waiting lists. Fifty-six per cent of all surgery in this country now takes place in private hospitals. In recent years private hospital admissions have been growing by six per cent a year compared to just two per cent a year for public hospital admissions. Since 1996 the number of private hospital beds has increased by 12 per cent and in the same period the number of public hospital beds has fallen by seven per cent. The truth is that we cannot have a strong and dynamic Medicare system in this country without a strong and viable private health
sector as well. These figures today demonstrate that you can trust the Howard government with the health care of the Australian people and you can trust the Howard government to take the steps necessary to make a good system even better.

Regional Services: Program Funding

Mr BEAZLEY (2.32 p.m.)—My question is to the Prime Minister. Can the Prime Minister confirm that he made an offer of funding to the Beaudesert Rail Association in a letter faxed to the member for Forde from the reception of the Country Plaza International Hotel in Gladstone on 12 June 2003? Can the Prime Minister advise the House of the basis of that offer and the source of the funding?

Mr HOWARD—I will check the details of it. I certainly remember representations being made to me by—to coin a phrase—the indefatigable member for Forde, who was returned at the last election with a hugely increased majority. I will investigate the details of it and in due course I will supply the Leader of the Opposition with a more detailed answer.

Transport: Infrastructure

Mr BALDWIN (2.33 p.m.)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the Deputy Prime Minister advise the House of coal transport improvements in the Hunter Valley? Minister, how has this improvement been achieved?

Mr ANDERSON—I thank the honourable member for his questions and note his very real interest in the performance of the rail infrastructure in his area. There has been a bit of a focus in recent days on the capacity of our nation to meet export demands via its ports and related infrastructure. The Treasurer has rightly raised this matter. Here we have a good news story and a stark contrast between state performance in the management and upgrading of infrastructure and our performance.

The Hunter Valley generates no less than 36 per cent of Australia’s coal exports. Indeed, 2½ per cent of the world’s shipping capacity has been involved in moving coal out of Newcastle in recent times. There have been real problems there in that the coal loader, which is perhaps one of the best in the world with a capacity of a bit over 100 million tonnes a year, has a rail feeder that has not been able to keep up with that demand. In September last year the Australian government through its wholly-owned corporation, the Australian Rail Track Corporation, took over control of the management of the interstate and Hunter Valley rail links in New South Wales. I was amazed to be told anceotadally by a couple of people who were looking to invest further in the coal industry that they had noticed in just four months a 20 per cent increase in productivity. I thought that that was only anecdotal, that it could not possibly be right.

In fact it is right. Indeed, as a result of what the ARTC have been doing—and not a cent has been spent yet; we have $260-odd million of upgrades to come—just through improving track maintenance, workplace culture, the facilitation of improved rolling stock deployment by rail operators and so forth, they managed in one day, on 22 January this year, to move 280,000 tonnes of export coal—a record. It was 20 per cent up on the previous best performance, and I think that is something for which the Australian Rail Track Corporation and the people who work for it ought to be heartily congratulated. They are helping to create more jobs and a better export performance. They are highlighting what you can do with good management. Fifty-five coal services were managed on that network in just one day.
When you stop to think of what is to come—the upgrade which will include a program for duplication of the track north of Maitland to reduce congestion; grade separation at Sandgate, which is long overdue; concrete resleepering; track straightening; and bridge strengthening—the sky is the limit. It just shows what can be achieved with good management, with a bit of dedication, with some good business analyses and the financial support necessary to back that up. The challenge is there now for the Queensland government, more than anybody else, to step up to the mark with its export ports and show us what it can do.

Regional Services: Program Funding

Mr BEAZLEY (2.36 p.m.)—My question is again to the Prime Minister. Can the Prime Minister confirm advice from the member for Forde lodged in documents in the Queensland Supreme Court that the loan funds offered in his letter of 11 June 2003 would be sourced from the Prime Minister’s discretionary fund? Can the Prime Minister confirm the existence of this fund? What is the purpose of this fund and where can details be found of how these moneys are being spent?

Mr HOWARD—This is the first I have heard of a discretionary fund.

Workplace Relations: Reform

Mr KEENAN (2.37 p.m.)—My question is addressed to the Minister for Employment and Workplace Relations. Would the minister inform the House of recent comments in support of further reform of the workplace relations system?

Mr ANDREWS—I thank the member for Stirling for his question and acknowledge both his and his family’s long involvement in small business in Australia. As the member for Stirling knows, the government has been undertaking a comprehensive consultation process in relation to further reform of workplace relations in Australia and has welcomed input from various individuals and organisations. To this end, I welcome the release today by the Business Council of Australia of their suggestions in a document entitled Workplace relations—the way forward. I remind honourable members that the companies that are affiliated with the Business Council of Australia directly employ some one million people in Australia. This report acknowledges that workplace reforms previously put in place have done a number of substantial things. Firstly, they have boosted the pace of productivity growth in Australia. Secondly, they have helped to cut unemployment in this country. Thirdly, they have encouraged higher participation in the work force. Fourthly, the reforms in particular of this government have reduced industrial disputation.

What the Business Council of Australia goes on to suggest is a need for further evolution of workplace relations in Australia to ensure that we keep pace in this country with a dynamic modern economy. It supports, for example, moves to simplify awards which the Business Council describes as: ... blunt instruments of employment with little scope to differentiate arrangements with individual employees in response to their roles, efforts and capabilities.

The Business Council also supports streamlining the agreement-making process and addressing problems in what it calls the jurisdictional fault lines caused by the duplication of state and federal workplace systems. Indeed, Mr Michael Chaney from the Business Council said:

The ongoing success of our economy—in particular its capacity to deliver higher living standards and strong incomes growth—depends on allowing Australian workplaces, large and small, to be as flexible, skilled, productive ... as possible.

That is a good summary of the government’s intention in relation to this matter. Anybody who has any grasp on the reality of what is
needed for Australia’s future prosperity will know that standing still is not an option and that we must continue to move forward in a way which will create greater prosperity and more jobs for Australians. That stands in stark contrast with the Labor Party that still has its policies rooted in the past.

Regional Services: Program Funding

Mr KELVIN THOMSON (2.40 p.m.)—My question is to the Prime Minister. I refer the Prime Minister to the condition in his letter of offer to the Beaudesert Rail Association that the association must demonstrate the financial viability of its project. Was the Prime Minister informed that the Department of Transport and Regional Services arranged an independent financial viability assessment of the Beaudesert rail project? Was he aware that this assessment found the project was not viable? If so, what action did he take in relation to his 11 June offer of a $400,000 loan?

Mr HOWARD—I have already indicated in answer to the Leader of the Opposition that I will seek to inform myself on this issue and when I have something further to say I will certainly come back with great pleasure.

Trade: Australia-China Free Trade Agreement

Mr McARTHUR (2.41 p.m.)—My question is addressed to the Minister for Trade. Would the minister inform the House of progress towards the development of an Australia-China free trade agreement?

Mr VAILE—I thank the member for Corangamite for his question. I know that for his constituents in Corangamite, China has always been a very important market, particularly for the wool that comes out of his electorate and for other products as well. As the House would be aware, in October 2003 China and Australia agreed, as a result of the signing of the economic framework, to undertake a joint feasibility study into the possibility of a free trade agreement between China and Australia. That has continued well, to the point where we expect that to be completed within the next month or so.

For the information of the member for Corangamite, I read with interest recently comments by the President of the ACTU, Sharan Burrow, at a symposium presumably being conducted by the ACTU called China, trade liberalisation and labour rights, which I note was closed to the public and the media although the speech was distributed. Ms Burrow made it clear that she has problems about the economic gains from the FTA and she was quoted as saying that she had significant reservations about the net economic gain from bilateral agreements. We know the position the ACTU and, indeed, the Australian Labor Party took on the US-Australia Free Trade Agreement. But what Ms Burrow is, in effect, saying is that she has reservations about linking Australia more closely to our second largest merchandise export market, linking us more closely to a market where our trade has quadrupled over the last decade and linking us with a market whose GDP is forecast to grow by about seven to eight per cent per annum over the next 10 to 15 years.

I can assure the House and the member for Corangamite that the ultimate decision on whether we proceed with an FTA or not will be based on the feasibility study. It will be based on an economic analysis and an overall assessment of the national interest, recognising the importance of this market. There are, as you would be aware, Mr Speaker, a number of former presidents of the ACTU in this place. One of them was in the media today recognising the importance of the Chinese market with respect to a particular resource that we have in Australia. We welcome those comments from the member for Batman with regard to future trade prospects with China. We hope that the opposition,
when they make their assessment of the prospective negotiations with China, base that on the same criteria as the government and not on whether it is in the interests of their political masters at the ACTU—an organisation that we know for very good reasons is representing a diminishing membership.

**Regional Services: Program Funding**

**Mr KELVIN THOMSON** (2.44 p.m.)—My question is again to the Prime Minister. Was the Prime Minister aware when he made the offer of a loan to Beaudesert Rail that the association had been trading while insolvent for at least six months? Was he aware that the association had spent all grant funds by December 2002, including the $5 million he announced in November 2001 and $76,000 provided through the Regional Assistance Program? Was he also aware that, at the end of 2002, the Beaudesert Rail Association owed trade creditors over $600,000, and Queensland Rail, $675,000? Given this history of financial mismanagement, how did the Prime Minister satisfy himself that the government’s probity and viability requirements could be met?

**Mr HOWARD**—I have already indicated that I will be investigating this matter and providing further information. I therefore do not have anything to add to the answer I have previously given.

**Family Law: Reform**

**Mrs HULL** (2.46 p.m.)—My question is addressed to the Attorney-General. Would the Attorney-General update the House on the government’s reforms to the family law system and, in particular, some of the concerns raised in the report to government entitled *Every picture tells a story*? What has been the community’s response to the proposed changes?

**Mr RUDDOCK**—I thank the honourable member for Riverina for her question. I would also like to thank her for her very excellent chairing of the House of Representatives Standing Committee on Family and Community Affairs and for its excellent report, *Every picture tells a story*. The committee’s work formed the basis for the most significant changes announced to the family law system in some 30 years. Those reforms are about changing the culture in the way in which family law issues are addressed. We hope to achieve this by giving families facing difficulties a single entry point to access services that can help them. We will do that through 65 family relationship centres, the first 15 to be established initially and the rest within three years. We also do so by encouraging separating parents to work together to resolve their difficulties and to recognise that, rather than working against each other in a court room, they should try to work these issues out before they contemplate going to court. We want to change the Family Law Act to promote the sharing of parenting responsibilities and to recognise the right of a child to be able to know both their parents unless there are exceptional circumstances.

These are good and practical reforms. I think they have been very well received by the community. I am reinforced in that by our recent consultations, which attracted more than 400 submissions. Most of them welcomed the government’s efforts to make the family law system less adversarial and more focused on the best interests of children. I want to thank the community and the stakeholders for their overwhelming response to our discussion paper. When families separate it obviously touches the lives of many people in our community. This government is about reducing the pain and conflict for families post separation, and these reforms will go a long way to achieving that.

**Regional Services: Program Funding**

**Mr BEAZLEY** (2.48 p.m.)—My question is to the Prime Minister. When did the Prime
Minister decide to withdraw his offer of a $400,000 loan to the Beaudesert Rail Association and replace it with a $660,000 grant through the Regional Partnerships program? Can he confirm that the offer of a loan was converted to a grant because the association was in such a parlous financial state that it would not be able to service the debt?

**Mr Howard**—I refer the Leader of the Opposition to the answers I have given to the last four questions.

**Drought: Assistance**

**Mr Tuckey** (2.49 p.m.)—My question is addressed to the Minister for Agriculture, Fisheries and Forestry. Would the minister advise the House on how the government is providing drought assistance to grain farmers in Western Australia? Has there been cooperation from the Western Australian government to assist these farmers?

**Mr Truss**—I thank the honourable member for O’Connor for his question and acknowledge his keen interest in agricultural issues in Western Australia. There has been some return to better seasons in parts of Western Australia, resulting in some good wheat crops, but there are areas where the drought is persisting and where there is continuing difficulty for farmers in making a worthwhile living in those parts. I am pleased to advise the House that this morning I announced that three drought-affected shires in Western Australia’s north-eastern wheat belt will now be able to receive interim exceptional circumstances assistance. The farmers in these areas have endured ongoing drought and difficult seasons for some time, and this will enable them to get six months of assistance to meet basic needs for their families while their applications for full exceptional circumstances assistance are under consideration by the National Rural Advisory Council. If that is successful then these benefits would continue for two years and interest subsidy payments would also be available to the farmers in those areas. Because this is a large-scale farming area where the properties have, in many instances, run up significant debts, those interest subsidies are of particular value.

For at least four years now the federal government have been trying to reform the exceptional circumstances arrangements to make them work well, but we have had little or no cooperation from any of the states. I did notice that a week or two ago the Western Australian government announced some extra drought assistance in the form of some top-up grants for farmers in that state, and of course that is welcome. It is good to see a state introducing some new measures. But the farmers of Western Australia would be well advised, if they are thinking of voting Labor in the state election coming up, to look at the record of what Labor did in the eastern states in relation to drought assistance in the run-up to their state elections.

The Victorian government introduced a very useful assistance program of grants for that state’s farmers before the Victorian state election, but as soon as the election was over they axed it and there is now no assistance at all coming from the Victorian government to the state’s farmers. In New South Wales and Queensland the Labor Party did similar things: they announced assistance to drought-stricken farmers but as soon as the elections were over they quietly started to withdraw the areas eligible for assistance. So the farmers in Western Australia need to keep a good eye on what is happening there as well. These announcements that come before elections, when they are made by the Labor Party, are inevitably followed up by a withdrawal of those measures as soon as the elections are over. The safest way to make sure that it does not happen is to throw out the Labor government in Western Australia and
Mr Howard—Mr Speaker, I ask that further questions be placed on the Notice Paper.

AUDITOR-GENERAL’S REPORTS

Report No. 27 of 2004-05

The SPEAKER—I present the Auditor-General’s Audit report No. 27 of 2004-05 entitled Performance audit—Management of conversion to digital broadcasting: Australian Broadcasting Corporation; Special Broadcasting Service Corporation.

Ordered that the report be made a parliamentary paper.

DOCUMENTS

Mr ABBOTT (Warringah—Leader of the House) (2.54 p.m.)—Documents are presented as listed in the schedule circulated to honourable members. Details of the documents will be recorded in the Votes and Proceedings.

MATTERS OF PUBLIC IMPORTANCE

Truth in Government

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

The need to adhere to the principle of truth in government.

I call upon those members who approve of the proposed discussion to rise in their places.

Mr RUDD (Griffith) (2.55 p.m.)—The MPI today is supposed to be about the principle of truth in government. After the performance of the Prime Minister today, it should equally be about the principle of accountability in government. It should be about the death of accountability in government. It should be about the absence—the erosion—of accountability in government. I have been in this House now for six years and have not seen this Prime Minister stand at this dispatch box, question after question, refusing to answer anything put to him. The arrogance of this government has begun to consume them. It has, in fact, become the death of Westminster. And you blokes are presiding over it—you, the conservatives, who wear Westminster on your sleeves.

The core element of the Westminster system of government is ministerial accountability to parliament and to this House. The last time I looked, honourable members, the person who answers to this parliament on behalf of the government was called the Prime Minister—not the defence minister, not the foreign minister, but the Prime Minister—and last time I looked he got a pretty big pay cheque. He runs the show; he likes it. He gets the flash house on Sydney Harbour. He is the core of the accountability system that is supposed to operate in this House. But today we have a Prime Minister who, when posed basic questions of accountability, simply refuses to answer. Our Prime Minister has a terrific MO. What is his modus operandi? When a question gets asked and he does not like it, we get a magisterial wave of the hand and magically the question becomes a nonquestion—it did not happen; it is not a question worthy of the prime-ministerial presence; it has to be dealt with elsewhere.

We do not have a Prime Minister in this parliament anymore; we have someone who increasingly resembles Louis XIV. There he is just waiting for people to pay court to him. I know that the Minister for Foreign Affairs does that on a daily basis. When the foreign minister asks the Prime Minister, ‘Why is this a nonquestion?’—‘Pour quoi is this a nonquestion?’—the Prime Minister says, ‘I deem it to be a nonquestion,’ and therefore it
did not happen; it did not exist. This government has descended into the depths of its own arrogance under John Winston Howard. Of course, the logic of the Prime Minister’s refusal to answer our basic questions regarding Australian participation in the interrogation of prisoners in Iraq was along these lines: (1) stick a sock in it—just go away; (2) go and ask the Senate—and because the Senate is not sitting today, go and ask them tomorrow. That is the essence of this Prime Minister’s response. This is absolute arrogance. Furthermore, he says that maybe, once he has looked at all the facts, he might come back to us with some further comments.

Honourable members may recall that yesterday in this parliament I stood at this dispatch box and asked virtually the same question of the Prime Minister. He said, ‘I’m going to look at what Mr Barton of the Defence Intelligence Organisation has to say in the Four Corners program tonight.’ We saw the Four Corners program last night. The Prime Minister has acres, squadrons, battalions of advisers, officials and political apparatchiks all poring over this stuff. He comes in here at 2 o’clock today and, surprise surprise, what is the first question he gets asked? The same question we asked him yesterday. He still did not have time to get his basic lines right. This is ‘Arrogance Inc.’, otherwise known as the Howard government. The foreign minister is laughing, because accountability in the parliament is just a joke. Foreign Minister, you have form when it comes to telling the truth to this parliament. You have genuine form.

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member will address his comments through the chair.

Mr RUDD—You are the minister who stood in this parliament and said, ‘We’re going to war in Iraq because the Iraqis have stockpiles of chemical and biological weapons.’ That was not true. You told us that you believed there were stockpiles of chemical and biological weapons because the intelligence agencies—

The DEPUTY SPEAKER—The member for Griffith will address members by their title or by their electorate.

Mr RUDD—The foreign minister told the parliament that the government believed that there were stockpiles of chemical and biological weapons because that is what the intelligence community said at the time. That was not true either. We found that out through your mate David Jull’s parliamentary inquiry. Then the minister told us that the government had no knowledge at all of allegations of prisoner abuse in Iraq. Do you remember that scandal last year? How many situation reports had come back from Australian representatives in Iraq about the International Council of the Red Cross’s concerns about prisoner abuse in Iraq? There were tens of them—36, from memory. The claim was that there was no official knowledge of any allegations of prisoner abuse. What was the truth? There was a truck load of information pouring back into the bowels of this minister’s department and the defence minister’s department. This minister and this government have form when it comes to telling the truth. This government is endemically loose with the truth when it comes to its accountability to this parliament and to the country more broadly.

Now we come to Mr Barton and the particular matters he put into the public debate in his interview last night. And foolish souls that we are, we thought that this was the appropriate place to raise the matters put into the public debate by Mr Barton. Last time I looked this was the parliament. This is where we are supposed to come and do these sorts of things. Obviously we have that wrong. As we look at what Mr Barton had to say, let us
refresh our memories on what the government has formally put on the public record about whether or not any Australians were involved in any interrogation of Iraqi prisoners. On 28 May 2004, the Prime Minister, on the Neil Mitchell program, said:

We did not have anybody in custody. We were not involved in any interrogations. We did not witness any interrogations.

That was Prime Minister John Winston Howard. That was not in a Labor Party publication; that was on the Neil Mitchell show. Now we go to Senator Hill in Senate estimates. He said on 1 June, last year:

Australia does not manage the prisons, and Australia is not involved in the interrogation of prisoners.

I now go to what the minister said on 16 June last year. He said again:

Australia did not interrogate prisoners.

This was the Howard government’s clear-cut statement before, during and after the entire saga, last year, about allegations of prisoner abuse in Iraq, which arose first off in the public domain because of the publication of the appalling photographs from Abu Ghraib. So what is the Sergeant Schultz defence muttered by Mr Kafopoos opposite here? The Sergeant Schultz defence, again, is that we Australians had nothing at all to do with the interrogation of Iraq prisoners. The Prime Minister says that and the defence minister says that. Enter Mr Barton—ex of the Defence Intelligence Organisation, ex of UNSCOM and, most recently, ex of the Iraqi Survey Group. The Iraqi Survey Group, which is directed by the CIA, was made responsible by the US administration—and I believe other coalition provisional authority countries as well—to go in search of the stockpiles of chemical and biological weapons which Mr Downer’s government took us to war in search of in the first place. The Iraqi Survey Group became that body in which Mr Barton worked.

It is important formally to go through what Mr Barton is saying. The first claim from Mr Barton: he worked for the Iraqi Survey Group from the end of 2003 into 2004. His second claim: part of his responsibilities involved him in the interrogation of certain high-value Iraqi detainees at Camp Cropper. There are two major prisons in Baghdad: Abu Ghraib and Camp Cropper. Camp Cropper is the place where high-value Iraqi detainees—that is, those who are leading members of the former regime—were detained.

Mr Barton’s third claim is that he had concerns at the time about the abuse of Iraqi prisoners. He had those concerns before the publication of the notorious photographs in April 2004. For example, in his diary of 24 March 2004 he is reported to have recorded:

The high value detainees—my thoughts. Have there been abuses? Simple answer is yes.

That is Mr Barton’s formal record in his diary as a professional officer trained in the Defence Intelligence Organisation attached to the Iraqi Survey Group and having directly participated in the interrogation of certain high-value Iraqi detainees at Camp Cropper. His simple answer was: yes, there had been abuses.

The fourth claim: Mr Barton claims there were other Australians involved in interrogation of Iraqis. This is a most significant point and we will wait with great interest in the days ahead as to how the wriggle masters opposite try to duck and weave their way out of that one. The fifth claim: Mr Barton reported his concerns about prisoner abuse to the First Assistant Secretary in the Department of Defence on a return to Canberra at the end of March-early April last year—again, before the publication of the Abu
Ghraib photographs which became a matter of such public notoriety last year.

The sixth claim: Mr Barton also recommended, in the course of a discussion with the Department of Defence, that Australia ‘should not be involved in the interview or interrogation of any of the prisoners at Cropper’. That was the direct recommendation from Mr Barton following his experiences in Iraq. The seventh claim: Mr Barton said there was no follow-up at all by the government of any of the concerns he raised about prisoner abuse or his recommendation that Australians should not be involved in any further interrogation of Iraqi prisoners.

Mr Barton’s eighth claim: following the public scandal he was finally contacted by the Department of Defence. Remember last year we had that extraordinary saga whereby questions were raised, the defence minister made certain statements in the Senate and then they had to basically close down shop while he conducted a two-week internal defence department inquiry as to what had happened. It was at that time, finally, that the defence department contacted Mr Barton and asked, ‘What did you see?’ According to the program last night he told them what he had seen and what his concerns were—and these were documented. And my recollection is that he signed off on that.

Mr Downer—He did not say he had seen it.

Mr Rudd—The minister suddenly betrays an extraordinary familiarity about these matters given that the Prime Minister could not answer any questions before in detail.

Mr Downer interjecting—

Mr Rudd—I would have thought you would have made these known to the Prime Minister.

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The DEPUTY SPEAKER—Order! The Minister for Foreign Affairs will have a chance to reply.

Mr Downer interjecting—

Mr Rudd—The minister describes himself as ‘soft in the head’. I find that a remarkable self-admission. In claim No. 9, Mr Barton asserts some time later that, at the time, Senator Hill made the following statement to the Senate, which I think he made in June:

Defence has thoroughly reviewed the information available to it and has confirmed the key facts in this issue. Australia did not interrogate prisoners.

That is the defence minister’s conclusion in the Senate, following this two-week long internal inquiry which involved the discussion with Mr Barton, who has already told us what he had said to them. Claim No. 10 is that Mr Barton then maintains that, following that statement by Defence Minister Hill, he rang the Department of Defence to complain and said, ‘That is not right’—the claim that there were no interrogations involving Australians in Iraq.

I think this amounts collectively to an extraordinarily serious set of claims in terms of what is on the public record from this government so far. We saw the beginning bleating defence by the Prime Minister today when he said, ‘Oh, Mr Barton. Well I’m not sure entirely whether he’s got much to do with the Australian government.’ There is a letter here from Mr Charles Duelfer, Special Adviser to the Director of Central Intelligence, to ‘The Assistant Secretary of Defence, International Policy Division, Russell Offices, Canberra’. That is the Australian Department of Defence. The letter says:

Dear Mr Skelt,

I am belatedly writing to express my gratitude for the support you have provided in the person of Mr. Rod Barton.
I must also thank you for your overall support to this effort out here. Australia has been a great partner as always—by the way—If I can return the favor in anyway, let me know.

This is the gentleman about whom they institutionally are beginning to say, ‘We know nothing. Who is he?’ Not only were these nonquestions earlier today but I think Mr Barton is about to become a nonperson as far as these folk opposite are concerned. A lot of Orwellian practice has gone into the way in which this mob handle question time. Look, Minister, the bottom line is this: you cannot escape and hide from this. You have statements from your own officials at estimates hearings last year saying that they had looked carefully at the operations of the Iraqi Survey Group, and they came back and said, ‘No, our Australian colleagues in the Iraqi Survey Group are not involved in interrogation or detention processes.’ I have to say, Minister, your own record on this, those of your officials at estimates, will also make an interesting matter for inquiry in coming days.

The bottom line with this whole matter is that, like last time, we are embarked upon the dance of the seven veils. Each time we have thrown something up here, whether it is stockpiles of WMDs, whether it is their knowledge of prisoner abuse in Iraq or whether Australians were involved in any direct interrogation themselves, it is like getting blood out of a stone with this mob. They never just stand up and tell the truth. They never just present questions on regional rorts, evading questions on regional corruption. Minister, you cannot evade the truth forever, and you stand condemned. (Time expired)

Mr DOWNER (Mayo—Minister for Foreign Affairs) (3.10 p.m.)—It is Groundhog Day. We have heard this line from the opposition year in, year out. Unless the opposition starts to think about its own political strategy instead of smearing government officials, unless it starts to think about some positive agenda for addressing, amongst other things, national security issues, it will just remain endlessly in opposition. I do not know how many MPIs have been along these lines but the MPI put today accuses everybody except those associated with the Labor Party of being a liar.

My father was a member of the House of Representatives, as was the Leader of the Opposition’s, and I can remember that during the Menzies government this was a big line of the Labor Party. They would always run this line that anyone who disagrees with them must by definition be a liar. Arthur Calwell ran it; I can remember it. During Gough Whitlam’s time, Fraser could not lie straight in bed and he was a liar. We have had now for nearly nine years the same line being run by the Labor Party, except that I think their arguments are now beginning to get a little thin and a little weak. I think the public look to the opposition to come forward with alternative ideas for the future of the country. But here they are, getting once more bogged down in an issue you would have thought they would have a clear and simple position on—the issue of Iraq.

I would have thought the opposition should, after three or maybe four years of public discussion on the issue, have developed a simple line on what they think. But I do not think I have ever seen more changes in position than I have seen from the opposition on the issue of Iraq. Since 23 March, I remember the day only too well, Mark Latham’s, dare I mention his name, notorious 2UE interview—

Mr Laurie Ferguson interjecting—

Mr DOWNER—Yes, well he is not even a member of parliament, my friend. There he
was on 2UE with Mike Carlton, the softest Labor interviewer you can get. In that interview he ran the Mike Carlton line: troops out by Christmas. Since then, by the way, there have been 16 different positions from the Labor Party on what Australia’s position should be on our troops in Iraq. I would stick to one simple position: support them. Support the Australians who are taking risks over there and helping the Iraqi people who have just had an historic election. Support those troops and support Australia’s proud effort in helping the people of that country achieve freedom of democracy. After all, if the Labor Party’s policy had been implemented, if Labor had been the Australian government back in 2003—think about it—and they had successfully persuaded everybody in the world to agree with them—obviously that is a hypothetical proposition—Saddam Hussein would still be the dictator of Iraq and Abu Ghraib, which the opposition spokesman on foreign affairs likes to talk about with such passion, would still be the heartland of his regime of torture.

Have the opposition ever asked a question in parliament about Saddam Hussein’s record of torture in the Abu Ghraib prison? No. What they did last year was to smear the government, and they have started to do it again on the basis of some comments made by Mr Barton on the *Four Corners* program. It is not on the basis of what the Department of Defence has to say about those comments, and all will be revealed tomorrow when the department explains all of these issues perfectly clearly. But the Labor Party cannot wait until that happens; they have to get into a smear campaign.

What the Labor Party have tried to do since the Abu Ghraib scandal erupted last year is to associate the government, our defence forces and our civilians, such as the people who worked for the Iraq Survey Group, with the Abu Ghraib abuses. That has been the position of the Australian Labor Party, and they have proposed a matter of public importance today on honour and honesty. That is a dishonourable and dishonest thing to suggest about the Australian government. The Prime Minister, the Minister for Defence and I can stand up for ourselves, but think of the people working for the Australian Department of Defence, the Australian Defence Force, the Iraq Survey Group and the Department of Foreign Affairs and Trade. Have any of these people been involved in prisoner abuse in Abu Ghraib or, for that matter, anywhere else in Iraq? The answer to that is: they have not been. The suggestion here—the smear here—is that Australians have been involved in abuses in Iraq. Australians have not been.

The smear was used by Evatt, Calwell, Whitlam—who came next?—and Hayden; they all used it. Then we had a run of them: Beazley, then Beazley, then Crean, then Latham and now it is groundhog day and we have Beazley again. Anyway, it does not matter who the leader of the Labor Party is, there is always this sort of pedantic attempt to prove that Australians were involved in the Abu Ghraib abuses. That is the leitmotiv of this argument and that is a disgraceful smear not on the politicians here—obviously we were not at Abu Ghraib; I do not think any politician in Australia has visited Abu Ghraib—but on the Defence Force personnel and Australian civilians who have been involved. And it is quite wrong.

The opposition spokesman on foreign affairs, the member for Griffith, likes to run the line that the government lied about weapons of mass destruction. He uses that argument often. On 21 September 2002, the member for Griffith said:

... Iraq’s foreign minister is a liar. Iraq plainly possesses chemical and biological weapons agents and there’s some evidence that those agents have been weaponised.
That is what the member for Griffith said on 21 September 2002. If he applied the standards he is trying to apply in the House today, he should resign. Only two days later he said:

There is no debate or dispute as to whether Saddam Hussein possesses weapons of mass destruction.

He does.

Was that the truth or was that a lie? The member for Griffith knows that, if he applies one set of standards to this government, the British government, the American government, the German government, the French government, the United Nations and the broader international community, he must apply the same standards to himself. If this is a government that has a record of lying on these issues, then the opposition has a record of lying on these issues. Let me make this perfectly clear. I did not see the program last night, but I gather that there was an excerpt of my telling parliament on the 23rd or so of May 2003 that it appeared that the mobile laboratories were mobile biological weapons laboratories—or something like that. It was, ‘Ha, ha, ha, that didn’t turn out to be true; therefore, you’re a liar.’ Was that the point? The member for Griffith might like to make that point as well.

Let me clarify what the now Leader of the Opposition told parliament on June 2003. I cannot remember whether he was the Leader of the Opposition then or not—no, he wasn’t, was he? Simon Crean was at that time. But this is what the now Leader of the Opposition said:

Whether or not there are weapons of mass destruction in Iraq will be demonstrated one way or another as all the sites are studied over the next six to 12 months.

So, on 3 June, he said that we would find out in time, which is fair enough. He went on to say:

Personally, I believe that weapons of mass destruction—or at least the precursors to them and the means of constructing them—will be found. Some already have been found in regard to the mobile biological laboratories that have been identified.

I do not criticise the Leader of the Opposition for saying that because at the time he made those comments—3 June 2003—that was the overwhelming view. It was the average take-out, if you like, of the international community. But to suggest that the government is somehow dishonest while it is all right for the Labor Party to say those sorts of things—that is what is wrong with the Labor Party. People do not get it. Out there in the community they cannot work out why one standard applies to the Australian Labor Party in the federal parliament and another standard must be applied to the government. It does not work. You cannot sell that in the shopping centres of your electorate. You cannot sell that message. It is just complete nonsense.

Mr Rudd interjecting—

Mr DOWNER—Yes, the opposition spokesman is always there with a personal smear. But the Labor Party got 16 per cent in my electorate at the last election. They have nothing to boast about at all—16 per cent is not a lot. What is the Labor Party’s position on the issue of Iraq today? First of all, the Labor Party’s position on the security detachment there is that the Prime Minister, the defence minister and I should decide on their specific location and that that should not be left to the commanders on the ground and the Chief of the Defence Force. That is a completely idiotic position to hold. I believe you should leave Defence personnel to make those judgments. The Labor Party do not believe that the security detachment should be withdrawn, but they do believe that politicians should decide where they are most appropriately based. They believe that that is
something for politicians to decide! I reckon that is a complete nonsense. I reckon even the most Labor-minded journalist would have to admit that that is a complete nonsense.

The second thing is that we have troops in Iraq training Iraqis. I would like to know what the Labor Party’s position is on the troops in Iraq who are training Iraqis. Does the Labor Party believe they should stay or does the Labor Party believe they should be withdrawn? That is pretty simple. The public in the gallery are listening to this debate and they are thinking ‘Well, next time maybe we’ll vote Labor, maybe we’ll vote Liberal, we are not quite sure, so let’s ask ourselves a question: what does the Labor Party think about us having troops in Iraq training Iraqi personnel?’ You know what: the Labor Party never says what it thinks. No matter how hard the media have tried to ask the Leader of the Opposition this question, all he has tried to do in response is drown out questions with talk.

It is summed up—the great metaphor of the Labor Party’s current position on Iraq—by the fact that the Leader of the Opposition used a sentence describing the Iraqi situation which was 106 words long; not even drawing breath, just babble, babble, babble, babble: 106 words. In question time today I said, ‘How long was the Gettysburg Address?’ It is believed, though this is much debated, that the real version of it was 244 words. Some people think it was fewer words, some people think it was more. Those of us who are interested in the American Civil War follow these fascinating details. I think 244 is the best figure to stick with. The Leader of the Opposition’s comments on Iraq were not far short of half the length of the Gettysburg Address. His comments were encapsulated in just one sentence. The Labor Party has a very, very long way to go on these issues.

Our position is quite simple: we support freedom and democracy in Iraq. That is what we believe in. Somebody asked me on the ABC, ‘What do you think about George W Bush saying that we should stand up against tyranny?’ and I said, ‘Tyranny? You can be very disappointed with tyrants if you try to do deals with them. They often let you down.’ But, no, the Labor Party’s position is that Saddam Hussein should have remained in power.

Mr Laurie Ferguson interjecting—

Mr DOWNER—I will not forget this—

Mr Laurie Ferguson interjecting—

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Reid is warned.

Mr DOWNER—I will not forget this, because you did this through 2003, 2004 and—in your everlasting stupidity—you are continuing to do it in 2005. You people on the other side of the House—

The DEPUTY SPEAKER—The minister will not address the members.

Mr DOWNER—Those people on the other side of the House thought it was better to leave Saddam Hussein in power than to overthrow him. (Time expired)

Mr Laurie Ferguson—So did Rumsfeld!

Mr Downer interjecting—

The DEPUTY SPEAKER—Order! The minister’s time has expired.

Dr LAWRENCE (Fremantle) (3.25 p.m.)—At the last election the Prime Minister told the people of Australia—quite improbably, in my view—that the election was about trust. In a funny kind of way—indeed, in a deeply sad way—he was right, because you can trust this government. You can trust this government, as we have just seen, to come into this place and mislead the Australian people. You can trust the Prime Minister and his senior ministers to deny us the truth.
You can trust this administration to ensure, when it is necessary, that all the doors are closed, that the mobile telephones are switched off, that reports get lost or sidelined, that public servants disappear and get redefined and that emails get filed under the heading ‘Don’t tell the Prime Minister’.

The ‘trust me’ gambit, I think, was based on the theory that if you shine a light on your weakest point you can seek to redefine it to your advantage and distract attention from the mountain of evidence that the government has been systematically mendacious. I use the description ‘mendacious’ advisedly, because it captures many types of untruthfulness. On matters of grave national importance, the Howard government has intentionally and culpably denied the people of Australia the truth that they need and are entitled to claim from their leaders. The Prime Minister has sought to redefine truthfulness as reliability and predictability. As I have said, he is certainly predictable. He rarely gives a straight answer to difficult questions, he often omits to provide vital information to the Australian people and he often wilfully misrepresents the facts. He is predictable all right—predictably lacking in candour.

In the most notorious of the Howard government’s misleading of the Australian people, the ‘children overboard’ affair, Raimond Gaita asked the question: What could Howard soberly have believed to be so important that it justified, not only his lies, but also the racist slur that was part of his initial response to his mistaken belief—

**The DEPUTY SPEAKER (Hon. I.R. Causley)—**The member for Fremantle will withdraw the word ‘wilful’.

**Dr LAWRENCE**—I withdraw the word ‘wilful’. He is predictably lacking in candour and he sometimes employs hair-splitting legalisms, as we saw today, to deflect scrutiny. He is a serial offender and he sets the standards for his ministers, who seek to slavishly emulate his style. The style now permeates the whole of government, including sections of the Public Service.

It is true that Australians are generally pretty cynical about politics and politicians, but the behaviour of this government over the last nine years has added immeasurably to that cynicism. It is fair to say that many people now do not expect the Prime Minister to tell the truth. They do not expect to hear from the government what is really going on and they do not expect that there will be any consequences when corruption or wrongdoing is identified.

We on this side of the House are not naive. There are times when we know it is not possible for ministers to be entirely open—for example, for reasons of national security—and times when we know circumstances change so that promises made during an election, which looked good at the time, can no longer be supported or justified. But deliberate, systematic, politically calculated misinformation is quite another thing: mendacity, in this case, to protect and strengthen their hold on power—not to serve the national interest.

In the most notorious of the Howard government’s misleading of the Australian people, the ‘children overboard’ affair, Raimond Gaita asked the question:

What could Howard soberly have believed to be so important that it justified, not only his lies, but also the racist slur that was part of his initial response to his mistaken belief—

**The DEPUTY SPEAKER**—I remind the member for Fremantle that—

**Dr LAWRENCE**—I am quoting.

**The DEPUTY SPEAKER**—Even quoting you cannot accuse someone of lying.

**Dr LAWRENCE**—That is a new precedent in this place, Mr Deputy Speaker.

**The DEPUTY SPEAKER**—I would ask you to withdraw.

**Dr LAWRENCE**—I will. I will omit the word ‘lies’ and therefore abandon the quote. But he makes the very important point that he cannot imagine the justification for the Prime Minister misleading the people of Australia in that way. The ‘children over-
board’ affair became a hallmark of this government. The catalogue of mendacity is stunning in its scope and variety, and I will not take people through every last piece of it today. They understand the stories about the GST and Medicare and fees for students. The ‘children overboard’ affair is the emblem. The government—through the Prime Minister—said:

... we were advised by Defence that children were thrown overboard, we made those allegations on the basis of that advice—

always falling back on that particular prescription—

and until I get Defence advice to the contrary I will maintain that position.

So said the Prime Minister, and this was despite the fact that he had been given that advice—nervously but nonetheless it had been given—from several sources within the Defence establishment. The Senate exposed the conspiracy that has become the trademark of this government. The final nail in the coffin of that sorry affair was the revelation by Mike Scrafton:

... I left him in no doubt that there was no evidence; that there were no children thrown overboard.

It is in foreign policy, however, given what we are discussing today, that we have witnessed the most destructive and corrosive lack of truthfulness to this parliament and the Australian people, although I have to say that today I saw the most extraordinary example of the Prime Minister refusing to actually answer questions at all. I have never seen before in my entire time in politics the amazing spectacle of the Prime Minister refusing to answer questions altogether and flicking responsibility to the Senate. The most memorable example of course is the weapons of mass destruction. Try this statement from the Prime Minister:

We had clear intelligence assessments that Iraq had weapons of mass destruction capability.

Although we now know the falsity of this claim, we have never heard the government admit they were wrong or apologise to the Australian people for misleading them and exposing them to the elevated risk from fundamentalist terrorists, an outcome about which they were also warned. Perhaps they will not acknowledge the error because there were plenty of warnings at the time—something the Prime Minister overlooks now. There were caveats from their own advisers. Indeed, before the Prime Minister committed Australia to an unprovoked attack on Iraq against Australia’s national interests, there were warnings from intelligence analysts, warnings that were ignored—indeed, denied—and were certainly not made available to the opposition. It is this breathtaking mendacity that led a concerned group of former service chiefs and diplomats to issue an unprecedented statement before the last election. They said bluntly:

We are concerned that Australia was committed to join the invasion of Iraq on the basis of false assumptions and the deception of the Australian people...

Bang! They said further:

It is wrong and dangerous for our elected representatives to mislead the Australian people. Australians must be able to believe they are being told the truth by our leaders, especially in situations as grave as committing our forces to war.

These are not dewy-eyed innocents without experience in the real world of international affairs. These are respected and experienced operators who have served this country with distinction at a time when the Public Service was not expected to cover up the executive’s misdeeds, as apparently public servants now are or they get cut adrift. Faced with evidence like that provided by former weapons inspector Rod Barton last night on Four Corners, the government simply attempt to
rewrite history, claiming that their reason for taking us to war always centred on regime change—and we heard the Minister for Foreign Affairs say that again today—while hoping that few would remember the Prime Minister’s inconvenient statement on the public record that the disarmament of Iraq, not the removal of Saddam Hussein, was his objective and that if Saddam got rid of his weapons he could remain in power.

In last night’s Four Corners program, Rod Barton made it clear that he had been shown in January 2003 a draft of the Australian intelligence agencies’ assessment of Iraq’s weapon of mass destruction capability as it pertained to chemical and biological weapons. Mr Barton, with all his experience as a weapons inspector, held the view that Iraq had no effective WMD capacity as far as the United States or Australia was concerned and he communicated this view, he gave this advice, to both the United States and Australia. Yet in October 2003, as was again shown on the Four Corners program, Mr Howard stated:

We had clear intelligence assessments that Iraq had a weapons of mass destruction capability.

He added something I did not quote before:

That was unambiguous.

Tell that to Mr Barton. So what happened to Mr Barton’s assessment, an assessment formed by a man seconded by the Australian Defence Intelligence Agency to work with UNSCOM on weapons inspections, an intelligence specialist who in 2003 worked as a special advisor to Hans Blix, the United Nations chief weapons inspector? Are we now going to be told that his assessment was lost, discarded or ignored? Are we going to be told some shaggy dog tale about how the information did not get to the Prime Minister, the Minister for Defence or the Minister for Foreign Affairs?

Mr Barton also refers to a CIA tactic that has clearly found favour with this government. When the truth is inconvenient and your political masters are embarrassed by the disjunction between reality and political spin, just manipulate the facts. Mr Barton resigned because the new head of the ISG wanted him to be dishonest, to produce a different kind of report from the one he was producing—as he said, a much shorter report; a report that had no conclusions—sound familiar?; a report that had been discussed ahead of its writing with the people in Washington, including the President; a report that suited their political purpose. This is just the sort of instruction that has now been issued to Australian government departments: no recommendations, no conclusions, please. If they need to construct another story, there are guns for hire—most recently a $30,000 gun for hire for a critique of peer review research on the damning rates of mental illness among people held in detention. In the past we have all marvelled at Donald Rumsfeld’s explanations of the so-called ‘known unknowns, the things we know that we don’t know’. Now the Howard government is becoming notorious for how often and how conveniently it does not know what it knows. What can we call this—the unknown knowns?—and how should we describe this style of government—‘Howard’s Fourth Ministry of Convenient Ignorance’? (Time expired)

Mr BALDWIN (Paterson) (3.35 p.m.)—I rise today to talk on this matter of public importance entitled ‘The need to adhere to the principles of truth in government’. This is amazing coming from a Labor opposition. When I took the time to look up the word ‘truth’ in the dictionary, I found there were many different variants. Of course there is the ‘hard truth’, the ‘half-truth’, the ‘ugly truth’, the ‘hometruth’, the ‘unspeakable truth’, ‘a moment of truth’ and plain old
‘truth’; but through the Labor Party we have seen a new variant: one who cannot remember the truth. We have just had a lecture from the member for Fremantle. I would remind her of the Penny Easton affair, where she could not remember the truth.

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Paterson will come back to the matter of public importance.

Mr BALDWIN—We go through to ‘truth in government’, and I need to remind the members of Paul Keating’s 1-a-w law in 1993—a blatant, misleading approach put to the people ahead of an election designed purely to get votes. When the now Leader of the Opposition was quoted in the Age on 1 February 1996 talking to the Australian public about our financial position as a country, he said, in reassuring the people:

We’re in a position where we’ve got no plans to increase taxes—why would we—we’re operating in surplus, and our projections are for surpluses in the future.

Mr Laurie Ferguson interjecting—

The DEPUTY SPEAKER—The member for Reid should remember he has been warned.

Mr BALDWIN—Does that rate as a half-truth? The dictionary, of course, says that a half-truth is:

... a statement that is only partially true—or—

a statement that mingles truth and falsehoods with deliberate intent to deceive.

It was a half-truth because he said, ‘We’re in a position where we’ve no plan to increase taxes’—he must have known that they were not going to win the election. But the rest of it, about operating in surpluses, was nothing more than a deliberate attempt to mislead the public. As I have said, there is also a thing called a home truth, known as an ugly truth or the hard truth, and that is:

... an unpleasant fact that jars the sensibilities ... a statement of undisputed fact.

The coalition was elected resoundingly in 1996, in 1998, in 2001 and again, with an increased majority, in 2004. The ugly truth is that the opposition have never been able to grasp the fact that they are not sitting on this side of the bench. They have never been able to deal with the fact that they are not in command and control. They have not been able to accept the fact that they cannot influence the Australian public by misleading them about the qualities of this government. In fact, I am reminded of when I was in this House in late 1996 and this government put forward the Charter of Budget Honesty as a direct result of the misleading by the Keating government. The minister at that time, the member for Brand, had misled the public by claiming that we were in surplus when in fact we had a deficit of some $10.3 billion. That was not a half-truth; that was perhaps an unspeakable truth. We introduced a Charter of Budget Honesty because we believe in the hard truth. The Concise Encyclopaedia Britannica says that truth is:

... the property of statements, thoughts, or propositions that are said, in ordinary discourse, to agree with the facts or to state what is the case.

In the Charter of Budget Honesty, we stated the case to the people. We went out with the deliberate intention of providing the facts to the people. As I was researching this topic of truth—because I found it so amazing that the Labor Party would raise it—in a search of the library I found two books which must have been deliberate reading for members opposite. The first is by Paul Ekman, called Telling lies: clues to deceit in the marketplace, politics and marriage—a No. 1 reading source for the ALP. The second one, by Sissela Bok, is called Lying: moral choice in
public and private life. I am not saying that everyone on that side of the House adheres to these policies but when I look at the statements by Paul Keating, the then Prime Minister, on l-a-w—‘Don’t worry, it’s in law. It’s in legislation. It cannot be revoked’—I remember them well. I even thought about voting for him myself at the time, even though I was running against them, because it was enshrined in legislation and could not change.

The current Leader of the Opposition, the member for Brand, said to the public in 1996:

We’re in a position where we’ve got no plans to increase taxes—why would we—we’re operating in surplus, and our projections are for surpluses in the future.

All the time he knew that we were $10.3 billion in deficit. It goes on. It seems they provide this ability to handle the truth to various opposition leaders down through the ages. At the last election, in accord with our budget honesty, we put all our numbers on the table and we had the Treasury go through them. But the former Leader of the Opposition made an announcement on 6 July 2004 that PricewaterhouseCoopers had been appointed to independently audit Labor’s funding and commitments. It was a claim that was repeated on radio ad nauseam. But it was amazing: six days later, on 12 July, PricewaterhouseCoopers put out a press release which disclosed the terms of their engagement with the Labor Party. It read:

... PwC have not been asked to conduct an audit and therefore will not verify or validate the accuracy or completeness of the 2004 ALP election commitments. Accordingly, we will not be expressing any assurance or opinion on the assumptions used by the ALP for costing their commitment initiatives or on the financial impact of the 2004 ALP election commitments ...

All Labor wanted Pricewaterhouse to do was add up their election commitments but not actually cost whether they were affordable. That comes down to the moment of truth. The interpretation of ‘moment of truth’ is:

... a moment of crisis on whose outcome much or everything depends.

The fact is that they were not prepared to submit their costings to Treasury for a full and financial detailed record, open and accountable to the public of Australia—the taxpayers that provide the money that they wanted to spend—so that must have been another one of those partial truths as laid out by the Labor Party.

As I was travelling around recently, I watched a film called A Few Good Men. It applies perhaps to some people on this side but not many on the other side. I remember so clearly as Jack Nicholson in the witness box said to Tom Cruise, who was prosecuting him, ‘You can’t handle the truth.’ That is what we say to the Labor Party opposite. They cannot handle the truth. To extrapolate: they would not know the truth if it came out and bit them on the backside.

Earlier today the member for Griffith spoke on the ability to question this government and on access in question time, and he raised the issue of accountability. So I thought I would place on the record our question time averages. Under the Keating government in 1993, the total number of questions in the year was 890. In 1997, under a Howard government, there were 1,482 questions. The highest average number of questions asked in a year, under a Keating government, was 13.3 in 1994 and, under a Howard government, 19.5 in 1997. We have heard about how short question times are. The highest average length of question time in a year under the Keating government was 67.2 minutes in 1995 and 85.8 minutes in 2002 under a coalition government.

As I have said over and again, the Labor Party have an inability to deal with the truth,
to come to terms with the truth, because they would not know the truth if it stood up in front of them. I say to the opposition: the truth does stand up in front of you each and every question time when the ministers from our side get up and answer the questions put to them by members of the opposition. They are answered honestly, openly and with the true accountability that our system of government demands. The matter of public importance put forward by the Labor Party is nothing more than a farce. When this motion was put and members of the Labor Party spoke on it I was surprised that the walls did not shake—because they could not handle the truth if they tried.

The DEPUTY SPEAKER—Order! The discussion is concluded.

COMMITTEES
Selection Committee
Report

The DEPUTY SPEAKER (Hon. I.R. Causley)—I present the report of the Selection Committee relating to the consideration of committee and delegation reports and private members’ business on Monday, 7 March 2005. The report will be printed in today’s Hansard and the items accorded priority for debate will be published in the Notice Paper for the next sitting.

The report read as follows—
Report relating to the consideration of committee and delegation reports and private Members’ business on Monday, 7 March 2005

Pursuant to standing order 222, the Selection Committee has determined the order of precedence and times to be allotted for consideration of committee and delegation reports and private Members’ business on Monday, 7 March 2005. The order of precedence and the allotments of time determined by the Committee are as follows:

COMMITTEE AND DELEGATION REPORTS
Presentation and statements

1 JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE:
Inquiry into Australia’s trade and investment relations with the Gulf States.

The Committee determined that statements on the report may be made — all statements to conclude by 12.40 p.m.
Speech time limits —
Each Member — 5 minutes.
[Proposed Members speaking = 2 x 5 mins]

2 STANDING COMMITTEE ON HEALTH AND AGEING:
Future Ageing: Report on a draft report of the 40th Parliament: Inquiry into long-term strategies to address the ageing of the Australian population over the next 40 years.

The Committee determined that statements on the report may be made — all statements to conclude by 12.50 p.m.
Speech time limits —
Each Member — 5 minutes.
[Proposed Members speaking = 2 x 5 mins]

3 PARLIAMENTARY JOINT COMMITTEE ON ASIO, ASIS AND DSD:
Review of the listing of six terrorist organisations.

The Committee determined that statements on the report may be made — all statements to conclude by 1.00 p.m.
Speech time limits —
Each Member — 5 minutes.
[Proposed Members speaking = 2 x 5 mins]

PRIVATE MEMBERS’ BUSINESS
Order of precedence
Notices
1 Mr M. J. Ferguson to move:
That this House:
(1) notes:
(a) the integral role that maritime salvage plays in the safety of Australia’s mariners;
(b) the integral role that maritime salvage plays in the protection of Australia’s pristine marine environment; and
(c) the recommendations of the House of Representatives Standing Committee on Transport and Regional Services in its report Ship Salvage tabled in the Parliament in June 2004; and

(2) calls on the Government to:
(a) urgently respond to the recommendations of the Ship Salvage report;
(b) work with the industry and State Governments to develop a long-term plan to ensure that the Australian maritime sector is protected through adequate salvage capacity; and
(c) fund an interim solution to ensure that adequate salvage capacity exists at Australian ports. (Notice given 2 December 2004.)

Time allotted — 20 minutes.

Speech time limits
Mover of motion — 5 minutes.
First Government Member speaking — 5 minutes.
Other Members — 5 minutes each.

[Proposed Members speaking = 4 x 5 mins]

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

2 Mr M. D. Ferguson to move:
That this House:
(1) recognises that many Australian couples want to offer their home to orphaned children from overseas countries and notes that in 2003-04 there were 370 inter-country placement adoptions in Australia;
(2) understands that whilst adoptive couples are passionate to secure an overseas adoption, in general the main motivation is to give a secure and loving home to child in need;
(3) affirms that state governments and the Federal Government have a duty to ensure that adoptive children are placed in responsible and loving homes;
(4) recognises the enormous financial costs and emotional strain placed on adoptive couples in the course of applying for overseas adoption, receiving a child into their home, and the associated overseas travel;
(5) urges the Australian Government to examine ways that it can better support families with children who have been adopted, whether through local or overseas adoptions; and
(6) calls on the state governments to immediately review the excessive financial charges imposed on adoptive parents with a view to dramatically reducing them. (Notice given 8 February 2005.)

Time allotted — remaining private Members’ business time prior to 1.45 p.m.

Speech time limits
Mover of motion — 5 minutes.
First Opposition Member speaking — 5 minutes.
Other Members — 5 minutes each.

[Proposed Members speaking = 5 x 5 mins]

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

3 Ms Vamvakinou to move:
That this House:
(1) recognises that the English language is the most common and unifying language amongst Australians;
(2) recognises and supports immigrants and indigenous Australians who speak languages other than English and encourages them to retain these languages as they acquire English;
(3) recognises the profound and lasting benefits of second language learning for individuals
and for the nation: intellectual development, cultural sensitivity, greater equality and enhancement in trade and diplomacy;

(4) recognises that despite successive government policies on the matter of language learning we have not really succeeded in reaping the maximum benefits of the multilingual resources of the Australian people;

(5) recognises that Australia should base its national policy on languages on the principles of ‘English Plus’ which can be expressed as the four ‘E’s: enrichment, economics, equality and external; and

(6) recognises that Australia needs to elevate the recognition of the importance of language as a skill and resource, both for individuals and as a nation in domestic and international domains. (Notice given 8 December 2004.)

Time allotted — 30 minutes.

Speech time limits —
Mover of motion — 5 minutes.
First Government Member speaking — 5 minutes.
Other Members — 5 minutes each.
[Proposed Members speaking = 6 x 5 mins]
The Committee determined that consideration of this matter should continue on a future day.

4 Mr Johnson to move:

That this House:

(1) acknowledges the importance and value of free trade agreements in strengthening bilateral relations between countries and producing international trade benefits;

(2) recognises the enormous opportunities for Australia in furthering trade arrangements with the world’s fastest growing economy, China; and

(3) supports the Government’s Australia-China Free Trade Agreement Joint Feasibility Study currently underway into the viability of a free trade agreement between Australia and China. (Notice given 29 November 2004.)

Time allotted — remaining private Members’ business time.

Speech time limits —
Mover of motion — 5 minutes.
First Opposition Member speaking — 5 minutes.
Other Members — 5 minutes each.
[Proposed Members speaking = 6 x 5 mins]
The committee determined that consideration of this matter should continue on a future day.

AUSTRALIAN SPORTS COMMISSION AMENDMENT BILL 2004
AUSTRALIAN INSTITUTE OF MARINE SCIENCE AMENDMENT BILL 2005

Referred to Main Committee

Mr BARTLETT (Macquarie) (3.45 p.m.) — I move:

That the bills be referred to the Main Committee for consideration.

Question agreed to.

NATIONAL SECURITY INFORMATION (CRIMINAL PROCEEDINGS) AMENDMENT (APPLICATION) BILL 2005

Second Reading

Debate resumed from 9 February, on motion by Mr Ruddock:

That this bill be now read a second time.

Mr McCLELLAND (Barton) (3.46 p.m.) — The opposition supports the passage of the National Security Information (Criminal Proceedings) Amendment (Application) Bill 2005, which amends the National Security Information (Criminal Proceedings) Act 2004. Members might recall that that act was passed by the parliament shortly before Christmas. I understand it commenced operation on 11 January this year. The bill clari-
fies ambiguities with respect to the operation of that act. I think it is fair to say that the clarification is consistent with what both sides of the House assumed was the potential operation of that original act.

Essentially, the bill clarifies that the original act can be applied to the conduct of federal criminal proceedings already under way, even though they were commenced prior to 11 January 2005—the commencement date of the primary act. There are currently under way five terrorism related proceedings to which the act could potentially apply—that is, there is a possibility in those proceedings that it may be necessary for one or other of the parties to adduce security sensitive information. The government has been advised that, without the amendments contained in the bill, there is a risk that any attempt to apply the primary act to the future stages of these proceedings could be found to be incompetent.

The bill avoids complications, additional expense and delay that could otherwise arise from the need to issue fresh charges, for instance, against those currently facing terrorism proceedings. In the absence of this bill, fresh charges may have been necessary in order to bring those cases within the provisions of the primary act. This would be a particular detriment to those who have been accused of these terrorism related offences—three of whom are currently in custody, having been denied bail.

Four of those proceedings currently on foot are at the committal stage or are listed for mention for committal. One case—the Crown against Mallah—is listed for hearing in a three-week period, commencing 2 March 2005. With respect to that case, concerns have been raised in a recent article published in the Australian newspaper on 11 February this year under the title ‘Ruddock changing the rules, says terror lawyer’. That article cites the lawyer as expressing concern that the application of the National Security Information (Criminal Proceedings) Act to those proceedings currently under way will prejudice the ability of the defendant to select legal counsel.

While I am ever ready, when appropriate, to criticise the Attorney-General, I must say that the concern set out in that article is based on a false premise that section 39 of the primary act in some way makes it obligatory for a lawyer to obtain a security clearance either to represent someone accused of a terrorism related offence or if they receive during that representation a notice from the Secretary to the Attorney-General’s Department that a security sensitive issue is likely to arise in the course of the proceedings in terms of potential evidence that will be adduced.

In these circumstances, section 39 facilitates rather than creates any obligation. The Secretary to the Attorney-General’s Department issues a notification advising counsel that in their opinion security sensitive information is likely to arise, and then procedures are available for that counsel to elect to obtain a security clearance to the appropriate level. That is not, however, an obligation. Counsel are not obliged to obtain a security clearance; however, if they do not obtain that security clearance, their right to appear in the closed hearing to consider the security sensitive material may be restricted, at least in part.

During the debate on the primary bill, speakers from both sides of the House mentioned in that context the important task of balancing the concerns of national security against any potential detriment or imposition placed on lawyers to have to or at least to be confronted with whether they will elect to seek a security clearance. Given the significance of these national security concerns
when we are dealing with material of this sort—particularly in circumstances where the material may come from an overseas government or the publication of it may disclose a source and prejudice the safety of the source of that evidence—people have to recognise that there are some valid public responsibilities that we can request counsel to consider.

So this is not a situation where the executive determines or vets which counsel can appear in the proceedings. Rather the defendant has a right to instruct counsel of their choice at all stages and that counsel has a right to appear at the actual hearing. If that counsel does not, however, obtain a security clearance, then certain consequences may follow. In particular, they may not be in a position to present as full and as detailed an argument on the security sensitive material as they otherwise would if they had secured a clearance and were automatically entitled to access to that material during that debate. But again I emphasise that that clearance is not obligatory for the defence counsel to obtain.

I note that section 39 further provides that, upon receiving notice from the Secretary to the Attorney-General’s Department, a defendant may apply for a deferral or adjournment of the proceedings until (1) the legal representative has been given a security clearance or (2) if the legal representative is not given a security clearance, another legal representative is given such a clearance. In these circumstances, the relevant court has an obligation to defer or adjourn. The language is mandatory in nature—it is expressed as ‘must defer or adjourn the proceeding’ until the matters are resolved. This power exists, of course, in addition to any general powers of the court to direct the conduct of its cases, including the power to order an adjournment to ensure that the accused is afforded a fair hearing. Indeed, there are several references to that in the primary act.

So, for instance, in the Crown case against Mallah, upon the commencement of this bill, if notice is given—and it is by no means guaranteed that notice will be required under the act—that security sensitive information will be adduced or it is contemplated that it will be adduced, Mr Mallah can apply to the court under section 39 of the act to adjourn the proceedings until his legal representative has been given a security clearance or until another legal representative, if it is desired, is given such a clearance. If that application is made, the court must adjourn the proceedings.

Finally, as a second operative provision, the bill will also amend the act to confirm that the prosecutor is only required to give the requisite notice of intention to adduce security sensitive information to the court and the defendant on the one occasion and that the provisions of the act will thereafter apply to all stages of the proceedings in terms of the utilisation of that material. The amendment avoids a possible misinterpretation of the act requiring the prosecutor to give further notices under the act for each subsequent part of the proceedings and, of course, triggering the various appeal mechanisms that are provided for in the act once the notice is given. The amendment is sensible to clarify this point. It would avoid additional complexity, expense and delay, and it is fair to say it was not the intention of the original legislation. The opposition support these amendments. We believe they are justified and are consistent with the understanding of both sides of the House of the primary act when it was passed.

Ms PANOPoulos (Indi) (3.55 p.m.)—The National Security Information (Criminal Proceedings) Amendment (Application) Bill 2005 amends the National Security Informa-
tion (Criminal Proceedings) Act 2004. It follows a debate on this bill late last year in this place. My comments on the bill will be brief as the contents are not excessively complex or turgid in nature, although they are important nonetheless in continuing the government’s commitment to ensuring the comprehensive procedures in the previous legislation apply to the five terrorism related proceedings currently on foot.

Through the legislation debated last year, and indeed with this amendment bill, the government is clearly demonstrating its serious determination and commitment to ensuring our counter-terrorism legislation always remains responsive to the times in which we live—namely, in reaction to the global war on terror. This legislation is aimed at strengthening our laws to ensure protection of sensitive information where it is disclosed in the course of criminal proceedings. Importantly, the legislation ensures that a trial is fair and that the defendant is in no way disadvantaged.

It dawned on Australians a long time ago that we do now live in a very different world. International terrorism is a problem for Australia, as it is for the rest of the world. Because of our geographic location and our apparent remoteness from many world events, there perhaps had been a temptation for some Australians to see international terrorism in abstract terms. But we have seen the depth of terrorism by fundamentalists who harbour hatred deeply in their hearts for those who do not share their misguided view of the world. And we have seen that Australia is not immune from such attacks. The Bali bombings, the bombing at the Jakarta embassy and the temporary closure of a number of our embassies in Asia over recent times because of credible intelligence of potential attacks are sobering messages that we are part of a global village and we need to do our bit. We need to do everything we can to protect our national security and our national interest.

This bill reinforces many of the principles of the act and how they apply in criminal proceedings. The main provisions of the act came into force on 11 January 2005, and therefore this legislation allows for the act to be applied to future proceedings before that date. The absence of this amendment would possibly jeopardise the responsible application of the act in future federal criminal proceedings. Essentially, this bill seeks to allow the prosecution of an offence without endangering the integrity of a defendant’s right to a fair trial or the nation’s security interests. It is an important addition to the many measures this government has responsibly undertaken over the past few years that promote and protect national security whilst at the same time protect the independence of the judiciary and balance individual freedoms through a defendant’s right to a fair trial. For these reasons I commend the bill to the House.

Mr RUDDOCK (Berowra—Attorney-General) (3.59 p.m.)—in reply—I thank the members for Barton and Indi for their support for the National Security Information (Criminal Proceedings) Amendment (Application) Bill 2005. The bill does simply clarify two related aspects of the act—that is, the National Security Information (Criminal Proceedings) Act 2004—to ensure that it operates as intended. It does confirm that the act can apply to proceedings that began prior to the commencement of the main provisions of the act and makes sure that if the prosecutor applies the act after proceedings have commenced he only has to give requisite notice once and not separately for each part of the proceedings. Without these clarifications the act could have been misinterpreted.

This act was intended to protect security sensitive information, not to deprive an ac-
cused of a just trial. It is a procedural matter; it deals with procedures. It has no retroactive operation about which people can justly complain. Procedures are often dealt with in legislation while proceedings are afoot and in this sense it is no different from what might normally be expected to apply. I thank the opposition for their support for the amendment bill. While I have no further major national security legislation, there may well be from time to time amendments of this sort to put beyond doubt the way in which we intend important legislation dealing with national security to operate. I thank the opposition for their cooperation in relation to this matter and I hope that they can help secure a speedy passage in another place.

Question agreed to.

Bill read a second time.

Third Reading

Mr RUDDOCK (Berowra—Attorney-General) (4.01 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

APPROPRIATION BILL (No. 3) 2004-2005

Cognate bills:

APPROPRIATION BILL (No. 4) 2004-2005

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 2) 2004-2005

Second Reading

Debate resumed from 10 February, on motion by Mr Brough:

That this bill be now read a second time.

Mr SWAN (Lilley) (4.03 p.m.)—I move:

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

“Whilst not declining to give the bill a second reading, the House condemns the Government for its:

(1) dishonest promises during the 2004 election campaign that it would keep interest rates low;

(2) short-term, reckless spending during the lead up to the 2004 election, which is adding to inflationary and interest rate pressures;

(3) gross neglect of Australia’s education and training needs, leaving Australia with a skills crisis which is adding to inflationary and interest rate pressures; and

(4) failure to secure Australia’s economic future by making the long term policy commitments that will improve the productivity and competitiveness of the Australian economy”.

We have a prosperous economy but there are big challenges ahead to secure prosperity into the future. When it comes to the economy the Howard government has not been short of advice lately. Over the past few months we have had reports from the IMF, the OECD and the Reserve Bank, and they have all given a sobering assessment of the economy. The message has been simple enough: after 14 years of economic growth, the Howard government can no longer live off the legacy of the reforms ushered in by Labor that underpinned that growth. Whether the government likes it or not, the Treasurer knows that the resilience of the economy is largely due to its rebuilding by the Hawke and Keating governments. The floating of the exchange rate, the deregulation of financial markets, trade liberalisation, competition policy, enterprise bargaining and the breaking of the back of inflation were just some of the reforms that have underpinned the prosperity we have enjoyed to date.

And what does Peter Costello have to his name after nine years as Treasurer? Simply the GST. Now entering its 10th year in office, this government has become complacent. It has had its feet on the table while key
challenges to the economy have gone unaddressed. The government has been so obsessed with its own short-term political interests that the long-term national interest has largely been ignored. It sprayed cash at anything that moved in the run-up to the last election—$66 billion that did little to improve the drivers of growth, that is, participation and productivity. Who can forget the Prime Minister’s mad spending spree at that policy launch in Brisbane?

It is the failure of the government to invest wisely in the productive capacity of the economy that is now placing our future prosperity at risk. Our export sector, propped up by the best terms of trade in 30 years, is struggling along with resource volumes that were being exceeded four years ago. Our exports have been no match for surging imports, resulting in a blow-out in our current account deficit and foreign debt, leaving the economy at risk of shifts in international sentiment. Our export sector, which is hamstrung by capacity constraints, is now competing with resources available to meet domestic consumption. The inevitable result of this is wage and price pressures that are now putting upward pressure on interest rates. It could have been, and should have been, anticipated. Yet the Howard government has shown little willingness to look beyond the next poll and its short-term political interests.

The Appropriation Bill (No. 3) 2004-2005 we are considering today is the first of many to include measures from the coalition shopping list of spending promises from the last election. Make no mistake about it, it was an unprecedented poll splurge. Sixty-six billion dollars were committed in the election year, an amount that dwarfed the spending splurge in the run-up to the 2001 election. I note that on Sunday morning, on Sunrise, the Treasurer denied that there had been a $66 billion spending spree, something that is there for all to see in budget papers and all of the assessments of this government’s financial record. It is there; it is a real; and it is causing real problems for this government.

Over the course of its term in office the rigour that the Howard government has applied to fiscal policy has simply being slipping. Its lapses have been twofold. First, it has not been prepared to stump up the savings to meet its new spending commitments. Instead, it has been relying on increased revenues to take up the slack. This year an extra $100 billion in tax revenues will be reaped by the Howard government, compared to in its first year in office. The failure of the government to come up with savings means that the economy is now more highly taxed than at any time in our history.

The second shortcoming of the Howard government’s fiscal policy has been the way in which it has spent money. It has not invested enough taxpayers’ dollars in ways that will underpin the productive capacity of the economy. A nation as small as ours attempting to compete in the international economy can ill afford unproductive spending. On both counts this is where Labor’s approach to fiscal policy at the last election contrasted markedly with the government’s. Labor was prepared to find offsetting savings—over $28 billion of them—delivering larger surpluses across the forward estimates than the coalition. Labor’s spending was deliberately biased towards improving the productive capacity of the economy. Labor’s tax and family policy set about improving incentives and increasing labour force participation. In this regard it succeeded, with the Melbourne Institute estimating an additional 72,000 people would enter the labour market, including nearly 50,000 from jobless families. Contrast this to the coalition’s budget measures for tax and family payments. Its family payment measures were estimated by the Melbourne Institute to re-
duce participation by 22,000. The tax measures barely offset it, with the entire package of payment changes and tax cuts estimated to bring just 3,000 into the labour market.

So the Howard government is one that has been very good at taxing and very poor at spending. While the good times have been rolling, it has proven itself incapable of using the opportunity to make our tax system more internationally competitive. It is now entering its 10th year in office and still presides over a tax and transfer payments system that saps incentive and robs families of reward for effort. Yes, there have been some incremental changes here and there to rates and thresholds, but there has been no comprehensive evaluation of the changes required to rid the system of overlapping income tests on benefits that interact with the marginal tax rate structure.

Jobless families on minimum wages still go backwards if they increase their earnings, actually paying the government a dollar in four for each extra dollar that they earn. Second-income earners still face effective marginal tax rates of up to 83.5c on their additional earnings. Taxpayers on little more than average earnings rightly question the value of overtime when they keep barely half of what they earn. It is these interactions that are holding back participation and choking productivity. The government’s failure to invest in productive reform extends much further than its failure to bring the tax and transfer payments system up to scratch.

Slowly but surely evidence is building about the consequences of the short-termism of the Howard government. The OECD really hit the nail on the head when it said: Australia’s reform programme was remarkable, and is still producing benefits. But reform efforts have slackened off, despite new challenges.

This is a document which is prepared by OECD economists in conjunction with economists from the federal Treasury. This is the report of Peter Costello’s officials on his record in office barely a few weeks ago. I repeat:

But reform efforts have slackened off, despite new challenges.

That is what the Treasury thinks of their minister’s record, contained in the OECD report. What are these challenges? Put simply, the Australian economy, while still healthy, is not as competitive as it could be and not as competitive as it needs to be.

A compelling critique is set out in the International Monetary Fund report of late last year, the OECD report released just two weeks ago and of course the RBA’s report released last Monday week. So, despite the fact that the economy is now well into its 14th year of expansion, what we now have are the signs of fatigue. This is a tired government. It is 10 years old and tired. As the RBA pointed out in its recent monetary policy statement, resource export volumes have flattened and declined since the year 2000. The RBA and others are also beginning to point the finger at skill shortages and other capacity constraints in the economy. The RBA has noted capacity constraints in rail and ports—the delays that are costing mining companies dealing with penalty fees and so on. With a trade deficit as chronic as ours, we cannot afford deadweight costs like this.

The government has been assuring us that capacity is coming on stream and export recovery is imminent. It has been doing that for a very long period of time, but every time the estimates are revised we see the estimates on projected export volumes go down. So the RBA has delivered a sobering assessment in this area. It estimates rail and port capacity for coal will increase 13 per cent over the next two years but this is not likely to match the expansion in production potential or export demand. As a consequence it believes
transport capacity is likely to remain a constraint on export supply.

What does the government have to say about all this? It has been pretty true to form. Its response has simply been to blame infrastructure bottlenecks on someone else, not to put its hand up and say: ‘We’re the national government; we accept national responsibility for the national economic development of this country. We will deal nationally with these issues.’ Its response has been simply to pass the buck. The public of this country are fed up with that tactic. This government has not been prepared to step up to the plate and play a leadership role. Given the stakes here, this response shows the dangerous indifference this government has adopted toward the challenges in the economy in the years ahead.

The same indifference is evident when it comes to skill shortages. Although skill shortages have not impacted broadly on wages as measured by the wage cost index, most economists believe it is just a matter of time. The shortage of skilled labour will cascade through the economy and slowly but surely add to inflationary pressures as business seeks to offset higher labour costs. The latest Department of Employment and Workplace Relations skilled vacancies index shows businesses in the information and communications technology, science, building and engineering, health, food, and electrical and electronics sectors are still having trouble finding workers, thanks to the Howard government’s failure to address the skills crisis.

In the 12 months ending January 2005 skilled vacancies in the professions are 5.3 per cent, while in the vital information and communications technology sector vacancies are 63.7 per cent over the same period. Over the last 12 months, the professions worst affected by the Howard government’s skills crisis include building and engineering, up 11.3 per cent; health, up 3.8 per cent; accountants and auditors, up 27.6 per cent; organisation and information, up 12.1 per cent; and science, up 2.9 per cent. Employers in several key trades have also been experiencing significant shortages over the 12 months ending January 2005, including metals, up 1.4 per cent; electrical and electronics, up 11.2 per cent; and food, up 11.6 per cent. Yet each year the Howard government turns away 40,000 Australians from TAFEs and around 20,000 Australians from university. The government’s proposal for technical colleges is simply an inadequate and inefficient response.

In the bill today we are talking about an additional $365 million that is appropriated for the Job Network. This additional appropriation represents in excess of a 30 per cent increase on the original appropriation, which was just over $1 billion, yet we have had precious little explanation of what this additional spending is doing. How much of it is spent directly on clients and how much of it is going to the administration of the system?

The RBA has clearly articulated the contribution of skill shortages, their impact on increasing labour costs and the risk that poses for inflation, yet the government has been completely indifferent, prepared to play politics but not to roll its sleeves up and get stuck into the problem. The government has asserted that skill shortages are an inevitable consequence of low unemployment. That of course need not be, if the government were up to the task of anticipating areas of skill shortages and had an effective labour market program to address them. But it is not up to that task. Instead it chooses to return to its tired old industrial relations agenda.

The Treasurer has yet to explain how his industrial reforms will actually address skill shortages—a formidable challenge for the
His reforms are intended to keep a lid on the wage pressures they create. Given the laws of supply and demand, however, it is unlikely they could effectively achieve that outcome. The other reason cited by the Treasurer for industrial relations reforms is to boost productivity. Boosting productivity is something that ought to be at the heart of our current economic debate. A further round of reforms to boost productivity is what is needed to take the economy forward, but we certainly disagree with the government’s narrow prescriptions. Surprisingly strong employment growth in recent times suggests labour imports have been relied upon rather than productivity growth to meet demand.

This is borne out comprehensively in the OECD’s assessment of productivity growth in recent years. Labour productivity has slipped from an average growth rate of 3.2 per cent between 1993 and 1999 to just 1.8 per cent since that time. The decline in multi-factor productivity is even more stark. As unemployment has steadily fallen, it is unsurprising that the decline in productivity growth in recent years is now manifesting itself in capacity constraints in the economy. At the core of economic reform, therefore, is an urgent task: to reinvigorate productivity growth in this country. The OECD’s analysis and prescriptions expose the inadequacies of the coalition’s narrow industrial relations agenda. When it comes to boosting productivity the OECD does not rate further industrial reforms as pre-eminent. This stands in stark contrast to the continuous rhetoric of the Treasurer, both in this House and elsewhere, that labour market reform is solely confined to his narrow industrial relations agenda.

What the OECD points to is that we need a broad range of measures, with a priority on further product market reform to boost competition. Indeed, when it comes to product market reform, the OECD has criticised the efforts of the Howard government, noting:

Among jurisdictions, the federal government in particular should make stronger efforts to raise its own compliance rate, which has been among the lowest of all Australian governments—

I repeat: ‘to raise its own compliance rate, which has been among the lowest of all Australian governments’—

and is not commensurate with its leadership role in promoting enhanced product market competition.

It is a damning indictment of the record of the government. Given this criticism, we can now understand why the Treasurer is seeking to camouflage the government’s failure in the area of competition policy and to drag across it the red herring of industrial relations change.

Turning to industrial relations, the OECD’s assessment of it is also damning of this government and puts forward a prescription which is not being argued by this Treasurer, although he seeks to argue that he has backing for his program in the reports of organisations like the OECD. The government harps on about the need to exempt small business from unfair dismissal laws, but let us just look at what the OECD has had to say about this:

... studies consistently rank Australia is one of the countries with the least restrictive employment protection legislation.

That is a far cry from the rubbish we hear in this House from the Treasurer, the Prime Minister and the Minister for Employment and Workplace Relations. That is what the OECD says, that studies consistently rank Australia as one of the countries with the least restrictive employment protection legislation. And, remember, this is a report which Treasury economists who work for the Treasurer have contributed to. The OECD report goes on to say:

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CHAMBER
... disincentives to hiring should be kept as low as possible through policies which contain the cost of unfair dismissal procedures—
and this is the rest of the quote; this is what the government never says—
without abandoning social and economic benefits of employment protection.
Yet this is the crew who come in here and who are going to rip away all the protections for particular classes of employees who happen to work for small businesses. They do not care. The OECD does not recommend that approach at all. I repeat what the OECD says:
... disincentives to hiring should be kept as low as possible through policies which contain the cost of unfair dismissal procedures—
fair enough—
without abandoning social and economic benefits of employment protection.
Fair enough—a balanced approach. But that is not the approach you hear from the Howard government. Every minute this government preoccupies itself with pursing its same old industrial relations agenda, the less time it has to devote itself to the thoroughgoing reform program that is so desperately needed, the reform program which is outlined in reports from the OECD that have been contributed to by Treasury economists but which this government will not take up because of its blinkers and because it is playing politics with the future prosperity of this country. The economy can ill afford more inaction and indifference such as that we have had from the government to these broad based approaches.
Chief among the challenges the government is ignoring is the nation’s current account deficit and foreign debt. The state of our current account and foreign debt are a reflection upon the competitiveness of our economy. As much as a decade ago, when they were in opposition, the Treasurer and the Prime Minister were prepared to say things that they are not prepared to admit in this House today. Let us look at what the Prime Minister has had to say about the current account deficit and our foreign debt in the past. On 1 February 1995, the Prime Minister said to Alan Jones: ‘You see, foreign debt is a direct consequence of the fact that our economy is not functioning in a modern, efficient manner. Six per cent is a very, very bad figure. It’s an extremely bad figure. Our foreign debt exposure is alarming. There can be no other description for it. It is alarming.’

That was John Howard in 1995. I am sure the Prime Minister would prefer not to be reminded that foreign debt has doubled since then and the current account deficit has now been forecast by the Reserve Bank to hit 6¼ per cent of GDP in the December quarter. No wonder that two weeks ago the Treasurer was forced to admit for the first time that he was concerned about the current account deficit and our export performance. What we have consistently had over recent years from the Treasurer is the twaddle that this is not a concern, that it will all come right, that the problem has been the currency, the drought, SARS, the baggage retrieval system at Heathrow Airport—any excuse bar facing up to this very significant challenge in our economy.

Two weeks ago the Treasurer finally admitted that he sees this as a challenge—and that is a start. Of course, he was forced to do that because he would have been aware of the projections coming through and the figures floating around which have produced the Reserve Bank report saying that it will hit 6¼ per cent in the December quarter. As I said before, we have heard a range of excuses as to why it is not a concern. Only last week in this House, the Treasurer said that it is not a problem, that it is all private sector debt. That is an argument that has found no
favour with the International Monetary Fund. This is what the International Monetary Fund has had to say about the current account: Sustained current account deficits and the build-up of external debt, although mainly held by the financial sector, could leave Australia potentially vulnerable to shifts in market sentiment. If there is a change in international circumstances, then our level of current account deficit puts us at risk. That is a pretty blunt warning from the IMF. So, regardless of whether the debt is public or private, the current $406 billion stock of foreign debt, which is now 50 per cent of GDP, could have a significant impact on the economy and on the budget if there was a reassessment by foreign investors of their exposure to risk. That is pretty clear. This assessment is consistent with Standard and Poor’s latest credit rating on the Australian economy, which said, ‘The risk remains that, if foreign investor sentiment sours, the economic adjustments forced on the country could harm government finances.’ I, for one, hope that does not occur. But the warnings are there from the IMF, the OECD and the Reserve Bank. That is what we mean when we say that this country must face up to these challenges, and we must do it in a broad based way, across the full ambit of policy, and not allow this government to simply camouflage its policy failures behind an avalanche of rhetoric about industrial relations and how the workers of this country are to blame if there are problems in the future.

The second excuse the government is running—besides saying that our current account deficit and foreign debt are not a problem—is that it is currently running budget surpluses. When I asked the Treasurer this question in the House last week, he said that it is not a problem because, firstly, it is private debt—we have just dealt with that for the lie it is—and because, secondly, the government is running budget surpluses. He got up in this House and said that it is entirely different to what it was when Labor were in power because we had a high current account deficit and it was running deficits. Another lie! An outright lie! When Labor had a current account deficit around six per cent, we were not running deficits at all. In fact, we were running surpluses at twice the level of this government as the current account deficit hits 6¾ per cent according to the Reserve Bank.

This Treasurer is being less than honest with the Australian people in his comparisons with previous times and in facing up to the challenges ahead. The Treasurer has conveniently forgotten that the current account episodes of the eighties coincided with budget surpluses—and, as I said before, surpluses of a larger order than is currently the case under his administration. What is particularly worrying is the consequence of our external imbalance and what impact it may have on interest rates. In September 1995, in this place, at this very dispatch box, the Treasurer himself acknowledged this risk. He said: Australia has high foreign debt and because Australia has a current account problem, that puts a premium on Australian borrowings, that flows through and every Australian pays for the consequences.

He also said: If it weren’t for the level of foreign debt, interest rates in this country would be much lower, and every Australian today who owes money on his or her home is paying a higher interest rate than would otherwise be the case because of the size of our foreign debt. It is a different story today. Our country’s external balances will sooner or later impact on interest rates. I hope they do not, but the complacency of this government means we are more exposed to changes in international sentiment. That is what the problem is: the complacency of this government. I hope it is
not the case, but it is quite possible that investors may become more cautious in their approach to this country and that Australians may have to pay a premium on the bonds they issue to securitise household mortgages. Of course, if they have to do that, it will flow through to households. I hope that it does not happen.

Secondly, the potential currency effects that may flow from reduced foreign investment in Australian dollars may also place upward pressure on inflation, and hence on interest rates. So Australia’s current account and foreign debt cannot continue to go unchecked—there is too much at stake. In this regard, the latest forecasts from the Commonwealth Bank are quite disturbing. In its latest economic update the CBA has forecast that the current account deficit will widen to seven per cent of GDP in 2005, and that net foreign debt will rise to 55 per cent of GDP. Such deterioration would be unprecedented and is something that we must face up to and have a mature debate about.

I am optimistic about the prospects for the Australian economy but we as a country must face up to the big challenges ahead. We need an acknowledgement from the government of the need for long-term investments in the productive capacity of the economy, not short-term, poll driven spending sprees. We need from the government a degree of fiscal rigour that has been absent from the government’s stewardship of the economy. We need to see a renewed emphasis on productivity-raising reform. The question now is: is the government going to admit its failures and line up with a new agenda?

The Labor Party is prepared to have a constructive debate with this government about the way ahead. We absolutely understand the importance of responsible economic management and the need to reinforce and put forward rigorous fiscal policy. We firmly believe that that is the bedrock upon which a reform program must be built, because our history shows that this must be our first passion. If we cannot manage the economy then we cannot fulfil our other dreams. We know that creating prosperity must be our first priority. This issue is about increasing the size of the pie, not just slicing it differently. If prosperity and wealth creation falter in this community it is the working people who get hit first—workers are retrenched and mortgages come under pressure.

We understand the nature of the challenge ahead of us. We need a rigorous fiscal policy. We need policies which address the capacity constraints in the economy, invest in the future, invest in productivity and invest in the work force to meet the infrastructure challenges out there and tackle head-on the problem with our current account and export performance. That is the way ahead. We look forward to engaging in a constructive debate about the future of the country for guaranteed prosperity, not just for today but for tomorrow.

The DEPUTY SPEAKER (Mr Jenkins)—Is the amendment seconded?

Mr Price—It is with much pleasure that I second the amendment moved by my colleague the shadow Treasurer and reserve my right to speak.

The DEPUTY SPEAKER—The original question was that this bill be now read a second time. To this the honourable member for Lilley has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Mr BROADBENT (McMillan) (4.33 p.m.)—The member for Lilley just said that if we cannot manage the economy we cannot fulfil our dreams. That would be one of the
most poignant statements in his address, because he was part of a team that only a few weeks ago went to the people of Australia with their plan and they were roundly and soundly rejected. This bill is about appropriations of $365 million to the Job Network. How pleased would the member for Lilley be if he were standing here today espousing the record of the Howard government since its election?

Mr Gavan O’Connor interjecting—

Mr BROADBENT—How pleased would he be if the interjector, the member for Corio, were also standing here considering the social and economic benefits that have been delivered to the Australian people, even the poorest of the Australian people, by the Howard government? Returning to the member for Lilley’s address, wasn’t he also part of a team that wanted to drag IR back to the fifties? That team wanted to do exactly what the Hawke and Keating Labor governments did to change the nation forever. The Howard-Costello government, with John Anderson, want to extend the IR policies of this nation so that we become a freer economy. A dramatic drop in unemployment has occurred over the years of the Howard government and the economy now allows parts of my electorate of McMillan to have less than five per cent unemployment.

This is a government that has low inflation, low interest rates and a very strong economy which is recognised around the world. How is it that we were able to give more than $1 billion to the tsunami affected areas of the world? How is it that, in this nation, individuals have been able to respond from their own pockets in such a grand way? It is because we have a strong economy. But in making those comments I say that there are always those in the community who do not enjoy the benefits. So there is always work for members on both sides of this House to do on behalf of those people who are missing out and on behalf of those people who lack power, wealth and prosperity.

It is important for every member of this House, particularly those gathered today, not only to respond on the macro-economic level, in which Treasurer Costello has proved so skilful, but to respond to those individuals in our electorates who are having a difficult time. So I never stand up and say that everything is rosy in the garden. I say that there are always more weeds to be pulled and more gardens to be turned over on behalf of our constituencies.

The skills shortage spoken about by the member for Lilley is the product of a very strong economy. It is an economy that has grown, especially in its building sector. You have to mention those tradies, those people who are building our high-rise buildings, friends of mine, who are building our houses. Most companies have at least two years work ahead of them that they know of. There are skills shortages right across the economy. We accept that. I am sure, as you see the government’s agenda come through for this term, that those skills shortages will be addressed.

Today is a sad day for me because I draw to the attention of the House the beautiful surrounds of the Bald Hills overlooking the serene outcrop of Wilsons Promontory, in my electorate of McMillan. They are under threat from a corporate juggernaut that has joined forces with the Bracks Labor government to scar the face of the Bald Hills with a pox on our region called wind turbines. Despite fierce resistance from local people, their opposition fell on deaf ears when brought to Premier Steve Bracks and the Minister for Energy Industries and Resources, Theo Theophanous. More than 1,400 objectors were obviously not enough to spark an empathetic response from the
Bracks Labor government. Does Wonthaggi not matter to Steve Bracks? Has the marginal state electorate of Bass been deserted by the state Labor government?

I draw this to the attention of the House today because reports are that the corporate juggernaut Windpower has until recently been covertly pursuing sites at Clarkes Hill, near Ballarat, the McHarg Ranges near Mount Macedon, and another proposal at Waubra, north-east of Ballarat. In today’s edition of the Melbourne Age we are told that Windpower is pulling out of Clarkes Hill, in the Macedon Ranges. The reason cited by the Windpower proponent company is that there is simply not enough wind at these sites, proving that the state government is truly all over the shop on the issue. In fact on the wind map prepared by former Minister Delahunty that site was designated as one of the windiest areas in Victoria. They are all over the place on the issue. Premier Steve Bracks was quoted on Channel 9 news as saying that the wind farms were not going ahead due to their ‘proximity to other locations’. I will describe those other locations in a few moments.

Helping to peddle this spin was state energy minister Theo Theophanous, whose only media release on the decision was to the Ballarat Courier. He said that local MPs had been ‘instrumental’ in the backflip and not wind considerations, as Windpower had cited and the Premier had suggested. In the doublespeak that is the dictum of the Bracks Labor government ‘proximity to other locations’, in plain English as this House would understand it, means that the wind farm sites were simply too close in proximity not to the local people or to the endangerment of the area but to the neighbouring Labor marginal state electorates. So in the light of this I say to Premier Bracks: what about Wonthaggi? What about the Bald Hills? What about the people in the east and south of Gippsland? Do they not deserve the same recognition? No, they are not close to a clump of marginal seats around Ballarat. They are in Gippsland, and it seems that this company still wants to press ahead in Gippsland.

I remember a former member for Kennedy in this House the first time I came here. He was younger then, enthusiastic and bold. I think I might have been here one night when he actually sang in the chamber. He sang quite well. It may have been a song that he made up himself—I am not sure. His name was Robert Hulls. He was decent, he was professional, he was a good member for Kennedy as I remember and he was a committed environmentalist. He is now the Victorian Attorney-General and he has just taken on responsibility for planning. I believe that state minister Robert Hulls needs to revisit Wonthaggi, the planning disaster that it is so close to the community down there, so close to the seashore, so close to the threatened habitat. I think they are up to plan C, without ever having gone back to the council to check whether the changes would be allowed. He needs to revisit the decision made on the Bald Hills. He has the power to go back and say, ‘I am prepared to respond to the community concerns.’ Whilst they have been given the go-ahead, the Minister for Planning and the Attorney-General in Victoria, Rob Hulls, must revisit both projects because he still has to put his name to the planning proposals for them to get the full go-ahead.

I believe that there is a genuineness in that minister and that he will say, ‘I cannot put my name to this. I cannot put my professional standing at risk.’ As I said before, if we are not here in this House to protect the weak, the vulnerable and the poor against the powerful and against the juggernauts, we are not doing our job. Each of us has a responsibility. Yes, the economy is important, but so are individuals who have dreams. I did really
like that line from the member for Lilley: ‘If we can’t manage the economy, we can’t ful-
fil our dreams.’ What a great line. I know
every member in this House would have
dreams about ‘if I only had the chance I
would do such and such’. I have a dream too,
and my dream is that one day I will walk
away from being the member for McMillan
and be able to say that there is not one wind
turbine from Korumburra to the Prom. You
will be able to look from Yarramup into the
hills and you will not see a wind turbine. You
will be able to stand on the top of the Foster
Hills and you will not see a wind turbine. You
will be able to stand on the Bald Hills
and look towards Jenny’s Place and you will
not see a wind turbine.

There are retired members of this House
down there who have pleaded with me to, if I
can do nothing else, draw to your attention
that they do not want wind turbines in the
pristine area of south-east Gippsland. You
can understand the dreams of other people,
too, who drive out of Melbourne to Wilsons
Prom. I have two friends camping down
there now—two blokes who have gone away
for two weeks, without their wives, deter-
mined to catch fish—Mick and John. I am
sure that on the trip down they would not
have wanted to be surrounded by the indus-
trial sites that people colloquially call ‘wind
farms’. They are not farms; they are indus-
trial electricity generation plants.

I plead with the Labor Party to talk with
their Victorian mates. There are enough
places in Victoria for them to put up all the
wind turbines they want without going any-
where near Wonthaggi in south-east Gip-
psland. I hope and pray the message gets
through to the Leader of the Opposition.
Some would accord the loss of the seat of
McMillan by the Labor Party to their stance
on wind turbines. I think there were other
factors, but it did play a part with the people
down there. Even their own supporters—
people who had voted Labor all their lives—
turned their vote around completely and
voted against wind turbines in Gippsland. It
is a serious consideration when you are go-
ing to scar a landscape for years ahead.

At the moment, tourists desire to see the
wind turbines in the little township of Toora
in Victoria. They are not so big, they are
white, they look good, there are very few of
them, and a number of people do like them. I
know in parts around the rest of Australia
people desire wind turbines. I think they
want to put some in Geraldton in Western
Australia shortly. The concern is that, once
these things are up, we have them for three
generations: the generation who puts them
up, the generation who puts up with them
and the generation who is going to tear them
down. I really would like the opposition to
really consider on this issue whether there is
a direct benefit. Many say that renewable
energy through wind farms disrupts the
power source.

I came here to talk about how important
the Hazelwood power station is to Victoria
today. But this issue has arisen because the
Bracks Labor government are prepared to
say, ‘Right-o, we’re out of these wind tur-
bines in the areas around Ballarat.’ Why
would they not give some consideration to
preserving the pristine landscape in south-
east Gippsland? Some 1,400 people down
there have written to the Premier saying that
they do not want these wind turbines, and a
whole lot of other people are sincerely con-
cerned about the future of that area. They
want it left for their grandchildren as pristine
as it is now.

Why do people live down there? Because
it is a last place of refuge for many of them. I
walked into a shop down there the other day
and saw Brian Howe, a former minister of
this House. I do not think he remembered
me, which would not be unusual. Former
minister Ian McPhee is down there, and there are a number of others, whom I will not name. It is not that their names are important, but they have gone down there for a reason—because it is such an important place, because it is pristine, because it is clean, because it is beautiful and because it has the Prom close by.

This parliament has every reason not to allow wind turbines in that coastal region. The Leader of the Opposition has every reason to put his stamp on this and say: 'The member for McMillan has got a point. I'll have a look at it and see if the opposition won't take a stance.' In fact, I plead with the Labor Party today to take that stance, because it would turn around the issue with regard to what is happening in Victoria. If we are unable to save this area, whatever happens to this government, the next government or the government after that, we will have to deal for the years to come with discontented residents over this very important issue.

If I do nothing else in this place, I will draw your attention to and communicate to you what the people of that area have communicated to me. Labor voters in that area were so let down by the performance of the opposition in the run-up to the election. It should never have happened. I do not believe that it would have happened had Mr Beazley been the opposition leader in the run-up to the election campaign. I do not believe that he would have allowed the proposals that have been put forward down there to have gone through in the way they did. I expect that this issue will feature in the run-up to the next election, as people want to save the area from the destruction that can be caused by the proliferation of wind turbines. It is not a lot to ask; it is a small area to save.

The people of Foster, Tarwin Lower, Wonthaggi and the Bald Hills are now sending out the call every day. They have raised $20,000 to make a presentation to a planning appeals board. They are committed with their dollars and their time. The Greens down there are completely split: while they want renewable energy, they do not want the landscape of that part of Gippsland destroyed by wind turbines. So, on their behalf today, I plead with Premier Bracks, with Minister Hulls and with the opposition: let it not be on our watch that this landscape is destroyed.

I invite any of you to come to my marginal seat of McMillan and stand on the Foster hills and look straight towards Wilsons Prom, knowing that it is going to be covered in wind turbines if the Bracks Labor government has its way. I do not believe anybody in this House would want that destruction, I do not believe the member for Brand would want that destruction and I do not believe that his federal party would want that destruction. I think this is a place where the Labor Party and the Liberal Party and The Nationals can come together and say, 'Get out of Gippsland; it is a pristine area and we want it to stay that way.' I plead with you, Mr Deputy Speaker Jenkins, to speak to your colleagues in Victoria as well.

Mr BEAZLEY (Brand—Leader of the Opposition) (4.53 p.m.)—The Liberal Party made interest rates the test case for the last election campaign. If interest rates rise soon, in the public mind the government will have failed its own test. The public will believe they are experiencing another John Howard broken promise. There will be all the weasel words in the world from the Prime Minister, as we have heard in question time today. We did not actually hear any words in question time today, but in previous question times we have heard the Prime Minister say, 'I didn't quite say that; I said that they wouldn't rise as much as they would under you.'

That is not what the Australian public believed he was saying. The Australian public
believed that they were on a promise from the Prime Minister, and if interest rates rise they will believe that that promise has been broken, because they remember that day after day in the election campaign the Prime Minister stood behind a podium that proclaimed ‘Keeping interest rates low’. He was so attached to that podium that he took it with him everywhere. He would not be seen without it. It was like Linus with his security blanket; it was with the podium held up against his ear, keeping interest rates low. He took it to auditoriums, TV studios, town halls, community centres, shopping centres and schools. By the time we were well into the campaign he was even taking it with him to the beach, boldly emblazoned, ‘Keeping interest rates low’.

He said, ‘Under Labor, if you elect them’—even though we have a more responsible set of promises than he had—‘interest rates will rise.’ Night after night we had the dramatic television ads, day after day we had the direct mail from the Prime Minister choking the letterbox, in the last week we even had the robotic automatic phone calls from the Prime Minister and on election day we had the bunting all over the polling booths across the country, and the message all along was ‘Keeping interest rates low’. In the heat of the campaign, that simple message carried, and on this side of the House we will not deny that he was effective in getting that message across.

It is hardly surprising that many families who have had to go into extraordinary levels of debt to buy into the property market are terrified of a rise in interest rates. They know just how exposed they are to the smallest of interest rate increases. A rise of just one-half of one percentage point on mortgage interest rates would add $66 every month to the cost of servicing the average mortgage. But for a family buying a home in Sydney at the median price, with a 10 per cent deposit, the impact is much more dramatic. The increase in their case would be much greater: $148 a month.

It seems to me that the government believe that interest rates are rising. They should not, but the government believe they will. They are looking at speculation and what appear to be suggestions emanating from the Reserve Bank. They are looking at speculation from market experts. They are saying that interest rate increases are on the way. Those experts are saying that we could experience rises totalling at least one-half of one percentage point during the next few months—it may be more. The government that went into the last election campaign proclaiming that they would keep interest rates low are now joining that slide into a message suggesting that interest rates are going to rise. They are not holding a line against that speculation; they are surfing that speculation. If that happens—if interest rates rise like that—then, quite simply, the Prime Minister will have broken his promise. He will have failed the test that he set at the last election campaign. He set the standard of keeping interest rates low. If he does not keep interest rates low and if he lets them rise, then that promise will have been broken and that test will have been failed, and I can assure the Prime Minister that we on this side of the House will hold him to account on it—whether he wants to answer the questions when they come on it or not.

We are now out of the election cycle. The Prime Minister does not want to be reminded of his promise—or he wants to change its character. He wants to be able to pick himself up, dust himself down, turn down the volume and look respectable again. He is no longer the shrill, jumpy Prime Minister shrieking ‘Hello, hello!’ and sending fear into Australian living rooms. He now wants to be the voice of economic caution and responsibility. Now his comments are quali-
fied, careful and evasive, as if we never had an election campaign and as if he never made his promise that interest rates would stay low. Indeed, he is agitated when journalists remind him of the commitment he made to the Australian people that he would keep interest rates low.

It is only after the dust has settled that we have found out about the fine print—all the conditionalities and qualifications that were never there on his podium. Now he says that it is not about interest rates being low, just about them being lower. Lower than what? Lower than if he was not there? How much lower? He will not say; just, ‘Lower.’ Lower than they used to be; lower than they might otherwise be in some other hypothetical world? ‘Certainly lower than they would be with Labor,’ he says, ‘but not necessarily low.’

The Prime Minister ducks, dodges and diverts attention from the fact that the Australian people were given one very clear understanding of what he was undertaking to do in saying that he would keep interest rates low—and now he tries to find slippery explanations to wriggle his way out. He resorts to dense lawyerly language to get himself off the hook from a blatantly misleading promise: a promise to the Australian people that is set to be broken even before the chill winds of winter arrive. It is like the dodgy door-to-door salesman who comes to your door with lots of promises up front, all so he can sign you up, but once you are signed up you get the fine print and you get a very different story.

There is no reason why a lower standard should apply in public life. If interest rates start rising, it is a broken promise and the Prime Minister has failed the test—and I can assure you that on this side of the House and across the nation, Prime Minister, we are going to keep you to it. The promise was to keep interest rates low, and that means a government doing all that it can to keep interest rates down. It means that, if interest rates go up, they are not staying low and a promise has been broken. The promise was keeping them low.

The Reserve Bank is warning of imminent rises in interest rates. They should not be rising. By comparison with other advanced economies, they are not so low even now. The cash rate in Australia is 5.25 per cent. In the United States the federal funds rate is 2.5 per cent. In Europe the Central Bank’s key interest rate for the euro economies is two per cent. In Canada the Bank of Canada’s overnight rate is 2.5 per cent. In Japan the official discount rate is just 0.1 per cent. The only major advanced economy that comes close to Australia’s 5.25 per cent official cash rate is the UK, where it is 4.75 per cent. So, if you want to look at interest rates in 2005, if you want to ask whether interest rates are high or low now, the answer is that Australians are paying amongst the highest interest rates in the world. They are, of course, lower than they were 10, 15, 20, 25 or 30 years ago, but that is not the achievement of the Australian government. That is not something for which this government can claim credit, any more than this government can claim credit for the arrival of summer with its blue skies and sunshine. That is just the global economic reality we live in in an era of lower inflation and lower interest rates throughout the world. But, in Australia, when you compare us with the rest, we live in a country of higher interest rates.

There are a range of factors that influence the level of interest rates. Some of those are within the government’s control and responsibility; others are not. Australian governments cannot control the international benchmark for interest rates. They cannot control the world economic cycle. They cannot control external factors such as world
commodity prices and our terms of trade and external economic shocks. All these factors play a significant role in determining the interest rates that Australians pay on their mortgages, because even the most cursory glance at world interest rate movements will tell you that the single biggest influence on our interest rates is the change in the level of global rates.

But what the government can do is to influence the gap between the overseas benchmark interest rates and interest rates within Australia. That is where governments can make a difference, and that is where this government is failing, because, in four of the critical ways in which a government can influence the level of interest rates, this government is pushing them up. Government budgetary policies can affect public demand and inflationary pressures, and higher inflationary pressures feed into higher interest rates. Government policies on the labour market and education can affect skills, workforce participation and wage determination, which in turn influences productivity, labour costs and inflationary pressures, and higher inflationary pressures feed into higher interest rates. Government policies relating to innovation and infrastructure can influence our productivity and efficiency. To be able to compete with the rest of the world Australian businesses need adequate infrastructure such as ports, roads, communications networks and energy networks. Without a far-sighted strategy to meet the nation’s infrastructure need, we end up with bottlenecks and capacity constraints which create upward inflationary and interest rate pressures. Finally, government policies influence our international competitiveness and our trading performance, which in turn influence the balances on our external accounts, and they influence our interest rates. They determine whether we have to pay an extra loading compared with other countries, a risk premium when we borrow overseas.

On all four counts, this government is breaking its promise to make its first priority keeping interest rates low. Its reckless $66 billion spending spree is putting upward pressure on interest rates. Its short-term approach to education and training, treating it as a cost and not an investment, has left us with skills shortages so dire that, for months now, business survey after business survey has told us that the No. 1 problem holding back investment and economic growth is the shortage of skilled workers. Its years of short-term politically driven policy making have left us with a crisis in the nation’s infrastructure. We are finding bottlenecks and capacity constraints at key points across the nation, and that is pushing up the prices of inputs and increasing inflationary pressures. The Reserve Bank has clearly identified that as a major factor in its calculations on interest rates. Its incompetence in managing our trading performance—to use this Treasurer’s words—this total failure of economic policy, has given Australia its worst current account performance ever, a soaring foreign debt and a dangerous vulnerability to every sharp turn in global economic conditions. This can only put upward pressure on Australian rates as our addiction to ever larger inflows of foreign loans deepens. The government wants us to believe that the problems that are being reported in the Australian economy are all cyclical—that they have nothing to do with this government’s management of the economy and that they are all issues beyond its responsibility. This government is great at duckshoving responsibility. Why doesn’t it just shovel itself out of office and let other people take it?

This is not what the Reserve Bank is saying; it is not what the OECD is saying; it is not what the IMF is saying; it is not what Access Economics is saying. It is not what
any of the independent experts are saying, not that this government likes to listen to independent experts, of course. On the *PM* program on 23 September, when asked to name just one independent commentator who supported his assertions on interest rates and the predicted higher interest rates under a Labor government, the Prime Minister said:

Look, you don’t need independent commentators. You just look at facts—

‘and I am the arbiter of those’—

I don’t need to invoke other names. I argue and assert the view, based on the field evidence of when Labor was last in office and what we have achieved.

This is a government that detests independent impartial assessments of its record. It only likes to hear its own words, to sit in an echo chamber of Liberal Party acolytes—smug, complacent, unconcerned about the future and unable to listen to the warning signs that are flashing across this government.

When we look at the global economy we see that Australian interest rates are high. When we cast our eyes beyond our own borders, we see lower rates. If international conditions were the only factor that determined our interest rates, our interest rates would be heading down. But they are not. According to the Reserve Bank, they appear to be heading up and the government appears to be preparing us for that. Because inflationary pressures are rising, inflation is heading to the top of the Reserve Bank’s target range. When that happens, the Reserve Bank moves. This government is not keeping interest rates low. Its actions are threatening to put them up higher than they need to be and higher than they would otherwise be. This is a failure of the government’s own test; a breach of its promise at the last election. The consequences will be borne by families across Australia.

The mortgage burden borne by Australian families does not sit lightly on their shoulders. As they went to last year’s election, Australian households were paying 9.3 per cent of their disposable income on interest payments. That is the highest debt burden that Australian families have ever experienced. The Prime Minister may think that interest rates are still low, as he wants us to watch them rise in the coming months, but I can assure you that that is not how Australian families will see it.

At a time like this, when the debt burden on Australian families has never been greater, this government has failed them. It has failed to run a budgetary policy that could restrain inflationary and interest rate pressures. It has failed to invest in the skills training that could get Australians who are out of work into job vacancies. It has wasted the opportunity to use our recent prosperity to take the economy to the next level of competitiveness and productivity through policies on infrastructure and innovation. Instead, it has left us with bottlenecks and capacity constraints that are pushing up inflationary and interest rate pressures. It has failed to build an internationally competitive export oriented economy. Instead, the legacy of almost a decade of its management is a record high current account deficit that will this year zoom beyond $50 billion and, according to the latest forecasts from the Commonwealth Bank, will hit seven per cent of GDP—a level that is worse than the balance of payments crisis of the mid-1980s; a level that can only put further pressure on interest rates.

What this nation needs is a government that is committed to building an economy geared towards long-term production, not just short-term consumption; a government that will put the national interest above political considerations; a government that will practice fiscal discipline, not fiscal feckless-
ness; a government that commits to long-term solutions, not short-term fix-ups; and a
government that has the vision and the backbone to take the decisions that will build
Australia’s future prosperity and take the economy to the next level of productivity and
growth. That is the sort of economic leadership that the nation needs. But there
are very few signs that the Australian people will be getting that sort of leadership from
this government. After everything that was said in the last campaign, the Australian people
will have every right to feel that they have been dunned by this Prime Minister and
this Treasurer.

Mr LINDSAY (Herbert) (5.10 p.m.)—In
my contribution to the debate this evening I
would like to discuss some local issues
within my electorate of Herbert. Herbert
comprises basically the cities of Townsville
and Thuringowa. Townsville is Australia’s
largest tropical city and is home to James
Cook University, the Australian Institute of
Marine Science, the Great Barrier Reef
Marine Park Authority, Australia’s largest Army
base, RAAF Townsville and three metal refineries. It is a significant city that is powering ahead. But there are some local issues that have attracted the attention of people in
Townsville and Thuringowa over perhaps the
last month and a half. They relate to the sale
of Commonwealth assets in our city. I would
like to discuss those issues tonight.

The Australian Communications Authority, which is a statutory authority of the
Commonwealth, has for perhaps more than a
decade owned about three hectares of land
adjacent to the Cape Pallarenda Conservation
Park. It is land that the Commonwealth acquired back in 1913 that has been used for
public purposes, particularly by the ACA for
a wireless receiving station during the war
and latterly for a monitoring station. That
land became surplus to the ACA’s requirements so, under their charter as a statutory
authority, they decided to sell the land, and
to sell it through a normal public tender process.

The ACA was not required to inform me,
as the local member, or either of the shareholding ministers. Unfortunately, the land is extraordinarily sensitive because it is adjacent to the environmental park. It is land that
the community quite properly thinks should have been incorporated back into the envi-
ronmental park from which it was excised. Unfortunately, as the local member I did not
know that the land was going to be sold until
some real estate signs went up adjacent to
the property. There was a four-week process,
by which time tenders were called and there was a very significantly attended public
meeting at Pallarenda to talk about the issue.
The overwhelming feeling of the residents of Pallarenda was that the land should not be
sold for any purpose other than to be incor-
porated back into the environmental conser-
vation park.

I attended that public meeting and I put
quite clearly on the record my view that the
land should not be sold to a commercial de-
veloper. I also noted that the state member
for Townsville, the Minister for Child Safety,
Mike Reynolds, put to the public meeting his
view that the state government should put in
a bid and purchase the land back, as is nor-
mal practice. There was a real feeling of joy
at the public meeting that this commitment
had come from the state government. How-
ever, when tenders were opened, it was
found that the state government had put in
a bid of zero dollars. They offered nothing for
the land and expected the ACA to give them
the land. Those of us who know government processes knew that that was simply an op-
tion that was bound to fail, and fail it did.
The ACA signed a contract with a commer-
cial developer and that contract is due for
settlement tomorrow, as I understand it.
Once it was found that a contract had been signed on the land there was outrage in the community, and it was understandable outrage. Everybody and his dog got on the bandwagon. The Townsville City Council got on the bandwagon. There was fire and brimstone at council meetings. There were some very unkind words said about the federal government and me, as the local member. But what the council did not say to its ratepayers and to the people of Townsville and Thuringowa was that the ACA had been talking to the council about the proposed sale. In 2002 they spoke to council officers. Again, in 2004 they spoke to council officers. The council, in fact, indicated that they had no concerns with the sale. Remember, the council had the first meeting of the new year, and it was a meeting full of fire and brimstone, but they did not tell the people of Townsville and Thuringowa that they had known about the sale and had not told them anything about it. The mayor’s answer was that he had not been told. Quite frankly, I find that very hard to believe. With the discussions that took place between the ACA and the most senior officer of the council in the planning and development department— in fact, the officer was the council director of that department—I cannot believe that that information was not passed on to the mayor of the city, because it was such a sensitive decision to develop that prime piece of environmentally sensitive land. Nevertheless, the mayor has publicly said that he did not know. Well, he should have known. He should have been on guard. He should have been protecting the interests of the people of Pallarenda and Townsville.

The state member then became involved in what was nothing more than a stunt. The state member stood adjacent to the land and said, ‘I have now got an offer to make to the federal government.’ That was last Friday. He offered the federal government $53,000 for the land, knowing that a legally binding contract for $1.7 million had already been signed. What a stunt that was. Then we saw another stunt yesterday in the parliament from the state member for Townsville. He organised a petition and collected 2,365 signatures and, in so doing, he gave those people who signed the petition a false hope—that is, in signing the petition, there would be an outcome that would influence the government. He said on public record that he could not table the petition until yesterday, but it could have been tabled last week. I asked the Clerk when the petition would get formally referred to the minister, and I was told that the normal process would see it tabled yesterday afternoon and referred to the minister on Wednesday. But the land settles on Wednesday. So the impact of delaying the tabling until yesterday was this: the petition is worthless and it was a waste of everybody’s time. It is disgraceful that a state member and a minister of the Queensland government gave people the false expectation that, in signing the petition, somehow or other that would be effective in saving the land. I would be the first person to want the land saved and returned to being an environmental park. But that was never going to happen because of the actions of the Townsville City Council and the Queensland government. I find that abhorrent and I am very disappointed.

There have been some further fire and brimstone discussions in Townsville about the sale of sensitive land currently occupied by 11 Brigade, which is a reserve brigade in the Australian Defence Force. It is land located in North Ward. It is a prime location. It is the home of the commander of 11 Brigade at 31RQR and it is the home of the brigadier of 3rd Brigade. It is land of very significant heritage on the Kissing Point headland, in the beachside suburb of North Ward. The Townsville City Council said, ‘We are op-
posed to the sale of all of this land,’ but they know that the heritage part of that site is protected—it cannot be sold. They know that, but they tell the people of Townsville, ‘Get out there, get emotional, get unhappy—the Commonwealth government is going to sell this land.’ But if the land is heritage protected it cannot be developed.

I find it unfortunate that the Townsville City Council and the Mayor of Townsville wilfully mislead the people of the city. That is extraordinarily unfortunate. But I was then able to indicate that Defence had been talking to the council for some years, effectively. I was able to indicate that the mayor himself has been having discussions with developers on how the site might be developed. Fancy standing up at a council meeting and railing against the federal government for selling the land—doing that publicly—but privately meeting with developers and saying, ‘Now, how are we going to subdivide this land? What are we going to do? What’s the best deal?’ I do not like that. I do not like the Mayor of Townsville basically saying one thing publicly and another thing privately. That is no way for a mayor to conduct the business of the city.

I am well aware of the sensitivities about Jezzine Barracks, and I say to the people of Townsville: Jezzine Barracks is currently not for sale. It is occupied by 11 Brigade. One day, 11 Brigade will move to Lavarack Barracks, but, prior to any possible dealing in the land, the Australian Defence Force will conduct full public consultations with those who are interested. They will listen to those who know about the heritage of the site. They will listen to town planners. They will listen to the Townsville City Council. They will listen to the federal member. They will listen to the government. There will be full public consultation about whatever the future of Jezzine Barracks might be. They will also listen to retired Brigadier Neil Weekes, whose North Queensland Military Museum group are very dedicated and have some great ideas for what they might want to do. Defence will also consider the fact that some of the World War II infrastructure there should be demolished today—the drill hall, for example, is well beyond its useful life. I can give an assurance to the people of Townsville that some time in the future, whenever Defence might quit Jezzine Barracks, there will be full public consultation as to what might happen to the site.

Having seen the hypocrisy of the state government and the local government in land sales, let me make these observations in relation to the council. I remember the council having a fire sale and selling prime land that it owned in Yarrawonga, on the side of Castle Hill, for $300,000. It was an absolute giveaway, but they did not say, ‘We should not be selling ratepayers’ prime land.’ They just sold it. It was the same with Hanran Park. What would you think about a council that sells a public park—Hanran Park, right in the middle of Townsville city—to a developer? The council said to a developer, ‘We’ll sell this to you,’ and did. Today we find that the council is selling land that it compulsorily acquired on Magnetic Island, again to private industry. Yet the council rails against the federal government when the federal government seeks to deal in its land. I do not understand that. It is not consistent.

It is the same with the state government. The state government sold the old Townsville Hospital, prime land in North Ward. They sold it for a song. The developer has not proceeded, and the site is sitting there like a white elephant, but it was public property sold to a developer. It was the same with all of the railway land, prime land, fronting Ross Creek in the middle of the Townsville CBD. The state government sold it to a developer. There was not a peep out of the
council. Yet, when the federal government deals in some land, all hell breaks loose.

It is the same with the state government in the impending sale of land at the Stuart industrial area, land that should never be sold for industry. The state government is going to sell its land to industry. Do you know what is going to happen? All the pollution that is generated in that current open space is going to go right across Townsville city. It is a horrifying thought. Again, what has the council done? The council told the state government that there should be no industrial development at Stuart; industrial development should be out at Woodstock or further west. But now the council is being compliant and saying, ‘Okay, we will have that land developed in the Stuart industrial area.’ It is wrong. It is hypocritical. And it is sad to see that that is occurring.

I did touch on defence. I want to pay a tribute now to the men and women of 3rd Brigade and 11th Brigade, particularly the soldiers from Alpha Company of the 1st Battalion, who two days before Christmas were sent with 18 hours notice to Honiara. They are a magnificent group of people. From go to whoa, it was 18 hours from being told they were going until they were on the ground in Honiara. That is Australia’s ready deployment force. That is the people of Townsville who are doing that, and they did a great job over there. Similarly, 11th Brigade, our reserve brigade, have been deployed to the Solomon Islands for their first deployment overseas since World War II. A number of reservists went over there. During January, a number of reservists also went to another location which we do not talk about. They are out there serving our nation as reservists and doing a mighty job. I very much pay tribute to the men and women of Australia’s Defence Force. They are the most capable and professional people in the world today, I think, in what they are able to do with the resources they have.

I would like to pay a compliment locally. There are many staff in this building who do a fine job, and earlier this afternoon I was privileged to meet Callum Campbell. Callum is a new employee of TQ3 Navigant, the old Synergy Travel. Callum has come to TQ3 from STA Travel and he was able to assist me in some travel arrangements that I had to make. I was impressed with the professionalism of his work and what he was able to do, and it is great to see great customer service being provided to the parliament by the commercial interests that are here. I wish Callum well in his new role, and I am sure that we will see him again as time goes by.

Ms MACKLIN (Jagajaga) (5.30 p.m.)—We have had headlines in the last few weeks in so many of our newspapers warning of a crisis that is upon us, a crisis caused by this government taking its eye off the ball when it comes to making sure we have enough people in the skilled trades. Let me take you through a few of them. Today in the Age one said ‘We must move to defuse the skills time bomb’. One in the Financial Review just a month ago said ‘Skills shortage threatens exports’. Another one in the Financial Review said ‘Talent shortage forces firms to poach brickies’. And so it goes on. In Townsville a headline read ‘Century old firm closes: shortage of skills kills off plumber’. In the Australian Financial Review just this month a headline read ‘Employers back RBA view on skills shortage’. Another one, in the Illawarra Mercury, read ‘Most employers paying high price to hang on to apprentices’. A headline in the Asia Pulse said ‘Cost of employing tradespeople in Australia stays at record high’ and the Financial Review said ‘Mine costs soar due to skills shortage’. All of this on this government’s watch. Another one read ‘Mechanic shortage puts cars on hold’ and one I liked said ‘Too few cooks
knead the dough’. That was in the *West Australian* in January.

Right around Australia we have a major skills shortage that this government has been ignoring for years. Late last year, shortly after the appointment of the new Minister for Vocational and Technical Education, I asked him about the Productivity Commission’s alarming finding that skills growth as a driver of productivity in this country had dropped by 75 per cent in 10 years. I asked him how it was that the Howard government had let a severe skills shortage, which has had a very serious impact on our economy, develop on its watch. The minister’s response unfortunately revealed how entirely out of his depth he is and his lack of understanding of the basic economics of this government’s skills crisis. He said:

We are not afraid of the Australian workers gaining an additional dividend in their pay packet because of the skills they have.

This response would be laughable if the situation were not so serious. On this side of the chamber we are not concerned about wages going up with increases in skills or increases in productivity. Of course we would welcome that. But the evidence we have is that wages are going up because businesses cannot recruit enough skilled employees—that is, not because there are increases in skills but because there is a massive shortage of skilled employees. Late last year we had an example at the Adelaide airport, where tradesmen were receiving bonuses of up to $600 a week because of the skills shortage. Some other South Australian contractors are paying painters, tilers and plasterers up to $30,000 above award rates in a bid to lure skilled workers to that state.

The Howard government has dropped the ball on skills and we are now a country with far too few skilled people. What everybody except the Minister for Vocational and Technical Education recognises is that this is not economically sustainable. Recently we have seen the Reserve Bank of Australia come out on this issue. In its most recent statement on monetary policy the Reserve Bank said:

... the likelihood of further monetary tightening being required in the months ahead had increased.

The Reserve Bank notes that this is largely because skill shortages and labour market tightness are creating the risk of wage inflation, so it might be time for the Minister for Vocational and Technical Education to wake up to these facts. He could do worse than sit down and have a very close look at the Reserve Bank’s statement.

Skill shortages are putting upward pressure on inflation and interest rates. Although the minister does not seem to be aware of it, the OECD certainly is. In its report card on Australia released just two weeks ago, it issued a warning about the damaging economic consequences of the Howard government’s skill shortage. It seems that everybody, from the OECD to the Reserve Bank, is shouting warnings to this government about the damaging impact of the skill shortages facing Australia. The Australian Chamber of Commerce and Industry have also joined the chorus of warnings. In their January review ACCI found—and this is a very serious finding—that there has been a 24 per cent drop in the number of completions of traditional apprenticeships since 1996, resulting in 56,000 fewer qualified tradespeople since this government was elected. That is a huge reduction in the number of people who otherwise would now be skilled tradespeople filling very important jobs in our economy.

Today in the *Age* there was a very important article with the heading ‘We must move to defuse the skills time bomb’. The article says:

If the Reserve Bank raises interest rates next month, it will not be—
and the Treasurer might take note of this—because of flaws in our workplace relations laws. It will be largely because Australia is facing skills shortages so widespread that they could become the weakness that throws this long boom off the rails.

According to Tim Colebatch in the *Age* today, the reason our economy will go off the rails is that we have such serious skills shortages. He goes on:

> The threat of a housing-led bust is receding, but the threat of a blockage caused by skills shortages driving up wages is coming much closer.

This has all been brought about because we have had ministers with their heads in the sand over a long period of time. It is time we had the current minister explain why his 24 technical colleges, unfortunately, will not be in place for another three years and will not be producing a single fully trained apprentice until 2010. This government’s initiative to get more skilled tradespeople will not see one single additional apprentice trained until 2010. That is this government’s response so far to this very serious crisis.

We have an ocean of evidence revealing that this government has taken its eye off the ball and allowed a very serious skills crisis to develop on its watch, which is now affecting and hurting Australian business, families and, of course, our economy. It is right across the spectrum. It is in key trades. It is in industries that employ engineers, electricians, mechanics, bricklayers, plumbers and metal fitters—all of those very important skilled trades. It is also in the caring professions, which employ child-care workers and aged care workers. If the minister was paying attention he might have noticed that there are 55 professions and trades now listed in the 2004 national skills shortage list.

We have about 40,000 Australians who are trying to get into TAFE and cannot because there are just not enough places. That figure includes 15,000 young people leaving school who want to get into TAFE but who cannot because there are not enough places. These waiting lists are right across the country. They are in our TAFEs in country towns and in our TAFEs in the cities. It does not matter where you go. In all of the traditional trades, and in the caring professions as well, we have serious problems with people being unable to get a place at TAFE. This government is not offering enough additional TAFE places so that young and mature age people—those who want to upgrade their skills—can get into TAFE and get their training so that they can fill these serious skills shortages.

One of the problems is that we have had growth—as we have heard so often from various ministers in this government—in the New Apprenticeships scheme. But most of the growth has occurred in areas where we do not have skills shortages. Half the people who do not complete a new apprenticeship—and this is a real indictment of the New Apprenticeships scheme—say it is because they are being used as cheap labour and do not feel that they are being treated properly. One study has found that between 20 and 30 per cent of new apprentices receive inadequate training. The New Apprenticeships scheme is seriously letting these young people down.

We have had the Australian Industry Group do a major piece of work identifying the crisis facing industry. They have found that right now, across the manufacturing sector, there are between 18,000 and 21,000 unfilled vacancies for tradespeople—so about 20,000 people are needed right now to fill vacancies for tradespeople. This is how serious that study is: the Australian Industry Group say that around 175,000 people will leave the trades over the next five years. Unfortunately, only 70,000 will enter. So we will have a shortage of about 100,000 people over the next five years. Of course, we do
not have a response of anything like that magnitude from the government. This demonstrates the enormous problems that are facing different industries.

We have a skills shortage now being named as one of the main reasons why there is an eight per cent increase in construction costs. We are seeing a very significant increase in construction costs, whether it be in housing or large building construction. The Australian Bureau of Statistics has reported that home building costs have risen at twice the rate of inflation in the last year. Anecdotally, over the last 18 months the figure is as high as 20 per cent in Queensland, where there is obviously very significant demand.

The NAB’s quarterly survey for December 2004 reported that around 57 per cent of businesses blamed skills shortages for constraining their output. That is a very significant finding from the National Australia Bank, and so it goes on. We have had one of the groups in the construction industry deciding to institute a brick levy to fund apprenticeship training because of the apprentice shortage. Of course, when I asked Minister Hardgrave about that in question time at the end of last year he was completely unaware of it. His only response was to say that I had asked the wrong minister. Australia certainly does have the wrong minister when it comes to this issue, because we do not have a minister that is responding to the extraordinary number of red flags that are going up around the place to alert the government to the fact that we have a serious skills crisis on our doorstep. We have a minister that is doing next to nothing about it.

The government has forgotten that as it rushes to pretend that it is anything but the growing skills crisis that is putting upward pressure on interest rates.

Let us have a look at the detail of what the government is proposing to do about this skills crisis, because I think that really shows that it has made a completely inadequate response. The government’s No. 1 initiative that it likes to crow about is these new technical colleges. There are going to be 24 of these technical colleges for students in years 11 and 12. They are going to be set up over the next three years. This is far too little too late. It means, as I said before, that we will not have any fully qualified apprentices from this new scheme until 2010 and even then it will just be a tiny trickle. Let us look at the numbers. This government’s Australian technical colleges new initiative, which does not start until next year, will not produce a new apprentice until 2010. By 2010 this initiative will have produced just 7,200 apprentices. The Australian Industry Group says we need over 100,000 extra skilled workers in the next five years. The Australian Industry Group says we need over 100,000; this government has plans for 7,200—talk about a government that is completely out of touch with the needs of Australian industry and our economy.

Unfortunately it is the case that the minister has been forced to admit that local businesses have been voting with their feet and not turning up to his sales sessions on the new technical colleges. I gather from a report in the Australian Financial Review on the weekend that he has been going around the country running sessions in country towns and cities, trying to drum up a bit of business. The report, headed ‘Tech colleges fail to excite local business’ even quotes the minister as saying that representation from local businesses has been ‘not so good’. I wonder why. Could it be that in fact local businesses
are crying out and are desperate for more skilled workers today? Today they need them. They needed this government to act five years ago, not to be finally acting with a far too inadequate initiative. We should not have had this government messing around for years, completely ignoring this ticking time bomb, and now of course experimenting with a technical education takeover. We know that these new technical colleges will not address the shortages in most of the trades. To give another example, the National Farmers Federation pointed out to the government just two weeks ago that agricultural training, a critical driver of agricultural productivity, has been left out of the technical colleges initiative completely.

We have had acute shortages in so many areas that have just been ignored, and so it goes on into the professions. We now have various professions crying out as well. Engineering, nursing, teaching, podiatry and accounting—all of these professions and more are crying out for additional places in our universities. Just to choose one of these as an example, we have seen the government decide recently to ignore calls from universities for additional places in podiatry. In fact, 40 per cent of university places have been slashed in podiatry alone—and that is with an ageing community. Child care is another area, and so the list goes on.

We have a government that have only one initiative in this area. They have completely refused to put proper growth funding into our TAFEs, which urgently need additional places. They have ignored the need to have additional places in our universities in so many of the areas crying out for additional places, whether they be engineering or the sciences. We know only Labor proposed at the last election to in fact pay the TAFE fees of any secondary school student who wanted to do a TAFE course. This would be a practical initiative that this government could adopt: pay the TAFE fees of secondary school students to encourage more young people to get a vocational qualification while they are still at school. They should pick up Labor’s initiative to put another 20,000 places into TAFE. They should put more funding into group training organisations—another initiative proposed by Labor before the election. They should provide training bonuses to those trainees who actually complete their training—another initiative proposed by Labor before the election, and so the list goes on. We have to look seriously at why young people are not entering the trades and the professions in which they are so urgently needed and we have to get a wide range of initiatives to address this very serious shortage that is putting a significant amount of pressure on business and, most significantly, driving up the cost of so many skilled workers and unfortunately putting upward pressure on inflation and interest rates. It is an urgent issue that requires the immediate action of this government, not the lacklustre response we have seen from this minister.

Mr HUNT (Flinders—Parliamentary Secretary to the Minister for the Environment and Heritage) (5.50 p.m.)—I am delighted to rise to speak on Appropriation Bill (No. 3) 2004-2005 and Appropriation Bill (No. 4) 2004-2005 because these bills are about three simple things. They are about jobs, they are about jobs and they are about jobs because ultimately they go to the economic health of the country by implementing a range of measures which build on those which have come over the last nine years.

In this speech, in supporting these bills, I want to do three things. Firstly, I want to focus on the economic achievements, the reasons for the achievements and how they affect lives in every electorate throughout Australia, whether they be in the Riverina, on the Murray, in the seat of Watson or in the
There is a bill to be presented, and that is the Oil Bill, and that has been referred, and we expect to have a further report from the Standing Committee on the Environment and Heritage tonight.

Mr Speaker, the fact is that the Oil Bill has been referred to the Standing Committee and no other business has been brought forward. I am sure that you are aware that a number of other Bills, including the Environment Bill, have been referred to Committees, and we have no other business. My motion is to bring forward the Oil Bill to the House and to commence our consideration of that Bill.

Mr Speaker, I am sure that you will appreciate the importance of the Oil Bill. It is a Bill that addresses the need for the Commonwealth Government to take a more active role in the management of our oil reserves. The Bill is important because it provides a framework for the Commonwealth to ensure that our oil reserves are used in a sustainable manner and that the benefits of our oil wealth are shared fairly with all Australians.

Mr Speaker, I believe that the Oil Bill is a Bill of great importance, and I urge you to bring it forward to the House. I hope that we can have a full and open debate on the Bill and that we can come to a conclusion that will be in the best interests of all Australians.

Mr Speaker, I am confident that the Oil Bill will receive the support of the House and that we will be able to bring it forward to the House at the earliest possible opportunity. I believe that the Oil Bill is a Bill of great importance, and I urge you to bring it forward to the House. I hope that we can have a full and open debate on the Bill and that we can come to a conclusion that will be in the best interests of all Australians.
But there is more to be done—let there be no doubt about this. Those three great waves of reform have cumulatively led to all of the benefits that bring us to an economy with three per cent growth, 2.6 per cent inflation, 5.25 per cent cash interest rates, 5.1 per cent unemployment and a national debt which has reduced from $96 billion to $23 billion. Those are the benefits, but what is the challenge before us today? I would submit to the House that in Australia today we have four great economic challenges: industrial relations reform, taxation reform, competition policy reform and infrastructure reform. It is the latter of these, infrastructure reform, on which I wish to spend most of my time today.

When we look at industrial relations, we see that there are twin elements which we have to address over the coming 12 months. The first is small business industrial relations reform and the removal of the existing provisions in relation to unfair dismissal which prevent ordinary employers—whether they run an engineering shop or a small business—from employing additional people. The estimates are that up to 50,000 new jobs will be created throughout Australia. It is an extraordinary indictment that we have tried on over 30 occasions to pass legislation which would provide relief whilst protecting workers’ rights and that that legislation has been blocked by the alternative government of Australia. The people who seek to govern stand in the way of up to 50,000 jobs. They do so because there are other masters behind the scenes who do not want to see a change like that.

We also see that there is a need for greater national control over the industrial relations system. There needs to be a move towards a more uniform set of industrial relations laws with greater flexibility at the big business level across the country. Yes, it is imperative that we preserve and maintain protections that are fair, reasonable and appropriate, but what we need to do is recognise where we stand in the 21st century. We need to recognise the fact that we are a national economy with porous internal borders, that people flow between them and that they need to be able to have a consistent unified system. That is a critical step forward.

The second of the great challenges we face is taxation reform. One, wherever possible, we need to work towards a reduction of rates, and there is a considerable amount of work being done on that; two, the thing which I believe is particularly critical is simplification. It is simplification so that ordinary Australians—whether they be a small business owner, a wage or salary earner or a person on a contractual basis from time to time—are able to process their tax in a way which is simple, understandable and clear. Over time the tax act has grown and grown, and it has become beyond the reach of most Australians. On the taxation front, there is a need for reform in terms of simplification. I believe that that is a vital step forward and it is one to which I commit myself.

The third area of systemic structural reform in the Australian economy which we need to address, I believe, is in relation to competition policy. We only need to look at the situation in Sydney where there is no competition over the way in which waste water drawn away from houses is owned by Sydney Water. We recognise that there are decisions in relation to opening that up. We see an extraordinary amount of waste because there is no incentive for Sydney Water to act in competition; there is no incentive for them to open up their system to competition. We have to deal with problems such as this which are connected with the problems of state based monopolies throughout the country. That is a natural point to lead into the question of infrastructure.
Infrastructure is the investment which one generation makes for the needs and requirements of another. It is an act of intergenerational faith. The failure to make provision for infrastructure is equally an act of intergenerational theft. We see in Australia two quite divergent approaches to infrastructure. At the Commonwealth level—even though roads are primarily not a Commonwealth function—under the leadership of the Deputy Prime Minister and in conjunction with the AusLink program, the government has invested over $2 billion in road and rail transport. We have also announced $2 billion under the Australian Water Fund, of which $1.6 billion will go to major infrastructure. Those two things are critical Commonwealth activities. The third is in telephony services, particularly in rural and regional Australia. There is more to be done, but a huge investment has been made over the last half-dozen years.

This compares with what is happening at the state level. In the areas of power, rail, gas, water and ports, we see a failure of the states to prepare for infrastructure. The lesson that the states learnt in the early 1990s was not ‘You can’t blow your budget’; it has become ‘Yes, you can blow out your recurrent expenditure but you will have to balance it by taking from the next generation by not investing in infrastructure.’ So you see in Western Australia shortages of electricity; in New South Wales, an extraordinary problem with electricity; in Queensland and Newcastle, choking ports; and, in Victoria, massive problems with the waste of water. In my own electorate, the Gunnamatta outfall puts out 150 billion litres of waste water a year, which could be used as recycled water for industrial and agricultural purposes; but it has not happened.

All of these failures are consistent across the states. That is why we need to change. The answer is not that this occurs because of a shortage of funds; the funds are there. They are discretionary funds given to the states under the GST arrangements. In 2004-05 alone, according to the pre-budget economic forecasts, the states will receive over $2.1 billion more than they would have otherwise received had there been no GST allocation for the states. In 2007-08, they will receive approximately $3.9 billion. Over the period 2002-08, they will receive $11.8 billion. The money is there. But what has happened is that recurrent expenditure has blown out. The way in which that has been balanced is by the states running down infrastructure spending. Why does that matter? The answer is that it is just as bad as blowing out your budget. Whether you blow out your budget or leave the debt for infrastructure for the next generation, either way you have a problem because it is the next generation which has to pay.

Mr Crean interjecting—

**Mr HUNT**—I say to the member for Hotham that his colleagues at the state level are involved in a monumental act of intergenerational theft. It is as great as that which occurred at the beginning of the 1990s, because what they are leaving is the bill for the next generation to pick up. We have made more provision for the next generation than any government in Australian history, very simply by paring down the debt of $96 billion that the Labor Party left us to $23 billion. That is a $73 billion payback to the next generation of Australians. Whereas you stole from the next generation, we have paid back. That is the answer.

I put to the House tonight a simple proposal. The states are failing in their responsibilities to the next generation on infrastructure, and that compares interestingly with that which has occurred at the Commonwealth level. There should be a process under COAG that is more advanced than the
current process. I would put forward a proposal to establish a national infrastructure council as an annex to COAG. I know that the Business Council of Australia also has a similar idea which it is looking to propose at some stage. This idea is one way of working on an intergenerational basis—exactly what our friends opposite would have us do, even though they stole from the current generation whilst they were in power. We should be making that preparation by looking at the long term, by beginning to look at the country as a whole over a 30-year period. I make no apology for that.

I make no apology for the fact that we have paid $73 billion off the debt which the member for Hotham and his colleagues left when they departed government. On that basis we can see what the Commonwealth does in terms of its Water Fund, Roads to Recovery and AusLink funding. That should be compared with the challenge that we have with infrastructure—power, gas, water, rail and ports—and the way it is not being funded or addressed. What we see in Australia is an economy which, within the Western world, is unparalleled in the cross-view of its achievements. We recognise that there are structural challenges, and I hope the proposals which I have put forward tonight will go some way to addressing those. I also put forward a specific proposal to establish a national infrastructure council coming off the Council of Australian Governments.

I am delighted to support appropriation bills Nos 3 and 4. I do so because they contribute to the economic health of Australia and, above all else, because that means for ordinary Australians higher real wages, lower mortgages and more opportunity for employment, jobs and a gainful future.

Mr CREAN (Hotham) (6.07 p.m.)—The total appropriation being sought through the additional estimates is $2.1 billion over and above the expected government expenditure which was outlined in the budget last May. This additional expenditure is offset by only $298 million in savings by this government. That is a paltry amount compared with the increased expenditure. But it is consistent with their track record—

Mr Hunt—Is the budget in surplus?

Mr CREAN—When the government is in trouble, blow the surplus. It is a surplus, I might say, that has been built by this government taxing at record levels—the highest taxing government in Australia’s history—and at the same time charging people more for their basic services. That is how the surplus has been built: cut back the service and tax more. But what does the government do? It buys its way out of trouble whenever it gets into it, just before an election.

The appropriation includes funding for the unprecedented and desperate spending spree which the government undertook to buy its way back into office. That is what it is about. To remind the House: in its desperation to win the last election, the government spent $66 billion—the biggest pre-election spending spree in the nation’s history. What this spending spree does, of course, is put upward pressure on interest rates, requiring additional allocations from the budget, and that is why we are debating this tonight. The economy does face problems, and I am pleased that the member for Flinders alluded to some of them.

Mr Hunt interjecting—

Mr CREAN—I will meet the point. He only started talking infrastructure because I happened to ask him the question from the box. I am delighted that he is responding to me.

Mr Hunt—I was already talking infrastructure!
Mr CREAN—But let us deal with the real problems. The Reserve Bank of Australia in its monetary policy statement rightly acknowledged the inherent stresses that do afflict our economy. Our trade performance is appalling: a record current account deficit and record foreign debt. Where is the debt truck now? The government said it was going to reduce foreign debt; it has doubled it. These are record performances, but in the wrong part of the record book.

I will come back later to talk about our trade performance because it is my portfolio responsibility and I have a few things to say about it. But there are other concerns in the economy. Record levels of consumer debt leave households highly exposed to imminent interest rate increases. The Reserve Bank referred to the possibility of these interest rate increases in its recent statement. These interest rate rises will be the direct result of the government’s $66 billion election spree. Skill shortages are also an issue afflicting the economy. Again, this a function of the government’s inability to take a long-term view of the needs of our nation—an inability to invest in the necessary skills and education that our work force requires to meet the needs of business and to provide us with a proficient and flexible work force.

The appropriation bills, interestingly, seek an additional $365 million to fund the Job Network. This is $365 million extra for a program that has consistently failed to address the growing crisis for the very long-term unemployed. We have a system that encourages Job Network providers to fast-track easy to place job seekers, while job seekers who require more intensive assistance are sidetracked. The Reserve Bank also highlighted the severe capacity constraints affecting the economy. These capacity constraints would not have emerged had this government been prepared to invest in our country’s future by providing the necessary infrastructure to meet the needs of our business community.

I notice that the member for Flinders referred to intergenerational interests. I will watch in particular how the government’s future fund develops in meeting these issues. Last May I announced Labor’s intergenerational fund, to put aside funds today to meet rising costs in the future as our ageing population grows. At that time the Treasurer ridiculed my idea, and now it seems he has embraced it as his own. But he must go further and ensure that the intergenerational fund is not just limited to superannuation liabilities but includes the pressing economic investment and infrastructure needs of our nation that the member for Flinders has alluded to. That is what you should be looking to, member for Flinders, in terms of where the future fund goes. I hope that in your party room you do give particular regard to it.

If it is right to address superannuation fund liabilities in the future, why not our infrastructure needs? It should not be a slush fund with the corruption mentality inherent in the regional rorts programs but should rely on independent assessments on a cost-benefit analysis based on the better return to the nation. Why shouldn’t we get a better return from these investments than simply putting it in the bank to pay off debt? These are the sorts of issues that the member for Flinders and his colleagues should be addressing.

But the expenditure in these bills is just more spending of the surplus whilst those other issues are left unattended. All of Labor’s proposals during the last election campaign were fully costed and fully offset by savings. These savings were identified by prioritising our spending commitments and identifying the levels of expenditure and waste and mismanagement by the government. It was done in accordance with the Charter of Budget Honesty, which has been
developed by this government not to produce honesty but to favour its political interests.

To give some examples: during the recent election the government harped on about the importance of this charter and the requirement for Labor to have its policies fully costed under it. It has been debased by this government and the Charter of Budget Honesty has, in fact, become a joke. On two occasions Labor sought to work with the bureaucracy and the government to have our policy proposals properly costed and assessed. Labor put forward a proposal to the government outlining potential savings that could be generated on the Pharmaceutical Benefits Scheme. These savings would have obviated the need to implement the 30 per cent price hike in the cost of essential medicines.

We also sought accurate costings from the government on the baby bonus scheme, which we believed—and we were ultimately proven correct—was poorly targeted and underspent. The government flatly refused Labor’s approach on both proposals. On the first, the then shadow finance minister, Bob McMullan, wrote to the Minister for Finance and Administration outlining our savings options. The minister wrote back saying that the options were not feasible. That was July of last year. But when the government was desperate to find savings to fund its extravagant $66 billion spend, it announced savings to the Pharmaceutical Benefits Scheme of a similar magnitude to that identified by Labor. That was two days after Labor’s campaign launch! So the PBS savings that were not feasible in July became feasible to the government in October. I ask: where is the honesty in that?

The government also obstructed all of Labor’s requests for vital information on the baby bonus scheme. We asked numerous questions in the parliament and in Senate estimates. Last February the Treasury argued in Senate estimates that the figures we were seeking were not available. Yet on the day that Labor announced its baby care payment policy, 31 March, costed on the basis of the only publicly available information, the Treasurer announced that very same day a new set of updated figures. They were produced by the same official who could not produce them for us in the Senate estimates. So within a mere six weeks what we were being told was not available magically became available in this House.

When Labor announced our tax and family payment, the Treasurer attempted to discredit it. He failed miserably. He claimed that Labor had a $700 million black hole. He said in front of national television that he would stake his economic reputation on it. His claim, of course, was based on a lie, which was revealed when Treasury backed Labor’s costing. No honesty there from the Treasurer and certainly no apology. He has been keen to say sorry in other respects this week, but there was no apology for the dishonest use of those figures.

The government also sought to discredit Labor’s Medicare Gold proposal. Labor costed Medicare Gold on the basis of the best available data and with advice from experts in the field. The department of finance responded, using its own assumptions, on the basis of unpublished data provided by the Department of Health and Ageing which the department never disclosed or even described to Labor. The department of finance’s assessment suggested that Labor’s costings were wrong, but this government will still not allow the release of information on which that assessment was made. Again I ask: where is the honesty in that?

It is apparent that we have to deal with the increasing costs of aged care. We need to develop those responses, in our view, based
around the principles inherent in Medicare Gold. But we have got to look to ways in which we can do it based on the latest and most up-to-date information. We have to be able to access the relevant data to be able to develop those responses—and for that we need the ability to talk confidentially with departmental officials. But the Charter of Budget Honesty does not give us that option. The opposition are not on an equal footing with the government. What is needed is a means by which the opposition, just like the government, can have access on a confidential basis to Treasury and Finance to have our policies costed so that we can release our policies and supporting costings at the time of our choosing. Unless this equality of access is afforded to us, the Charter of Budget Honesty is, quite frankly, a sham.

I want to turn to Australia’s trade performance. There can be no greater condemnation of this government’s economic mismanagement than the disastrous export performance that it has presided over. We have experienced the worst trade performance in Australia’s history under this government and it is a direct result of its flawed trade policy. In the parliament last week Minister Vaile challenged Labor to compare their export performance when they were last in government with the export performance of the Howard government. I welcome that challenge. Under the Howard government the average growth in the rate of exports is less than half of that which was achieved during Labor’s 13 years of office. Under Labor the average annual growth in exports of goods and services was 10.8 per cent in all of its 13 years. Under this government annual export growth of goods and services has averaged only 5.3 per cent. If exports had continued to grow under this government at the rate achieved by Labor, Australian exports last year would have been $230 billion, not the $152 billion achieved—in other words, they would have been half as much again. If exports had continued to grow at the rate achieved by Labor, Australia would have recorded a trade surplus last year of $12 billion, rather than its largest trade deficit on record of $26 billion—in other words, a $38 billion turnaround.

The Howard government has recorded 38 consecutive monthly trade deficits, the longest run of trade deficits ever recorded by any government in Australia’s history. Under Labor net exports consistently made a positive contribution to economic growth, but under the Howard government net exports have not made a positive contribution to economic growth for more than three years. Australia’s share of global trade peaked at 1.22 per cent in 1989 under Labor. Under the Howard government it declined to 0.98 per cent in 2003—the lowest level for 25 years. The government’s failure to match Labor’s trade performance has generated a record current account deficit that is presently around 6¾ per cent of GDP and a record level of foreign debt at $406 billion. With a burgeoning current account deficit at a time of rising global interest rates, the task of attracting international capital to finance the deficit becomes increasingly hard, and this places upward pressure on Australia’s interest rates.

This is the fault of a government that promised to keep interest rates down. The government said it would tackle the current account deficit; instead, it has taken it to record levels. The core problem with this government is that it does not have an effective trade policy. Labor’s integrated trade and industry policies and its preparedness to invest in education, skills and innovation delivered strong and sustainable export growth over a 13-year period. I have made the comparisons between our performance in office versus that of the government.
This government is focused too much on the pursuit of bilateral trade deals and not enough on multilateral and WTO trade negotiations. Rather than using FTAs to complement liberalisation at the multilateral and regional level, this government has put free trade agreements at the forefront of its trade policies. The Prime Minister has pursued these for his own domestic political interests, rather than for the benefits the deals could provide to improve our export performance and our jobs and to get sustainability back into our economic growth. If we are to pursue an FTA with China let us approach it on the basis, this time, of what we get out of it and what it will mean to our exporters. We should not just deal with it on the whim of the Prime Minister because he has some political or strategic activity to establish.

We believe that the government has pursued these agreements for the wrong reason. A recent report prepared for the WTO by a group of eminent trade economists expressed great concern about the spread of preferential trade agreements. They were unconvinced by the economic case for them and especially concerned that preferential treatment is becoming merely a reward for governments pursuing non-trade related objectives. That is from a WTO report. It is Australia that should be putting its efforts and its resources more heavily into the World Trade Organisation’s Doha Round of discussions because that is where the big benefits lie. The big breakthroughs in opening up new markets for Australian exporters have come via multilateral negotiations. Labor always provided the leadership for those negotiations through the Uruguay Round, through APEC, through the Cairns Group and through its ability to secure reinforcement of the Uruguay outcomes through the Bogor declaration.

But this government has dropped the ball on these important areas—the multilateral as well as the regional focus. It pursued the United States free trade agreement. It was an agreement that should have been better, because it was not comprehensive. It contained carve-outs for sugar. It did not contain a most favoured nation provision on agriculture. This from a National Party trade minister: he did not pursue an MFN on agriculture—unforgivable. The lengthy phase-ins for cuts to beef and dairy tariffs have diminished Australia’s international standing as a proponent of free trade in agriculture. These flaws undermine our multilateral trade objectives and debase the Bogor goals. We did not negotiate the US FTA; we sought to improve it. We brought in safeguards in terms of the Pharmaceutical Benefits Scheme and local content.

What the government has to do is to learn the lessons of the problems inherent in the United States free trade agreement and ensure that it does not repeat them when it comes to negotiating the next agreement with China. But, most importantly, what this government should be doing if it is to lift its trade performance and lift Australia’s export performance is to put the effort into the Doha Round. It should get the outcomes through trade liberalisation in a global sense. That was what Labor did. That was why Labor was able to produce a much better set of trade outcomes for this nation, better job opportunities, better growth and more sustainability. That is what we need from this government, but it has failed to do it. I urge the government not just to keep spending more money out of the surplus but to put into effect real initiatives to improve our trade performance.

Mrs MARKUS (Greenway) (6.27 p.m.)—I rise to speak in support of the Appropriation Bill (No. 3) 2004-2005 and related bills before the House today. The Howard government continues to implement its fourth-term agenda listening locally and working nationally for a stronger Australia. I
speak today on how the policies of the government have supported the needs of the Australian people, particularly members of the community in my electorate of Greenway—the people I am honoured to represent in this place.

Western Sydney, of which my electorate of Greenway is proud to be a part, is an exciting and expanding part of Sydney that is experiencing many of the pressures of rapid population growth. During the election campaign I was heartened by the response of the community to the clear commitment the Howard coalition government has displayed in supporting Western Sydney and in ensuring that it has the services it needs to continue to be a vibrant and growing community.

The government is committed to ensuring that local infrastructure keeps up with the needs of people living in new areas. These include health services, education services, roads and community recreation facilities. Growing communities also need the peace of mind that comes from knowing that governments are keeping them secure by working to prevent crime. The Howard coalition government understands the needs of expanding outer urban regions such as Western Sydney and it has been working hard since its election to ensure that needed services and infrastructure move into that region.

Today I wish to outline some of these areas. The government’s commitment to our young people and to education in this country is clearly outlined in the substance of our billion dollar initiative to restore and build Australia’s schooling infrastructure—infrastructure that is needed for current and future generations. The government recognises the commitment, the passion and the enthusiasm of our teachers and parents in providing a meaningful, fulfilling learning environment for our children. This is why its funding commitments are being provided directly to schools and to parents and citizens organisations to support the capital projects that those local school communities have identified.

Across Australia the Howard government’s billion dollar investment in our schools is funding high-priority projects that will enhance the educational amenity of our schools. This includes classroom improvements, library resources, computer facilities, airconditioning and heating, outdoor shade structures, play equipment and many other vital amenities, all in consultation with school principals and parent committees. Projects of this nature are often desperately needed by school communities but never seem to make it on the priority list of state education bureaucracies.

Nowhere is this more apparent than in the case of Metella Road Public School in the heart of my electorate. It is a school so neglected by the New South Wales department of education that even after the school P&C raised $31,000 to aircondition classrooms, the state government initially refused to provide $60,000 needed to upgrade the school’s electricity supply to allow the parents to plug the airconditioners into the electricity grid and have them working. It was only after Minister Nelson and I raised this issue in this House and in the community of Greenway that the New South Wales state government, clearly embarrassed by its apparent indifference towards the people of Western Sydney, relented and agreed to provide the needed funds.

The Howard government will not stand back and continue to allow state bureaucracies to underfund education for our young people or the infrastructure development of our schools. We will continue to work with peak school parent groups and principals’ organisations to deliver to our state, inde-
pendent and Catholic schools through our policies. We are committed to all Australians in our education system.

In the area of health the Howard government has consistently demonstrated its commitment to protecting and strengthening Medicare and delivering high-quality, affordable health care to all Australians. The government’s Medicare policies have delivered targeted incentives to encourage GPs to bulk-bill children under 16 and concession card holders. In addition, the government has implemented measures to ensure that the Australian health work force remains capable of meeting community needs as our population grows and ages. The government’s Medicare safety net has already brought greater peace of mind to all Australians and substantial new benefits for thousands of Australian families. Health policy remains an important issue in my electorate and it is clear that the policies of this government have delivered for the people of Greenway.

Bulk-billing rates in Greenway are now at 95.3 per cent, up 0.3 per cent from the end of 2003, and this is reflective of the trend nationally.

The national GP bulk-billing rate is at its highest level in 2½ years. The rate increased again during the December quarter of 2004 and is now at 72.4 per cent, an increase of 5.9 percentage points since the government introduced its Medicare package 12 months ago. Nationally more than seven out of 10 GP attendances are being bulked-billed, and more than eight out of 10 GP attendances to people over 65 are being bulk-billed. This is the first time in 10 years that the national bulk-billing rate has increased over four successive quarters, a clear indication that the government is indeed a better friend of Medicare than those who present the alternative.

Let me look at a key issue in my electorate: crime. Crime and the fear of crime consistently rate amongst the highest concerns in my electorate of Greenway. While the residents in Greenway and greater Western Sydney have seen improvements, we continue to suffer from unacceptable levels of crime. The coalition government shares the community’s concern about crime and violence and their impact on people’s lives. The government understands that crime prevention in my electorate and in the rapidly growing suburbs of Western Sydney needs to be addressed. The government has set in place clear initiatives for addressing this issue through its $8 million commitment over four years to crime prevention and community safety in our region. Through the government’s National Community Crime Prevention Program this funding is being provided to grassroots community projects, helping residents of Western Sydney to work with the government and each other to make our communities safer and to reduce the fear of crime in our communities.

I was particularly pleased to be contacted by hard-working community organisations in my own electorate of Greenway. There is a strong partnership developing between the Riverstone Aboriginal community organisation, Emerge, Blacktown City police, Riverstone Neighbourhood Centre, Sudanese youth, the Community Aid service and many other hard-working organisations, such as the Blacktown Alcohol and other Drugs Family Service, who have all committed to the government’s national community crime prevention initiative and have submitted applications in the second funding round. The successes of the government’s National Community Crime Prevention Program are clear. In the first funding round, 186 applications were received, with over $5 million being awarded to community organisations to as-
assist them in developing a truly community based crime prevention strategy.

The coalition government’s ‘super for all’ policy demonstrates an ongoing commitment to a flexible and user-friendly superannuation system for all Australians. The coalition government is committed to providing incentives for individuals to save for their retirement. The government’s super co-contribution provides a maximum of $1,500 per annum to employees on incomes up to $28,000 who are making their own voluntary super contributions. In fact, any Australian earning up to $58,000 can benefit in some way from this policy.

In electorates such as Greenway, which is characteristic of Western Sydney, close to half of the working people are eligible for the full benefits of this policy. Yet it is a policy that is opposed by Labor. Indeed, to date, over 450,000 low- to middle-income earners have been able to ‘supersize’ their superannuation accounts, thanks to the government’s co-contribution scheme. Minister Brough indicated in parliament last week that, as at 3 February 2005, the Australian Taxation Office had paid out approximately $244 million in co-contribution payments to the superannuation funds of around 450,000 Australians. Around 63 per cent of payments have gone to females, with these women receiving an average co-contribution payment of $570. Men accounted for around 37 per cent of payments, with an average co-contribution payment of approximately $490. In Greenway alone, 2,616 of my constituents to date have chosen to make voluntary super contributions and utilise the opportunity of the government’s superannuation co-contribution, which demonstrates the success of this policy and that the Howard government is in touch with the needs of the Australian people.

Having worked in and served the community as a social worker for most of my working life, I have had first-hand experience in building and strengthening families in Western Sydney. My experience has been diverse: working with people in crisis, supporting and counselling families and teaching welfare policy to welfare students. I have learnt much from my life and work. I have learnt that focusing on solutions rather than on problems brings change. Governments have a responsibility to create an environment for families and communities in which they can find and develop their own solutions to the challenges they collectively face in everyday life. I know that working in collaboration and partnership with people, families and communities, and not dictating to them, is the way that challenges can best be overcome and change can be achieved.

It is the Howard government’s understanding of our communities and what they stand for that underpins our Stronger Families and Communities Strategy. Through this strategy the government has committed $365.8 million towards providing support for local initiatives that intervene early to help families, children and communities at risk, with a particular focus on the early years of a child’s life. It is this commitment that empowers grassroots community based organisations such as Mission Australia to work with families and communities at risk in Greenway and in the rest of Western Sydney. Mission Australia will receive $3 million in federal funding over four years through the government’s Stronger Families and Communities Strategy, which will assist in establishing parent groups and parenting courses, and in improving coordination between family, health and other services such as schools and day-care centres—all of this in consultation and partnership with local community stakeholders, community leaders and local organisations.
I have outlined today only a few of the ways in which the Howard government, by listening locally and acting nationally, is addressing the needs of the Australian people. This government is committed to the future of the Australian people. I support the appropriation bills before the House today.

Mr TANNER (Melbourne) (6.42 p.m.)—The Appropriation Bill (No. 3) 2004-2005 and related bills before the House this evening provide an opportunity to discuss the government’s general budgetary and economic strategy. I want to canvass a number of issues associated with the government’s handling of the Australian economy—in particular, the prospect of interest rate increases, which are clearly on the horizon and on which I and other members of the House of Representatives Standing Committee on Economics, Finance and Public Administration will get the opportunity to question the Reserve Bank governor at a public hearing this Friday.

I believe the current economic signals with respect to interest rates are quite mixed, and I am somewhat mystified by the signals being put out into the ether by the Reserve Bank, which they typically do, suggesting there is a high prospect of interest rate increases within the next few months. If you look at recent data you will see quite a mixed picture. Indeed, the overall picture is of some softening of the Australian economy—not a marked decline but certainly some significant softening. I am rather surprised that the Reserve Bank’s response to this appears to be to question the data. The retail sales figures have been surprisingly soft, which to my mind suggests that some households are starting to pay attention to their personal balance sheets and correcting the high levels of indebtedness that many people have moved into. We have had clear evidence of the housing market in Australia softening and of the pattern of very rapid increases in housing prices, especially in particular capital cities, softening significantly. On the Reserve Bank’s own projections, the pace of global growth this calendar year will be less than it was in 2004, albeit still pretty healthy.

There is also every prospect that the value of the Australian dollar will continue to increase against the US dollar, and therefore against a number of Asian currencies that are effectively pegged against the US dollar, in a way which obviously has counteracting effects on the prospect of inflation. So there are a number of factors in the basket of evidence before the Reserve Bank which really lay some doubt about whether there is some justification for an increase in interest rates.

The factors which apparently militate in favour of an increase are worthy of some examination. The prospect of wage increases or some kind of wage explosion appears to be becoming a popular concern. I think this is entirely misplaced. There have been one or two instances of quite substantial wage rises being granted in recent times but they have been to very tiny groups of workers in circumstances were the prospect of a major flow-on to large sections of the economy is remote. There is very little likelihood of major wage inflation because of the globalisation of the Australian economy and the deregulation of the labour market that has already occurred. The prospect of serious wage inflation is very unlikely.

Clearly, there is concern about skills and the bottlenecks that are starting to emerge in particular sectors with respect to certain kinds of skilled workers. That is a concern which I share. It is a concern that I think the Howard government deserves to take some responsibility for because of its neglect over some period of time. Nonetheless, I do not believe that this is likely to lead to significant inflationary wage pressures in the im-
mediate or perhaps even the medium-term future.

The Reserve Bank has also indicated in recent times that it regards the level of growth in credit as unsustainable—without necessarily indicating what rate of growth it regards as sustainable. If I get the opportunity I intend to ask the Reserve Bank governor roughly what level of growth in credit he regards as unsustainable. If you look across the various indicators you will find that most of the factors that can legitimately be seen to be putting pressure on interest rates in the Australian economy are a result of mismanagement by the Howard government.

The one big issue that the Reserve Bank governor cannot talk about—and will not talk about—is the incredibly profligate spending spree that the Howard government embarked on in the May 2004 budget, and exacerbated in the election campaign, in order to maximise its prospects of re-election. Something in the vicinity of $65 billion of additional expenditure being pumped into the Australian economy over a five-year period at a time when the economy has been growing consistently quite strongly is clearly economically irresponsible. This amount represents around 1½ per cent of GDP. It is clearly extremely irresponsible for the government to pump this kind of expenditure into the economy at a time when there is significant risk of asset bubbles, when credit growth is very rapid and when there are signs of the economy overheating in some small ways.

But the Reserve Bank governor cannot really talk about that as a major problem for interest rates—and understandably so. Nonetheless, that is the elephant in the room in contemporary economic policy. That is the issue more than any other which is putting pressure on interest rates in Australia. The fact that the budget remains, at least on current projections, in surplus, is ultimately nei-

her here nor there because the economy is growing at a particular rate and any change in fiscal settings that is going to pump substantial additional amounts of money into the economy will clearly have an impact that puts pressure on interest rates.

The second issue that the Howard government deserves some blame for is the question of capacity constraints. That applies both to the problems of infrastructure and to skills shortages. We are only seeing the early stages of these problems and, yes, it is correct to say that the state governments also deserve some of the blame in this respect. But there is no question that the Howard government has refused to address the core, substantive issues and has continued to play politics. For example, in its AusLink strategy it is shifting the emphasis away from spending on the national highway towards more spending on roads of national importance. This is basically spending on National Party pork-barrelling.

Instead of tackling the problems that exist in training and education and instead of working with the states to address some of those problems, the government has done things such as imposing federal technical colleges on the states—yet another layer of problems for the state-federal overlap or interface in the education area—and directly financing P&Cs or school councils to build particular kinds of infrastructure in their schools. This is a grossly irresponsible approach to a very serious problem.

I would also like to talk about the most important point of vulnerability for the Australian economy today, which is our steadily deteriorating export performance. It is very interesting to note that the Minister for Trade has taken several dorothy dixers in recent times, seeking to put the most favourable gloss he can on what is clearly a disastrous performance. For the first time probably
since the Second World War, Australian exports are less than one per cent of global exports. So as a trading nation we now represent less than one per cent of the total trading activity of the world. That is an historic low on the part of the Howard government and it has occurred at a time when commodity prices are at record highs.

The key issue is the deterioration in non-commodity exports—in elaborately transformed manufactures and in services exports. There has been a gradual deterioration since about the turn of the century. When the Hawke government came to power non-commodity exports represented three per cent of GDP, and gradually over the ensuing years that was pushed up to about 9½ per cent of GDP. In fact it continued to increase a bit in the early years of the Howard government but since around 1999-2000 that percentage has been dropping again. It is now down to eight per cent. So we were at 9½ per cent and it is now down to eight per cent.

Those figures represent what the rest of the world comes to Australia to buy. They represent what we have to offer to the rest of the world, particularly what we will continue to be able to offer in terms of high skilled, high investment, high research and development products that will have a long-term future and are not threatened by technological change or by greenhouse issues in the same way that some of our commodities are. That is the core issue with the current structural weakness of the Australian economy. That is the manifestation of the Howard government’s being relaxed, comfortable and complacent. It is sitting on debt driven, consumption driven growth and neglecting the underpinnings of the economy which will drive future prosperity.

It is interesting to note that the kinds of problems which have led to the lack of export activity, the lack of support for Australian exporters, the lack of investment in R&D and the lack of spending on skills are not because we have an ideologically driven, low-tax, low-spending, traditional conservative government. This is a high-tax, high-spending conservative government—in fact a record breaker. The trouble is that a lot of the spending is on plain rubbish, and we should use no other word. Let us be absolutely clear about it: the kind of stuff we are seeing in these regional grants programs and in all sorts of other programs we have seen over the years under the Howard government is just plain rubbish. They are things that the federal government has no business funding. What we are now witnessing in this country is the government squandering the proceeds of prosperity on politically driven crap. That is all it is: politically driven crap—

The DEPUTY SPEAKER (Hon. B.K. Bishop)—That is unparliamentary language.

Mr TANNER—designed to maximise the prospect of the government getting re-elected. The determinants of our future prosperity, such as our infrastructure, the skills of our population, the research and development and the technologies that are all going to determine the future prosperity of Australia, are being neglected.

Some of these grants deserve a little scrutiny. We have seen only a limited glimpse of them in the parliament in recent times. There is the infamous Tumbi Creek dredging, and I would like to mention one or two others. Our nation seems to be awash with halls of fame that have large amounts of federal government money going into them. There is a Fishing Hall of Fame, the Mining Hall of Fame, the Axeman’s Hall of Fame and the Stockman’s Hall of Fame. I am waiting for perhaps the sleeper cutters hall of fame or the fettlers hall of fame—who knows what other possibilities there are?
Mr Sercombe—The clerk’s hall of fame?

Mr Tanner—Indeed, the clerk’s hall of fame. I think that is a very good suggestion from the member for Maribyrnong. The federal government is putting money into football grounds and $200,000 has been spent on signage on Magnetic Island. My apologies, Madam Deputy Speaker, but I thought we had local councils to do those kinds of things. It really is ludicrous that we have an allegedly conservative government, supposedly dedicated to minimal government intervention and economic activity, supposedly dedicated to low taxes and low spending, spending vast amounts of taxpayers’ money on these kinds of things.

It has been a pattern going back many years. The Centenary of Federation Fund was a giant slush fund designed to be used all around the country, including by members of parliament, as a means of currying political favour. There is the Networking the Nation fund. Half a billion dollars allegedly spent on communications infrastructure was analysed by the Auditor-General, who concluded that it was impossible to determine whether the community had value from this program because there were no strategies, no benchmarks and no performance indicators.

At a time when Australia is languishing in broadband access—the key economic driver for the 21st century will be broadband access—the last OECD figures had us placed 20th in the developed world, and dropping. A couple of years earlier we were 12th but we are now 20th. In the next set of figures we will probably be even further behind because, instead of having a serious national strategy, a genuine attempt to get broadband roll-out moving, the Howard government’s approach is to get little dribs and drabs of money, to run around to marginal seats and promise broadband connections for one particular small community of 500 people or whatever happens to be strategically relevant politically, even though this is a grossly inefficient and discriminatory way of pursuing a very worthy approach, a very worthy objective, of getting broadband out there.

Infrastructure, as I mentioned before, is the same picture. Instead of addressing the real problems in the Australian education system, instead of seeking to work with the states to tackle these issues, the Howard government’s approach is to create its own system of technical colleges and to create its own mechanism for funding individual school councils and P&Cs, further exacerbating the problems of inefficiency, overlap and duplication in the education system. Its approach to dealing with the problems of apprenticeships is to have little handouts for tool kits—yet again a massive misuse, a waste, of taxpayers’ money when there are real issues there.

For those Liberal backbenchers who fancy themselves as crusaders on tax I have this challenge: if you are fair dinkum, start forgoing some of these ridiculous grants in your own electorates. Start saying no, because that is where the money is going. If you are serious about getting smaller tax burdens and lower taxes for middle Australia, start weeding out this rubbish. Put the heat on Nick Minchin, the softest finance minister in recent Australian history—the supposed hard man who says yes to everything. Put the heat on the Minister for Finance and Administration and say: ‘No more of this rubbish. We are actually fair dinkum. We’re committed to reducing taxes in Australia. We’re committed to ensuring that middle Australia bears a lower tax burden. We are going to weed out these National Party rorts. We are going to get rid of the endless feelgood giveaways that are characterising the Howard government.’
Has anybody in this government ever heard of the term ‘opportunity cost’? Has anybody in the Howard government ever contemplated what could have been done with the billions of dollars that have been splashed around for political purposes had it been dedicated to the serious task of improving the nation’s infrastructure, of improving the nation’s skills, of getting greater research and development effort in our companies and of getting broadband rolled out? Had that money been committed to those serious tasks there would have been a better long-term political dividend for the government because it would have actually achieved something for the nation. It would have produced serious economic and social dividends for the nation, and we as a nation would be much better off.

What we are seeing is John Howard achieving his dream of reliving the Menzies years. He is reliving them in longevity but he is also reliving them in outcomes. What is happening is that he is sitting there, relaxed and comfortable, wallowing in complacency and in the contemporary circumstances of fortuitous prosperity while the fundamental underpinnings of long-term prosperity, of the economic future of the nation, are slowly deteriorating. We are being propped up by good commodity prices for the time being, but we are living beyond our means. We are borrowing to consume rather than saving to invest. Eventually, possibly sooner than we think, that is going to come home to roost.

The big challenge for Australia as a nation is what the rest of the world will come to us for in 10 or 15 years time? Yes they will still be coming to us, I suspect, for iron ore and coal and wheat and the traditional commodities, possibly of significantly less magnitude than has been the case in the past or possibly more. Who knows? Technological change is always a concern, and things like the greenhouse issue are a concern.

Ultimately, when we consider all the areas of human economic activity, the question we have to face is: what short lists around the world will we be on? When people think of particular products and kinds of activities, what short lists will we be on? I can tell you a few that we should be on but are not, such as specialised manufacturing. Some great things happened in manufacturing in the eighties and the nineties, in spite of the negative things that also happened. But, slowly, that industry is again going backwards. We ought to be on communications content and communications development short lists as a major player in the global information economy; but with an antiquated regulatory system, with broadband going nowhere and with the government about to create a giant private monopoly in telecommunications, the prospects on that front are not looking all that good either.

We ought to be on a global short list for professional services. There has been some success there, but again that is starting to run out of steam. Although we have made a lot of money and done very well selling education services to Asia, how long do you think it is going to be before Chinese or Malaysian universities are better than Australian universities and their kids no longer come here to learn because they have better opportunities at home? It could be a while away, but it will happen.

Instead of addressing these medium to longer term issues that are fundamental to the future of this country, our government acts like some kind of medieval lord wandering through the marketplace handing out largesse to the peasants to keep them quiet. That is basically the economic strategy of the Howard government, and eventually the Australian people will pay a price for that.

It is time to get serious about economic reform in this country—not the antiquated
ideological obsessions that drive the Prime Minister, such as selling Telstra or getting rid of unfair dismissal rights, but reform on spending: getting rid of the rubbish spending in the federal budget; liberating our communications, broadcasting and telecommunications sectors from the antiquated, anticompetitive rules that seriously diminish the ability of market forces to play a major role in increasing the activity, the skills and the jobs in those sectors; and, tackling the huge waste inefficiency and problems in the federal-state interface in health and education.

We have to get serious about those things. For example, as I have indicated in previous contributions in this place, I think the federal government should get out of schools altogether and allow the states to handle all of the funding and have complete control of the schools. In return, the federal government should assume control of all post-school activity, education and training—so TAFEs and universities—all the things that are directly related to the labour market. (Time expired)

Mr TUCKEY (O’Connor) (7.02 p.m.)—I am sorry the member for Melbourne is leaving so expeditiously, because I was about to invite him to put some substance to his criticism—to come into this House, as I mentioned in my speech in the address-in-reply debate the other day, and tackle some of these issues as a parliament rather than a government or an opposition. Surely we cannot be that far apart in our mental processes not to know when things can be done and how they should be done for the general good. It is all right for the member for Melbourne to say that we are languishing with broadband when in fact the government have a $107 million program called HiBIS to achieve metro comparability, particularly for people outside capital cities so that they can access broadband, which is so necessary for their businesses and their education. I think we are yet to address some of the opportunities for and the further capacity of young people in less populated areas to be able to receive an education through broadband.

While the member for Melbourne stood here and eulogised broadband and the work opportunities it provides, one of the greatest opportunities arising from broadband will be a decentralised workplace—people working from home. I bet when he goes and tells his trade union mates about that they will have the same reaction they had to the outsourcing of the manufacture of clothing and all the things that are necessary to make our people competitive in that marketplace with Asian countries. We forget that, without lowering people’s living standards, an outsourced workplace means no fares to work, no parking fees, no fancy clothes and, of course, no child care. Of course we should have it, but it is anathema to trade unions.

The member for Melbourne made a passing reference to apprenticeships. The Labor Party’s maximum contribution was something like 160,000 apprenticeships and, as a government, we have now contributed over 400,000 apprenticeships. He should also remember that it is trade union initiated awards that have historically prevented the employment of apprentices. Employers were allowed only to have one apprentice to X number of tradesmen, ostensibly because it took that many tradesmen to train one kid. Of course, it was all about the fact that apprentices cannot be forced to join a union and made to pay union fees.

I was a bit astounded by the member for Melbourne’s conversion on the road to Damascus during his speech. He talked about Senator Minchin being a ‘soft’ Minister for Finance and Administration. I well and truly know why a very good former Minister for Finance, Senator Peter Walsh, packed his bags and left this place—because the member for Melbourne and others took over and,
notwithstanding his commitment to running
a tight ship, were undermining him and run-
ning the budget into deficit. It is one thing to
spend the money you have, but it is another
thing to spend what you do not have—that,
of course, is a really serious problem.

Another theme in his speech was the at-
tacking of Regional Partnerships and other
programs as some sort of slush fund. In my
electorate recently, the biggest exporter of
rock lobster—crayfish, as we still call it—
got a $100,000 grant to assist them in adding
another $250,000 for the purpose of harvest-
ing the meat from the heads of crayfish. That
will save them $70,000 in disposal costs and
the environmental problems that that no
doubt creates. In fact, they will have a mar-
tetable product, and they have a big Ameri-
can lasagne maker who wants it. That
$100,000 of taxpayer money is going to cre-
ate a great export opportunity for Australia,
but the Labor Party say it is wrong.

In another part of my electorate,
$200,000, to be matched by $400,000 of lo-
cal community money, is putting a high-
technology industry in Katanning. The only
pump in the world that can accurately steril-
is water fed to small communities is being
made by hand with that money. The pumps
will automatically be manufactured to meet
the orders they have. The Labor Party says it
is all rubbish; of course it is not. There are
other examples of keeping businesses profit-
able and of programs to expand small com-
unities. We will always find the money to
paint the scout hall. These are the things that
we are doing today through Regional Part-
nerships. Of course there can be reasons be-
yond attracting a vote. I reject the argument
that that is the only reason when these com-
unities so desperately need that sort of
help.

I note that universities got a mention—
early everything got a mention. It is inter-
esting to note just how much Oxford Univer-
sity wants to commercialise itself. I think it
has hired a New Zealander to help it, but it
has huge government supported losses and it
cannot compete with Harvard and others in
its category. The member for Melbourne said
it was time to get serious, and that is why I
have entered this debate on the appropri-
ations bill and why I used all the time I had
available in my address-in-reply speech to
put some substance to the tax reform debate.
I did not try to tell the parliament how I
could fix the problem, but I have certainly
laid down a few items of arithmetic that
point to how we might address some of the
issues of tax evasion by restructuring the tax
system without undermining the revenue
base but making the system better.

When one gets out the figures it is inter-
esting to see that a 15 per cent universal GST
would replace all state taxes as we know
them today. Most of those taxes are very
negative in their effect on the economy. I
pointed out that a typical low-income Aus-
tralian family is paying something between $30
and $50 a week in stamp duty on the houses
they buy and sell. That is hardly helping
those in the lower order of income within
Australia—and nobody thinks of it in that
category. Should we be trying to find a better
tax system? I noticed it was supported the
other day by one of the leading financial
commentators in the Australian, Terry
McCrann. Should we be doing away with the
tax-free threshold—more abused than
used—in the interest of lower income earn-
ers and, with that revenue, get rid of 42 and
47 per cent tax rates and harmonise our tax
system with the company tax rate?

It was interesting that the other day Hugh
Morgan—I am sure he will not mind me
quoting him—said that people who think that
the corporate sector does not pay personal
tax rates want to think again. He gave the
example of a highly expert person from the
United States working in exploration. To keep this person in a job, the company had to re-export him to Denver in the United States and send 10 Australians with him because the man’s expertise was so essential to the success of their business—and they say there is nothing wrong with the Australian tax system. There certainly was in the eyes of that bloke. He was leaving unless they sent him back to the United States.

There are a few issues for the parliament in tax reform. What a wonderful day it would be if people would put aside their personal political aspirations and not say things like, ‘We will surf to success on the GST.’ What a dreadful thing to say when the world has recognised the benefits of that tax. Similarly, if we can make this nation more attractive and our industries more successful through an improved tax system, why can both sides of the House not talk about it? The member for Melbourne wanted to lecture us. It is a pity he did not use his time to tell us how to do it. The member for Melbourne also made a passing shot at the greenhouse issue. I heard his speech and his gratuitous advice as a substitute for good policy. I came here purely to speak about my commitment to hydrogen as the new fuel of mobility. From time to time—and I will give them credit—members of the opposition have wanted to talk in private members’ business about global warming.

What choice do you make when you look at the future of your nation—the opportunities for your children, grandchildren and great-grandchildren? Do you take a negative approach that says to farmers in Queensland: ‘You must not knock down trees that never grew there historically. You must limit your productive capacity so that we can put forward an argument that we are meeting some principles laid down at Kyoto’? Should you do that? Should you start a carbon-trading regime that means that those rich enough can express as much carbon dioxide as they wish, to the benefit of the financial community, who were the biggest attendees at COP6 of any interest group in the world? In other words, they were not there to save the world; they were there to make a quid. The reality is that in that process you just reduce the ability of whomever you load with an increased cost structure to compete in a global economy, which nobody can avoid.

So you look to items that might improve our economic performance whilst meeting the needs of reduced emissions. For those that know anything about hydrogen, it is to be found more frequently in the world than practically any other element and is a component of water, $\text{H}_2\text{O}$. The reality is that it is able to be extracted from water. The experts refer to hydrogen not as a fuel but as an energy transfer system. I guess that is best shown by the process by which it is most convenient to obtain hydrogen from water: electrolysis. In other words, you feed electricity into water, a well-known energy source, and from that you get hydrogen and oxygen. The oxygen might be just exhausted to the atmosphere, but there are a lot of uses—in oxywelding, hospitals and things of that nature—for a lot more oxygen than we tend to get today. The energy that is injected can then be recovered by remixing the hydrogen with oxygen in a thing known as a fuel cell, first invented in 1839, which recreates the original electricity and the original product, which was water. In other words, you have no emission other than water.

Operating in Perth at the moment, through the initiative of the Court government, are three hydrogen fuel cell 300-kilowatt buses. I followed one the other day and, as it accelerated away, the only emission to be seen from the exhaust pipe was steam. I have had the privilege of attending where they are housed and serviced and talking to the people mind-
ing them—an engineer, from Ballard in Canada, who manufactured the fuel cells, and another engineer who is looking at other parts of that process. These buses are working. I am sure they are experiencing some difficulties. In my view, they have got a long way to go in practical mechanics before they are superefficient, but they are delivering a daily bus service for 50 kilograms a day of hydrogen, which was previously being exhausted down at the BP refinery at Kwinana.

I have brought with me an article published in the *Australian* newspaper on 19 January this year headed ‘Hydrogen fuel not just hot air’ and quoting Mr Larry Burns, whom it says is virtually ‘an evangelist’. He happens to be a vice-president for research and development with the General Motors Corporation and he states so clearly why his company will be marketing a hydrogen fuel cell car in 2010 and debunking all of the criticism by some as to where the problems might lie. General Motors had a previous model from their efforts at the Sydney Motor Show which was reportedly driven by journalists—and it is a goer. Of course it can be, and of course we can achieve great breakthroughs.

The simple fact is that 50 per cent of the energy consumed in Australia, and I would say in this case that is nearly all hydrocarbon energy, is consumed in the transport sector. I will go further: I think it is 40-odd per cent consumed in transport as we know it, but of course you can add to that the mining sector and the farming and agricultural sector—it is all the turning of wheels. They could all be on hydrogen. I believe it is within the realm of possibility that in times to come our farmers will generate their own hydrogen on their properties using photovoltaic cells. They are certainly not short of sunshine. When we look for a major renewable resource to create the original hydrogen and, for the convenience of transport, to liquefy it, we must turn to the tides of the Kimberleys—a harvestable energy resource with known technology, practised by the French at La Rance for 40 years, equal to all the energy consumed in Australia today, and I quote the CSIRO in that regard.

So, if we on both sides of this House were prepared to focus on and get enthusiastic about a hydrogen economy, we could go on using the extremely convenient and energy intensive coal resources of this country to provide our baseload electricity. If we could improve it through geosequestration and those other promoted ideas, so be it; that would be a bonus. Surely we should be looking at it. Of course, reticulated hydrogen could eventually provide all our household electricity into the bargain. But if we just focused on transport—and that includes electric trains without wires having their electricity generated internally from a fuel cell—we would have a situation where this country could show the world where to go on greenhouse emissions. We might stop this joke whereby we are reducing greenhouse emissions with wind generators—unless we use them as hydrogen generators—because we are having, by the nature of coal generated electricity, to keep the fires stoked up in case the wind stops.

I have a new 600-kilowatt wind generator standing in Hopetown, a very small town in my electorate. The wind generator looks very nice. They are now building a 700-kilowatt diesel generating plant right below it because they have got to have the diesels running continuously in case the wind stops or varies. Of course, the wind often blows best when all the lights are turned out. In other words, we need an interface for that type of power generation, as I just mentioned, with photovoltaics. We should be creating hydrogen with that particular renewable energy equipment and then using the hydrogen to meet the variation of demand that occurs in elec-
tricity generation. All that can be done, and it is time that this parliament accepted that principle.

We can think that we are so lucky because in the Kimberleys we have this huge renewable energy resource that would supply all our hydrogen liquefied—ship it around in ships—and, what is more, insulate us and quarantine this nation from the vagaries and the unreliability of future supplies of liquid hydrocarbons. We would not need them and, what is more, as the only fuel of tidal power is money we would have some stability in the price structures. I encourage this parliament to think about all of this, but not to get up and knock one another over it. These are major issues: tax reform and replacement and reform of the energy markets into renewables that work and that could be cheaper than the fuels we use today—not calling for all these silly Kyoto responses that reduce our economic ability and increase our costs in a world in which others will just not do it and have other advantages over us. I call on the parliament to get into these issues.

Dr EMERSON (Rankin) (7.22 p.m.)—The Australian economy is headed into troubled waters. It will have to negotiate Tumbi Creek style sandbars in the coming months and, if it manages to do that, it may well enter choppy seas for a long time in confronting the challenge of the ageing of the population and faltering productivity growth. I am not trying to be an oppositionist Jeremiah here, but I am concerned about the government’s complacency having gotten us into a certain amount of strife. When I refer to complacency, I can back it up with statements of the Treasurer. In one made on 8 November 2004, he said:

... the Australian economy continues to grow with low inflation, perhaps lower inflation than was predicted.

Then, even more recently, on 4 February 2005—less than a couple of weeks ago—the Treasurer was asked:

But it is not a worrying sign about the economy at this stage?

and he replied:

Oh no, the Australian economy is in pretty good shape.

That was the Treasurer less than two weeks ago. Even the Reserve Bank in its statement on monetary policy on 4 November last year said:

... while business conditions have remained strong, inflation declined further in the September quarter and wage increases at an aggregate level have been well contained.

It then went on to say:

... while there is no pressing need for higher interest rates at this stage, it continues to appear likely that the economy will require higher interest rates at some stage of the current expansion.

So the Reserve Bank said in November that there was ‘no pressing need for an interest rate rise, wage pressures are well and truly contained’ and yet a statement on monetary policy on 7 February refers to a disappointing export performance, a current account deficit in prospect of 6¾ per cent of GDP—which is easily a record for Australia—a poor outlook for mineral exploration, overly strong consumer spending, evidence of a reinfating housing bubble, capacity constraints, skills shortages and rising inflation. So what happened in that short period between November and February? In fact, the monetary policy statement says this:

For the past couple of years, underlying inflation has been held down by the lagged effects of the exchange rate appreciation that took place during 2002 and 2003, but the maximum impact from that source has now passed. Hence it is likely that underlying inflation has now reached its low point and that it will start rising during 2005. Domestically-sourced inflation has been running faster over the past couple of years ...
Here is the Reserve Bank saying that inflation now is a problem. In November, it did not seem to be a problem at all. The February statement goes on to say:

On balance, the Board decided at its February meeting to leave interest rates unchanged, while noting that the likelihood of further monetary tightening being required in the months ahead had increased.

So the Reserve Bank is foreshadowing interest rate rises just three months after it said that wage pressures and inflation were under control and there was no pressing need to do anything about them. What did happen between November and February? The fact is there is evidence of an end to the deflation of the housing bubble and there may be some re-inflation of the bubble—again supported by figures released just today. Combine that with the fact that the Reserve Bank is now worried about the effect of capacity constraints on wage pressures, and you do get a Reserve Bank alarm about higher inflation.

The fact is that the strong growth in domestic demand has been evident for a long time now. Professor Ross Garnaut, writing in the Australian on 29 July last year, said:

The real domestic demand expansion of recent years is at least as virulent as that which precipitated the extreme monetary tightening of the late ’80s.

Of course, when he said that, people said, ‘Well, here’s a Jeremiah. He doesn’t know what he’s talking about.’ Garnaut was warning about that in July; I said in parliament on 17 November last year:

The March quarter consumption growth of 6.2 per cent compared with a year ago was the fastest in 30 years.

When the government was framing its 2004-05 budget, it possessed this information about rampant consumer spending. Even if it says it did not have the March quarter figures—and it may not have—it would definitely have had the December quarter 2003 figures on consumer spending which revealed an increase of 5.8 per cent, which was the highest in almost 30 years with the exception of—wait for it—1989, the very period that Professor Garnaut was warning about. So there should have been a warning. Professor Garnaut certainly identified the problems and I identified the problems; the Reserve Bank seemed to be rather blase about it, and certainly the government was completely complacent about the emerging imbalances in the Australian economy.

But, in possession of this data on incredibly strong consumer spending, what did the government do in its 2004-05 budget? We have an overheating economy, and the government’s response in that budget and in the pre-election period was to commit $66 billion of extra fiscal stimulus into the Australian economy—pouring fuel onto the consumption fire that was already well alight. It did that because it wanted to spend the $66 billion not for sound economic management but to be re-elected—to buy its way back into office. The Treasurer knew, when he was signing off on that budget and on those pre-election commitments, that what the government gave in a pre-election spending spree, the Reserve Bank taketh away in the form of high interest rates later. And now the chickens have come home to roost. That is exactly what the Reserve Bank is signalling. The government knew when it was framing that budget, when it went on a spending spree after that profligate budget, that the Australian people—Australian households, mortgage holders and other borrowers—would be paying the price of the government’s fiscal recklessness. But it knew that those chickens would come home to roost after the election, and then the government, of course, would say, ‘Well, it’s not our fault.’

The government has been relying on an appreciation of the Australian dollar to keep
the price of tradable goods down, but the Reserve Bank is no longer willing to count on a rising Australian dollar to depress the price of tradables when the price of nontradables is growing so strongly. Why didn’t the government see the causes of this coming? Why didn’t it see the skill shortages, the infrastructure bottlenecks and the capacity constraints that were going to cause these pressures, together with the rampant consumer spending? The answer is that it did know but it was too preoccupied with getting re-elected. It stopped managing the economy and now Australians will be paying the price.

An appreciating Australian dollar might take the edge off underlying inflation and that could lessen the need for a second interest rate rise. But, as the Americans say, interest rate rises are a bit like cockroaches: there is never just one of them. So, in prospect, there is more than one interest rate rise in the coming year. An appreciating dollar on the back of surging global mineral prices creates its own difficulties because it would further damage Australia’s deteriorating export competitiveness. It would exacerbate an already very severe external imbalance.

I began warning of these imbalances in Australia’s poor export performance back in 2002, when I was the shadow trade minister. When there was a record trade deficit, I said in a statement on 31 January 2003 that it was our ‘worst monthly trade deficit in history’ of $3 billion and the 13th in succession. I spoke of a fall in exports of 2.3 per cent in 2002. The Financial Review, along with other newspapers, said that this was just alarmism. In fact they editorialised by saying, ‘Record deficit is no cause for alarm’. The article states:

You cannot blame oxygen starved Labor for making a song and dance about our “worst ever” monthly trade deficit.

The article states further that the $3 billion deficit in goods and services for December:

... does not necessarily reflect badly on the performance of the economy or the Howard government.

The rising account deficit has also coincided with a period of weakness in the world’s biggest economies ... which has reduced their appetite for exports from Australia ...

Last year the world economy grew by five per cent. What is the latest excuse? The Financial Review and the government are making every excuse possible in trying to explain away the government’s poor economic performance. The Financial Review, when criticising me and Labor at that time, said:

... a break in the drought will swiftly turn things around.

The Financial Review said that on 1 February 2003, and here we are in February 2005. The drought has broken and everything was supposed to have been swiftly turned around. But even back then, when there was a $3 billion trade deficit, the Minister for Trade said:

The December 2002 International Trade in Goods and Services data released today signals investor confidence in the future growth of the Australian economy.

So if you have a really big trade deficit, this is good news. Bigger is better, according to the trade minister. That is what the Financial Review seemed to be saying back then. When those statements were made there had been 13 successive trade deficits. That has now grown to 38 successive trade deficits, with no improvement or end in sight. On 9 February—just a few days ago—two days after the release of the Reserve Bank statement on monetary policy, the trade minister still thought that everything was fine. He said in parliament:

The simple answer is that our export performance last year—in the calendar year 2004—was very good.
But the Reserve Bank’s monetary policy statement of February—just two days earlier—was much more realistic. On page 2, it states:

... the disappointing performance of exports to date which has been associated with the widening of Australia’s current account deficit. While there has been a modest recovery in export volumes from the trough reached in mid 2003, this has so far only lifted exports back to around their level at the start of the decade.

Yet we have the trade minister saying: ‘This is all terrific news. What is the problem? Exports are going gangbusters; no problem at all.’ But if you ask the Treasurer, he has a slightly different tune because he knows there is a problem. He said that there is a problem with our trade deficit, but he blames everyone else. He has been blaming everyone since the year 2000. He has blamed SARS, international terrorism, bird flu virus, drought and slow world economic growth. Yet the world economy grew at five per cent last year. How much growth does the Treasurer need before he stops blaming others? And how does that explain Australia’s declining share of world exports?

Factors such as SARS, bird flu virus, terrorism and slow world growth should affect all exports. So how do you explain the decline in our market share of world exports, which is now below one per cent, the lowest share since 1948? We all know there is a big problem on the trade account for Australia, other than the trade minister who continues to say: ‘Always look on the bright side of life. Everything is fine.’

The Australian economy has been growing fast but on weak foundations. The weakening of those foundations has been caused by a lack of an ongoing economic reform program by this government. The Treasurer says, ‘Everything will be okay if we can just get our IR changes through the parliament.’ Of course he is referring in particular to unfair dismissal laws for small business. Yet the OECD reports upon which he relies actually defend unfair dismissal laws as playing an important economic and social role in a modern economy. They say that Australia’s unfair dismissal laws are amongst the least strict in the world. The 2003 report states:

OECD assessments consistently show that Australia’s employment protection legislation ... is one of the least strict in the OECD area. A 2004 report states:

... by promoting firms’ social responsibility in the face of adjustment to unfavourable economic circumstances, a reasonable degree of employment protection legislation could be welfare-improving.

This is the OECD! The report released in Australia this year, dated December 2004, states:

Finally, disincentives to hiring should be kept as low as possible through policies which contain the cost of dismissal procedures, without abandoning substantial social and economic benefits of employment protection legislation.

That is what the OECD says about the Treasurer’s proposed removal of the unfair dismissal laws for businesses with 20 or fewer employees. The Treasurer had hoped no-one would be reading the OECD report from which he is so fond of quoting.

The fact is that the Treasurer is using the trade unions of this country and his mantra of labour market deregulation as an excuse and a diversion. He just wants to blame someone else and takes no responsibility himself. The problem in Australia is excess demand for skilled employees. Removing labour market regulation will not make their wages fall, Treasurer, as you may want to occur, because the problem is not an excess supply but an excess demand for skilled employees due to the skill shortages that this government has allowed to develop since 1996. So I do not understand what the Treasurer is getting at when he says we have to
remove labour market regulation, as if that was propping up the wages of skilled workers. Go to an employer and say, ‘Cut the wages of a skilled employee,’ and see how the skilled employee behaves. The skilled employee will leave and go somewhere else because there is an excess demand for skilled employees due to the skill shortages over which this government has presided.

Instead of blaming unions and the Labor Party, this government should be knuckling down to invest in the second round of productivity growth that this country so desperately needs. Labor created the first round of productivity growth on which the prosperity of this country since the early 1990s has been built, but we desperately need a second round of productivity growth. The fact is that the OECD—again, the Treasurer’s favoured source—has warned of faltering productivity growth. Its December 2004 report states:

During the four years ending in the financial year 2002-03 ... market sector MFP growth slowed to an average of 0.5 per cent. This could indicate the end of its strong trend increase in the 1990s.

That was a trend increase created by a reforming Labor government, and here we are with a government with no forward economic agenda presiding over faltering productivity growth in the face of the challenge of the ageing of the population.

The government should be investing in the modern sources of productivity growth, which are infrastructure, skills formation and new ideas. Every day in question time we hear of another infrastructure rort—$400 million of taxpayers’ money subject to no rigorous guidelines when the country is screaming out for good infrastructure in the right places. This government has never put in place a national infrastructure plan or national infrastructure advisory council because it just does not believe in infrastructure investment in this country.

On skills formation, the Productivity Commission concludes:

... there appears to have been no significant acceleration in workforce skills in the 1990s. In fact, the evidence shows a faster increase in skills in the 1980s.

What an indictment on this government to allow skills formation to, in fact, detract from productivity growth in this country where in just about every other OECD country skills formation contributed to productivity growth over that same period.

I now move to the area of Australia’s research and development effort. Here a broad based measure of Australia’s R&D effort—which is a measure of investment in knowledge—aggregates public and private spending on research and development, higher education and computer software. On this measure, Australia, according to the OECD—the Treasurer’s favoured source—ranks a poor 14th out of 24 OECD countries surveyed. We know business spending on research and development as a share of gross domestic product is well below those levels that we need to sustain research and development, and the gap to the OECD countries continues to widen.

Then, of course, there is that other big weakness: our trade accounts and the lack of competitiveness in our international trade. Again, every day in parliament the trade minister talks about these great preferential trade deals and how terrific they are going to be for Australia’s future. But let us go the Treasurer’s favoured source—the OECD report of December last year released earlier this year:

... bilateral and regional trade agreements can have a trade distorting as well as a trade creating component. There is furthermore a danger that the coherence and predictability offered by multilateralism will be weakened if governments increasingly turn to regional agreements to manage their trade interests. A maze of conflicting regional
regulations, standards and rules of origin risk becoming the new "walls" between blocks.

Against this background, the recently negotiated FTAs with Singapore, Thailand and the US merit close scrutiny as they run counter to Australia’s general unilateral/multilateral approach.

That is the OECD. As trade spokesman I was warning of the hazards of entering into preferential trade deals, and the media, particularly the Australian, claimed it was a terribly unpatriotic thing for Labor to do. The OECD warns of the hazards of these preferential trade deals, but every day the trade minister comes in here saying, ‘Always look on the bright side of life; no problem with our trade account.’ We have very severe imbalances domestically and in our trade accounts. We have rampant consumer spending, a government pouring $66 billion on top of the consumer spending fire and our worst trade performance since the Second World War—our lowest trade share since 1948. It is about time this government got motivated and embarked on a true economic reform program for this country. (Time expired)

Miss JACKIE KELLY (Lindsay) (7.42 p.m.)—I am delighted to commend this bill to the House. Appropriation Bill (No. 3) 2004-2005 makes an appropriation of $10 million to the Department of Communications, Information Technology and the Arts for the upgrade of Penrith Stadium. Penrith Stadium is operated by the Panthers, the premier football club in New South Wales. We have won a couple of premierships in recent years and continue to do outstandingly well, and now we will have the premises to match that standard.

I would like to commend the work of Kevin Isaacs, who is the departmental official who will be dealing with the Panthers in terms of the milestone payments and when they are to be made. I understand that, if all goes well with Penrith City Council and the development application, the stadium should be operational for the 2006 football season. Certainly, if the National Rugby League is happy to delay our home games till later in that season, we should see all our games played in a rather fancy stadium.

That stadium will also attract other events to Penrith. We will be able to play on an upgraded turf that will allow all sorts of activities midweek and back to back. We will be able to have equestrian events followed by soccer, followed by all sorts of other activities on that stadium and still have a premiership ground for our premiership team. That in itself will generate a number of business opportunities for local Penrith businesses for a long time to come. The spin-out to our competition and souvenir production houses, printing, event managers and organisers will be just enormous and the economy of Penrith will be greatly benefited by that injection of funds.

Full credit to Roger Cowan, who has put the proposal together and has always moved the Panthers ahead. He has kept the club on top of the game and brought it to the status that it currently has. He has been targeted quite personally in recent times by the state Labor government. I think it is appropriate to put on record at this stage that over the last 30-odd years he has taken the Panthers from being a very small, insignificant club to the quite considerable enterprise that it is. It has brought accommodation facilities and tourism attractions to Penrith that otherwise we would be without. So it is with great pleasure that I can say this bill achieves one of my key election promises from the recent federal election and that money is due in this financial year.

This bill also appropriates $18.5 million to the Department of Health and Ageing to address the mental health issues of depression and dementia. I commend the federal government on that and note that federal gov-
ernment spending in the mental health area has increased by 128 per cent. During the same period the states have increased their expenditure by just 40 per cent. All that aside, a lot more still needs to be done in the mental health area about schizophrenia.

One of my first jobs out of university was as a probation and parole officer, and I had my first experience of diagnosing a schizophrenic. I was in my early 20s, so it must have been the mid-eighties, maybe late-eighties—maybe nineties! The young fellow was going through the criminal justice system. He did not understand the disease himself, and his parents were at the end of their tether with the police continuing to return their son to them at all hours of the night or calling them in to get him out of the watchhouse after he had spent the night there. He was before the magistrate for breach of probation for yet another activity related to his mental condition—which, as I said, he did not understand at that stage—rather than any criminal activity.

At that time in Brisbane there were very rudimentary services for people suffering from schizophrenia. Certainly the support groups today are a lot broader. The internet has helped people researching the disease and trying to give support to a loved one who is suffering from the disease. We even have a parliamentary fellowship to encourage knowledge and understanding of the disease. But I still think that more can be done in terms of research—real rats and labs style research into the disease. Let us start pulling it apart and examining the aspects of the disease we are treating. The old lithium drugs had terrible side-effects—and they still do. A lot of sufferers start to feel better and, considering the terrible side-effects, they feel that they really do not need the drugs anymore and stop taking them. Hence you have them lapsing as they fail to comply with the medical regime. I understand that there are now other drugs coming online which are more palatable. That research is largely being done by our drug companies. I could find only one program in mental health research that we are funding, and that was at the Mental Health Research Institute of Victoria. The program is specifically looking at schizophrenia and is doing some studies on rats in the lab, looking at how the disease progresses and the brain functions that are affected.

I also note that the Commonwealth recurrent spending on mental health for 2001-02 was $1.146 billion. Of that, only $9 million was spent on research. During 2003 most of the research was directed at prevention and assessment of mental health. We really do need to start separating it. At the moment I think that everyone says schizophrenia for a number of diseases. It is a bit like the old consumption or fever—we just put everything under that heading because we do not know what disease it might be. If we have more research we will be able to pick out the various mental sicknesses that are currently lumped under the one heading.

I note from the national mental health report that the federal government has increased spending by $643 million over the 1993 to 2002 period. However, that report also shows that spending on mental health has not increased its share of the health dollar, and I think it is time to increase our expenditure proportionately. Although states and territories have the responsibility for the day-to-day interaction with clients and people in crisis, I think there is a lot to be learned from some of the mistakes that have been made at the state level, especially the New South Wales experience where the Richmond report resulted in institutions being closed down and people being moved into group homes or community care situations. In fact in 1992-93, 71 per cent of state funding was on mental health in hospital
settings and only 29 per cent on community care options. In 2001-02 the proportions had reversed, with 49 per cent being spent in the hospital settings and 51 per cent being spent on care for people in the community. I know that it seemed like a humane and sensible idea at the time. There was a general outcry that patients should be treated with more respect than they experienced in the murky world of abuse reflected in movies like One Flew Over the Cuckoo’s Nest.

But as the Human Rights Commissioner, Dr Sev Ozdowski, said on Meet the Press last Sunday:

There is a case for a major overhaul of our mental health services. They are certainly in crisis. I’ve been conducting with the mental health council consultations for the last few months. What we have heard is just unbelievable. There are not adequate beds, there is difficulty in access to mental health practitioners. There are people dying needlessly, there are people who are going to prison or sleeping on the streets because simply our mental health services are not up to scratch.

That is certainly reflected in my area. I am very lucky that in Penrith we have a mental health unit, Pialla, attached to the Nepean Hospital. But patients are only admitted to a bed in an absolute crisis and they certainly have a long waiting list. I have dealt with a number of patients trying to get a bed at Nepean Hospital and there are only 18 beds. Since 1993 almost 2,500 non-acute inpatient beds have disappeared from our hospitals. The level of acute beds has stayed the same in that decade. In terms of 24-hour staffed residential beds, New South Wales is sadly lacking behind Victoria, the ACT and Tasmania. Victoria has 17 beds per 100,000 people and New South Wales has four. It is a great distress to family and supporters of someone in crisis when they have to drive long distances from Western Sydney because there is not room at Pialla to accommodate their loved one.

It is time to review the effectiveness of our mental health strategy. The national mental health report 2004 says:

It is not known how much spending on mental health is required to meet the priority needs of the Australian people. However, surveys conducted on the extent of mental illness in the community have highlighted a high level of unmet need. Similar findings have been reported in other countries.

Clearly we need to base our policies on some of the surveys and listen to what the community is telling us. We are spending millions on dementia research in these appropriation bills and it is time that we looked at what we are spending on schizophrenia research as well. It has been 20 years since I came across someone with undiagnosed schizophrenia who was being dealt with by our criminal justice system. I would hate to leave this parliament without being able to see some improvement in the outcomes for people who are in crisis in mental health.

This bill also introduces $123.5 million for Tourism Australia. Tourism Australia is the new organisation that covers the Tourism Forecasting Council, the ATC and a number of other tourism bodies. This new body came out of the white paper that was generated after a frantic tour around the country that I remember doing when I was heavily pregnant just before the 2001 election. We have come a long way in tourism. The white paper has been well received and this money is a further evidence of Australia’s commitment to that very vibrant and necessary industry.

The other thing I would like to mention today is the $78.7 million that is going to Family and Community Services for Centrelink costs for the recent budget measure, More Help for Families. I was in Centrelink the other day and I was quite impressed with how modern their computer systems were. I was there organising my child-care rebates as my child is going back to school. I had yet
another form to fill out. Why is it, when my children will always have the same birth dates, I imagine their names are going to stay the same and I am pretty sure my details or those of my husband will be relatively stable at least for some time, that we cannot present people with an already filled in form. There could be some highlighted parts to indicate that only these sections need to be filled in because the other data has already been gathered. I would be quite happy for that to occur in a number of circumstances. However, on the other hand, I was very surprised that the person behind the counter in Centrelink also had access to my Medicare data. She could check my Medicare data with that of the kids on the same card at the same time. I do not have a problem with that but I think that, for reasons of privacy, we have to look at training staff to notify customers when they are moving from one set of data to another and what levels of access they grant to that data.

I notice that Queensland proposes to introduce a smart drivers licence. There is only one web site up that opposes the licence called the STOP ID CARD but I think the new Queensland drivers licence is very innovative. It is a proposal to have a smartcard with a computer chip. It will have a digital photo on it like the new passports which use biometric technology to help to identify you. While it is probably not as secure as a digitally imprinted and replicated fingerprint or an image of your iris, which are even more secure methods of identification, it certainly does provide some security. With the card the Queensland government intends to move towards allowing Queensland drivers to access government services electronically and to take up a number of new optional services. I envisage this card could be a toll pass and a means to get on and off trains and to pay your bus fare.

You can also look at any information that the government has on you via a personal identification number. You will have a user name and password access to the data that the government has on you and, obviously, more frequent opportunities to correct that data than you currently have. I have no idea what the person at Centrelink was looking at. I did not get the opportunity to view that information, so I do not know what it was. This card will give you the option of seeing the data that is on it and the opportunity to correct it and the opportunity through security measures to see who gets to view the data. In fact, you do not even have to deal with the government because there does not need to be face-to-face contact, so people will not know whether you have accessed your data. Again, I think you have to look at the number of privacy concerns, but it does seem that Queensland has addressed those and is also looking at staffing issues.

I think most of the privacy breaches will be made by staff within the Queensland transport department who are illicitly accessing information on ex-husbands and ex-wives and that sort of behaviour. That is certainly able to be audited, with staff members being always supervised and if they are accessing any data that they should not be they can either be removed from areas of digital responsibility or transferred to other duties altogether. I think most people in the Public Service today are quite aware of how easily their movements through the databases can be tracked. I think the privacy and security issues and the privacy protections offered by government today have come a long way since the 1987 Australia Card debate led by the Hawke government when they went to the electorate on a double dissolution issue seeking some sort of mandated card.

I will be very interested to see how that Queensland drivers licence proceeds, as well as the biometric passport that Attorney-General’s is moving ahead on. The Minister for Health and Ageing is moving ahead with
the HealthConnect card, and $120 million has been allocated to offer the option of integrating patient records from hospitals, doctors surgeries, nursing homes, laboratories, pathologies, pharmacies and immunisation centres. I know I would find that extremely helpful. Many years ago I injured my leg in a hockey match. There are certainly a number of pins and screws in that leg; but I would not have a clue where my X-ray is. From talking to doctors at various institutions, I learned that 20 per cent of X-rays are repeats of old ones that have been lost. Should I need any further work on that leg, I would have to have another X-ray done. Today X-rays can be digitally stored, so I can always carry with me any X-rays, MRIs or any images that have been taken of me. This will allow various medical practitioners access to them, at my discretion. I have to prove to my child-care centre, out of school hours centres and schools etcetera that my kids have been inoculated. Again, that card can carry that inoculation data. That will make it a lot easier for mothers to navigate that incredibly complex CCB system.

These appropriation bills have a number of initiatives, such as the $4.1 million to the Department of Health and Ageing for the PET scanner at Westmead Hospital. That is something I tried to achieve for the Nepean Hospital. But having it at that hospital goes a long way to dealing with head trauma and with other issues we have in Western Sydney and with mental health research. So I hope that PET scanner will be well received at Westmead for the benefit of everyone in Western Sydney. These bills bring a lot of benefits to people in my area. I commend the bills to the House.

Mr MARTIN FERGUSON (Batman) (8.02 p.m.)—In addressing the Appropriation Bill (No. 3) 2004-2005 and related bills, I intend discussing not so much what is in these bills but what they have failed to take up in terms of government policy outcomes. In doing so, I state at the outset my strong support for the second reading amendment standing in the name of the member for Lilley and shadow Treasurer, Mr Swan, especially with respect to points (3) and (4) that go to the gross neglect of Australia’s education and training needs and the failure of the government to improve our opportunities to lift our productivity and competitiveness in performance, both domestically and internationally. I contend that the opportunities that have been wasted by this government to address the big issues facing the nation, and the lack of recognition of issues facing what is one of the most important sectors of the economy—namely, minerals and energy—have to be touched on as an immediate challenge of government.

Over the decade to 2003-04 the value of exports from the minerals and energy sector grew by 95 per cent, an astounding result reflecting just how important the sector is to Australia’s export performance and, obviously, to employment and potential training opportunities. This level of growth is 45 percentage points more than growth in the manufacturing sector and 26 percentage points more than growth in all industries. In fact, 26 per cent of Australia’s total exports now come from the minerals and energy sector, which is a dramatic change in the nature of our exports. In addition—and this is important—the sector contributes $34 billion gross in value added, 4.6 per cent to Australia’s total GDP and over $4 billion to government revenue through royalties alone. Just think about that issue of royalties: $4 billion in government revenue. Surely it is time for the government to invest some of that return into providing the necessary infrastructure and training opportunities to create further revenue opportunities for the nation at large. That is where we are falling down at the moment: in our capacity to ex-
Rising demand has been fuelled by economic growth in places such as China, India and other parts of the developing world. It is also fair to say that Australia could well be facing the largest growth in this sector since the post World War II era. We have seen significant growth in the export of minerals and energy since the Second World War, yet we are now facing what might be an even bigger challenge in terms of the potential demand for Australia’s minerals and energy. This is also a sector that as a nation we have always wanted to guarantee is healthy and attractive to investment. Yet, despite that, it has been a challenge to successive governments of all political persuasions, and I think it is appropriate to suggest this evening that the Howard government is ignoring critical issues which are holding back Australia’s growth and wellbeing. It is almost as if the Howard government has lived on the opportunities and the foundations created by the previous Hawke and Keating governments in opening up minerals and energy for export potential prior to the election of March 1996.

On that issue—and it is central to the debate about our capacity to further develop resources—I refer to recent media articles on the chronic underresourcing of native title representative bodies. Indigenous rights are important to Australia. The resource sector accepts the requirement to negotiate with the Indigenous community to gain proper access to resources. In return for gaining access to those resources it agrees to respect the Indigenous community’s rights. Yet we now have huge backlogs, which are frustrating resource developments essential to our future economic prosperity and performance, because of the failure of the Howard government to fund and resource native title representative bodies so that they can negotiate on an equal footing in complex negotiations with resource and energy companies.

When I think of the revenue to governments of over $4 billion in royalties alone, I do not accept that miners should be forced to pay native title claimants millions of dollars to fund the administration of the representative bodies just to enable the negotiation process to start. Why should we accept that the mining industry should have to pay for that service—a service which is clearly the responsibility of the government—when the industry estimates that the lack of government activity costs the industry around $50 million a year? If it is good enough for the government to crow about the export performance of the mining and energy sector and reap the benefit of the revenue gained from those exports, it is time the government also invested some of that revenue to enable the Indigenous representative bodies to complete negotiations to enable further export development to occur in Australia. That obviously raises a serious question: when is the government going to address this issue and other challenges confronting the resource sector?

That takes me to another challenge. I suggest to the House this evening that if the Howard government were really serious about job creation and economic growth it would do something about the skills shortage confronting Australia. This is an issue raised not only by employer groups and individual employees but also by workers’ representatives and unions. They have suggested in very stark terms that the failure of the Howard government to invest in skills development is now holding back economic growth in a number of key sectors of the Australian economy. Last year, for example, there were nearly 22,000 unfilled vacancies for tradespersons in Australia. It is estimated that that skills shortage will cost the Australian economy $9 billion in lost output over the coming
decade. That is not an insignificant figure. Just think about it: a potential loss of $9 billion in output, which also represents a huge potential loss in job opportunities and economic prosperity for Australia.

Further, $20 billion worth of major infrastructure and resource projects could be in jeopardy as a result of skills shortages initially coming to the fore in trades and engineering areas. There are not just the immediate potential losses; the resource companies will now seek to invest in other countries. Once they make those investments, they will stretch over an extended period and it will be hard to attract those investments in the future. I therefore argue that the skills shortages are a serious capacity constraint in the economy.

The resource sector is also finding it difficult to attract specialist scientists and engineers to build Australia’s technology capacity. According to the engineering sector, there are too few students graduating in relevant earth-science areas and the picture for engineering is not much better. I therefore argue that both government and industry have a role to play in addressing these issues to ensure that Australia develops the skills and the technology, based in its human capital, that are needed for a healthy economic future.

Cuts to public and private sector investment in skills formation, in pursuit of so-called productivity and efficiency gains, have resulted in gains for individual companies in the short term, but the medium- to long-term outcome is a serious erosion of the skills base in crucial industries and occupations. This skills shortage has unfortunately gone unrecognised by the Howard government, which has turned away tens of thousands of young Australians from TAFE each year.

I remind the House that during the 2004 election campaign the Labor opposition promised to create some 36,000 additional vocational, education and training places per year and pay the TAFE fees of secondary students who wanted to remain at school and get a vocational qualification to address this skills shortage. Neither our governments nor our businesses are investing enough in education and training, particularly for trade skills. Recent OECD research shows that a 10 per cent increase in the average number of years of education of the working-age population would increase per capita GDP by between four per cent and seven per cent. Yet, according to ACTU research, last year only one in 10 private sector employers delivered structured industry training leading to a national qualification. Moreover, investment in structured training actually fell from 1.7 per cent in 1996 to 1.5 per cent in 2002. We as a community must have a debate about employment and training in the resources sector. Unless we confront this, we are going to hold back investment and the development of our resources sector.

That takes me to the issue of specifically focusing on the skills needs of the Indigenous community. As has been noted previously in this place, we do not spend enough time discussing and debating the level of disadvantage that exists for Indigenous Australians in this country. At a time when Australia faces a severe skills shortage and desperately needs more people participating in the work force, it is an indictment on this government that Indigenous employment lags so far behind mainstream levels of participation. It is estimated that the cost to government last year of Indigenous unemployment—or, in some instances, underemployment—was $1 billion. The cost to the Australian economy of lost productive output associated with Indigenous unemployment and underemployment is another $3 billion and the cost of related social welfare expen-
diture and forgone tax revenue is a further $3 billion.

It is shameful in the 21st century that a modern, developed, wealthy society tolerates the level of indigenous unemployment and social disadvantage that this country does. But more importantly, the issue is not just about social disadvantage; in terms of economic opportunities it is costing Australia $7 billion a year. That is about $2.5 billion of taxpayers’ money that is being spent and $4.5 billion in lost economic opportunities. It is time the government did something serious to address this issue.

The third area of concern goes to the government’s failure to address infrastructure constraints in the economy. The Reserve Bank’s statement on monetary policy notes that over the last year concerns have emerged that a lack of capacity in transport infrastructure is constraining the ability of the resources sector to expand export opportunities. The Newcastle port operator’s decision to introduce a quota system to allocate supply chain capacity and reduce the ship queue is just one example. Some work has been progressed to overcome this bottleneck because finally there was some cooperation between the state and federal governments through the Australian Rail Track Corporation in respect to this issue. In Queensland, the ports are operating at close to capacity and investment in both port and rail facilities is necessary.

The Reserve Bank also notes that the fragmented ownership of the supply chain assets in the coal industry is another feature hindering investment. Transport infrastructure is generally operated not by the coal mining companies but by public or privately owned third parties who are responsible for new investment. Some of these are unfortunately subject to regulatory control owing to the monopolistic nature of the assets and in the case of Dalrymple Bay in Queensland investment is contingent on the allowable user charge, creating considerable uncertainty about long-term capacity.

Conversely, in the iron ore industry, the supply chains are vertically integrated and there are fewer coordination problems. The debate on the financing and pricing of new transport infrastructure is very serious. It is an issue that the business community must now press state and federal governments on so as to guarantee that it progresses in parliament and the broader community, which will force the hands of state and federal ministers through the ministerial councils that meet on a regular basis in this country.

In addition, there is a clear need for better coordination and cooperation between miners, infrastructure operators and governments, with a clear focus on Australia’s national interest. Australia’s infrastructure issues are not confined to transport. Demand for energy in Australia is projected to increase by 50 per cent by 2020, and the energy industry has estimated that at least $37 billion in energy investments will be required by 2020 to meet the nation’s energy needs.

Internationally competitive supplies of energy are critical to Australia’s global competitiveness in a range of manufacturing and value adding industries, and while the success of the reforms of the 1990s cannot be denied, nor can the fact that much more needs to be done. COAG recognised this by commissioning the Parer report but little action has been taken by the government since that report was tabled. It is unfortunate, particularly as Parer was one of the government’s close mates, that this is typical of the Howard government’s inaction. There is committee after committee, inquiry after inquiry, and task force after task force but no action is taken by the government and there is no decision making.
The Parer committee’s report identified all the deficiencies in our energy markets but barely any of its recommendations have been implemented. Our electricity and gas sectors are unfortunately burdened by excessive regulation, overlaps in regulatory roles, slow and cumbersome code change processes, anti-competitive marketing practices, poor market design and poor, if any, planning mechanisms. It is time for the Howard government to lead. It is time for the Howard government to get moving on both the Parer recommendations and the Productivity Commission recommendations.

Finally, I would like to go to the issue of exploration. Developments in exploration expenditures are not encouraging, according to the Reserve Bank statement. In that context, I am pleased to note the demands of the Foreign Investment Review Board, expressed in the Treasurer’s statement of last Friday, concerning the potential takeover of Western Mining Corporation by Xstrata. That conditional statement by the Treasurer demands that, if Xstrata is successful in its takeover bid, it must remain committed to its exploration activities in Australia. We need a bigger commitment from the resources sector in terms of exploration activities.

I raise these issues despite the fact that the House has previously referred to them in the 2003 House of Representatives Standing Committee on Industry and Resources inquiry into impediments to exploration. Unfortunately, despite the recommendations of that inquiry, little has been done to implement them. This was noted by the Reserve Bank statement when it expressed the view that despite a modest pick up—certainly lower than global levels—exploration spending is around the lowest seen for at least 25 years. That does not augur well for the future of export opportunities in the resource and energy sector. Unfortunately, this suggests that growth in Australian resource production and exports over the longer term could be at risk if there is not an ongoing lift in exploration spending. That is exceptionally sad when you consider the issues that I raised at the outset of my speech this evening concerning the value which Australia has achieved in recent years from exports in the minerals and energy sector, and our capacity to increase exports and, in doing so, to create more sustainable employment and training opportunities.

It is for these reasons that I use the appropriation debate this evening—it is a wide-ranging debate—to raise the concerns of the opposition about the lack of focus by the Howard government, through these bills, on the big issues facing one of Australia’s most important economic sectors. And it is for these reasons that the second reading amendment moved by the member for Lilley and the shadow Treasurer succinctly puts these issues.

The election promises of the Howard government during the 2004 campaign to keep interest rates low are a farce. We saw the Prime Minister last week in a mealy-mouthed way try to explain away those promises, and he will rue the day. The second reading amendment also raises correctly Australia’s education and training needs, the need to invest in infrastructure and to improve our productivity and competitiveness, and the need to condemn the Howard government for its reckless spending during the lead-up to the 2004 election campaign, which will no doubt add to inflationary and interest rate pressures in Australia. I commend the second reading amendment to the House.

Mr HARTSUYKER (Cowper) (8.22 p.m.)—I appreciate the opportunity to speak on the appropriation bills as it allows us to focus on economic management. We had an election campaign some months back, and
during that election campaign the Australian Labor Party had a strategy: ‘Don’t mention the economy’. They were very silent on the economy. They were very big on reading to children, a very noble pastime. But when it came to the economy they just did not want to talk about it. Why did they not want to talk about it? Because they have form. They have form on high interest rates, they have form on high unemployment and they have form on throwing families on the scrap heap through the social problems that unemployment causes.

When you look at the fact that the opposition are now starting to trumpet economic management as an important attribute of the Australian Labor Party, it signals a dramatic turnaround from just a few months ago of not wanting to talk about economic management. But they have come to the realisation that economic management is important to the Australian people. Economic management is not something that can just be swept under the carpet. Strong economic management is the key to productivity and to governments being able to deliver the sorts of services that people want and deserve.

Certainly I was interested to hear the member for Melbourne and the member for Rankin imply that this government has a reckless nature. But in fact when you look at the figures you can see that this government has been able to deliver a high level of services in the 2004-05 budget year, and have done so in a fiscally responsible way. It is a surprising thing when the Australian Labor Party try to claim the high ground on economic management. We have only to look back a few short years to when the member for Brand was occupying the Treasury benches and was running deficit after deficit. There was never any hint of a surplus in the last years of the Labor government. It was just one deficit after another. This government has been able to deliver a high level of services, with a strong fiscal outlook. In fact we are looking towards a cash surplus for the 2004-05 financial year of some $6.2 billion. That is an increase on the original estimate of almost a year ago. So our fiscal position has actually strengthened, and this is because we are strong economic managers. This is because this government is putting the settings in place which allow business to prosper and employment to grow.

We heard the members of the opposition saying that Australia currently faces a skills shortage. The ALP has a solution to the skills shortage. I see that the Minister for Workforce Participation has come in and I know he is interested in the skills shortage. The ALP solution to the skills shortage is mass unemployment. Under the ALP we did not have a skills shortage because there was mass unemployment. This government has turned that round. This government has created a million and a half new jobs. This government has empowered families to look after themselves, to not be dependent on welfare and to make this economy tick. So it is the absolute peak of hypocrisy to hear members opposite suddenly trying to claim the high ground on economic management.

As it stands at the moment, we are looking to an economy that is facing continued growth. Australia is applauded by the OECD for its strong economic management. We are looking at growth of around three per cent for 2004-05, and that strong growth and strong economic management allow us to provide the services that people need. In the 2004-05 budget this government introduced a range of measures to support families, for instance. We were able to provide a more generous family tax benefit system. We were able to increase the payments for children—a $600 payment per child. It was most interesting to note that the ALP claimed that a $600 lump sum payment was not real money. That is a staggering concept: if you receive fund-
ing on a weekly or fortnightly basis that is real money; if you receive funding in a lump sum that is not real money. The news for the ALP is that the people of Australia are not silly. The people of Australia did not swallow that argument. The people of Australia realised that the ALP’s family policy was going to hurt low-income families. It was going to hurt the families in my electorate. The people of Australia realised that the government’s policies on families and on taxation were superior, and that the opposition’s policy was nothing more than a hoax.

I would also like to concentrate on the fact that this government was able to reduce the withdrawal rate for family tax benefit B from 30 per cent to 20 per cent, encouraging families to earn more, encouraging families to contribute more and making them better off so that they did not lose as high a proportion of the family tax benefit B as their income increased. Our government has been targeting equity in the community. We have been looking after low-income families. The ALP policies were discriminating against low-income families, producing a tax and family package that made low-income people worse off.

This government has been focused on boosting investment savings, which is very important, by providing a contribution for low-income earners to encourage them to save for their retirement. We heard in question time today the rather interesting proposition by the New South Wales housing minister for people to move money out of retirement savings and into housing, with a consequent reduction in their total retirement income. This government is focused on increasing retirement savings. When you see Labor in government rather than Labor in opposition, when you see their actions rather than hear their words, it is obvious that they do not have the economic management prowess to run a strong economy. We heard about the New South Wales state housing minister espousing a policy which would divert funds away from retirement savings and into house purchase, which cannot be good for the long-term financial position of Australians.

Certainly in my electorate we are very focused on the issue of health care, and this government has focused very much on strengthening Medicare. Only recently, the bulk-billing rate in my electorate reached 60.5 per cent—an 8½ per cent increase. That is a very substantial improvement, which has been welcomed by the people of Cowper. Measures such as the $7.50 payment to encourage doctors to bulk-bill children under the age of 16 and health care card holders, and the measure whereby the government increased the Medicare rebate from 85 per cent to 100 per cent of the schedule fee, are very welcome in my electorate.

The government is focused on regional and rural areas and their health. Very shortly, we will see the opening of Coffs Harbour Rural Clinical School building, which will be a very fine asset to our community. It will provide improved rural health outcomes by training doctors in regional and rural areas so that, when they come to practise, they are more likely to practise in those regional and rural areas. It is a welcome asset to our local infrastructure, which is encouraging medical practitioners to stay in regional areas where they are so needed.

We have also expanded the number of nursing places at Southern Cross University. The nursing work force is vitally important, and Southern Cross University has an excellent nursing course. I am pleased to say the government have been supporting the nursing course through increased places. So we are very focused on regional and rural health, on strengthening Medicare and, indeed, on the needs of regional and rural Australia.
In the 2004-05 budget, the government provided an increase in aged care funding of some $2.2 billion. We have an extensive commitment to aged care. My electorate has been the beneficiary of new aged care places, and I thank the Minister for Ageing for the allocation of those places. We have one of the oldest electorates in the country and, as such, we have a very high demand for aged care services. The government has focused on not only aged care within formal facilities but also providing aged care where people want it—in their homes. Most people prefer to stay in their own homes as long as possible, so the government has been assisting them to do this through community aged care packages and EACH packages, thus supporting aged care in regional and rural areas.

The government has also been supporting carers. It has provided some $460 million to support carers, which is vitally important. I was pleased to see the debate in this House yesterday on the support for a review of the current situation for parents of severely or profoundly disabled children. This government is focused on the needs of carers.

I also want to concentrate for a moment on Regional Partnerships. The ALP has been most critical of Regional Partnerships—a fine program that is delivering real outcomes and employment outcomes for people in regional and rural areas. There is currently a project under way in my electorate for a radiotherapy carers lodge which will provide accommodation for people who are suffering from cancer. It is a very fine project, initiated by the Coffs Harbour Rotary Club. It has received widespread community support from the local Lions clubs, the CWAs and the Pink Ladies from the hospital. Through Regional Partnerships, the government is contributing $270,000 to this project, but the total project value is some $1.3 million. The government’s contribution is relatively modest compared with the value that this project is going to provide to the community at the end of the day. Coffs Harbour City Council provided land for the project and the state government is going to service the ongoing operation of the carers lodge. It is very much a community effort, which shows the way in which Regional Partnerships funding can be leveraged to provide huge benefits to the community for a relatively modest injection of cash by the federal government. I think that is what makes these projects so strong.

The Glenreagh Mountain Railway is another project that is benefiting from Regional Partnerships money. That group has restored a steam locomotive, which is now running. They have been operating train rides for tourists and residents in our region. It is a very fine project that has been accelerated through the provision of Regional Partnerships funding—funding which the ALP are bitterly opposed to. They have tried to knock this program, which is delivering real outcomes to people in regional and rural areas and is one we should be supporting. This government supports it and believes in the value that Regional Partnerships provide to regional and rural communities. In many cases, these communities lack many of the services that people in metropolitan areas take for granted. Often, the Regional Partnerships program provides the funding for those services to be provided where they otherwise would not be provided.

I would like to talk for a moment about infrastructure. AusLink is a very fine initiative by this government, with an expenditure of $11.9 billion on vital infrastructure. I want to reflect for a moment on the Pacific Highway: the federal government last year committed some $765 million over five years for the continued upgrade of the Pacific Highway, which is vitally important work. It is a road that is being improved steadily but one which needs much more funding. But what is the state government doing? It is withdraw-
ing road funding whereas this government is increasing road funding.

The government is also focused on rail infrastructure. It is vital that we do not just upgrade roads but also our rail infrastructure so that we can take some of the freight task off the roads and get it onto rail, where appropriate. The government is spending in the order of half a billion dollars on the upgrade of the east coast rail line, aiming to cut travel time between Sydney and Brisbane by 3½ hours and to take 120,000 containers off the roads and onto rail each year by 2010. It is a vitally important project that is upgrading our infrastructure, our Pacific Highway link and our rail links, which have been left to decay by state governments.

In the area of infrastructure we have only to look not at what state governments say but at what they do and we see the neglect of our rail links, the ancient technology in signalling and the run-down rail infrastructure everywhere we look. By taking the lease over on the east coast rail line, the federal government is able to upgrade the services to people in my electorate and provide for much more efficient transport of freight. As a result of moving some of that freight task onto rail, the roads will be safer.

This government has been very focused on Roads to Recovery, a program that I recall the Leader of the Opposition referring to as a ‘boondoggle’. Once again, this government has been able to provide direct funding where it is needed to some of those councils in regional and rural areas which have extensive road networks, relatively small ratepayer bases and great road infrastructure needs. This government, through Roads to Recovery, has been enabling our local councils to make decisions on where road funding is best spent for local people. These are not decisions made out of Macquarie Street but decisions made by local road engineers who know where those funds can be very well used. If you ask any shire councillor, I am sure they would be in total disagreement with the Leader of the Opposition that Roads to Recovery is a boondoggle.

I will focus for a moment on education. The member for Jagajaga talked at length about skill shortages. But let us look not at what the New South Wales state government say but at what they do. What have they done to improve the skills shortage situation? They have tripled TAFE fees. TAFE fees are going up by almost 300 per cent, and I am sure the Minister for Workforce Participation would agree that huge increases in TAFE fees cannot be a good incentive for our young people to seek TAFE training. It goes against the grain; it certainly goes against the efforts that this government is making through the introduction of Australian technical colleges aiming to increase our skills base. We are actually doing something about it. The reaction of Labor in government in the states is, by pushing the fees up, to make it more difficult for people to get TAFE training. This government is aiming to make training more readily available so as to increase our skills base.

Southern Cross University, at its Coffs Harbour education campus in my electorate, is doing a great job of the education of our young people. That institution has benefited from moves by this federal government such as the 7½ per cent loading for universities away from our metropolitan centres—a very important element in the funding mix, providing additional funding to recognise that university courses in regional and rural areas cost more because of isolation. That additional funding takes account of that, and I am pleased to say that it is this government that is recognising the extra costs faced by regional and rural educational institutions. Compare that with Labor in government:
pushing up the costs of TAFE for people seeking trade skills.

In looking at the budget measures, it is important that we reflect for a moment on the fact that this government has been able to maintain a very strong financial position. It has been able to keep inflation low; it has been able to maintain stable economic conditions and good growth and, at the same time, provide improved services for the people of Australia. When the Labor government was last in office it was providing services, but it was ringing it up on the bankcard. It was providing services by racking up debt. This government has been able to provide ever-increasing services—improved health services and improved education services—but at the same time run surplus budgets.

There is a stark contrast between the coalition and Labor. Labor has an economic record of endless deficits; this government has a record of surpluses, a record of strong economic growth and a strong appetite for reform. The coalition is very much focused on keeping labour reform going to give this economy the reforms it needs to continue strong growth and to continue to become more productive. It is vitally important work, but there is still more to be done. This government is very focused on taking up the challenge of keeping the economy growing, keeping interest rates low and ensuring that people have strong employment outcomes.

Ms BIRD (Cunningham) (8.42 p.m.)—Can I say to the member for Cowper that that was an interesting story. Perhaps he would like to come and deliver it on the main street of Wollongong where many of the programs he has talked about have completely bypassed the fact that we exist. Some of those cheerful stories would be welcome in my area and in the area of the member for Throsby—but I did enjoy the story.

I take the opportunity today to place on the record of this House some of the important issues that arise out of the priority areas identified in the additional funding allocations in these appropriation bills. After my first speech in this place, I had many members of my community ring me and write to me to thank me for raising their concerns, in particular the troubles they and their families face in dealing with a loved one suffering from a mental illness and the increasing level of family debt. People from my electorate and from further afield were grateful that I had made a serious effort to bring these issues before the parliament and to give them some national prominence. I could not help but notice that none other than the Treasurer himself issued some warnings about curbing consumer spending on credit cards and the increasing personal debt levels not long after I made my first speech. Maybe he was listening, but I will certainly take credit for influencing him into seeing that this is an important issue for many families.

Appropriation Bill (No. 3) 2004-2005 identifies additional funding for an issue that I believe is critically important in many communities, including those in my electorate: specifically, the mental health issues of depression and dementia. I will also take this opportunity to address some more parochial concerns about small business assistance that needs greater financial support in my electorate. In my first speech to this House, not so long ago, I made the point that I had taken several opportunities during the election campaign to raise the issue of the insufficiency of support services in communities for both the sufferers of mental ill health and for the families and friends who try to provide support to them. In my first speech I indicated that this issue, above all others I had raised during the campaign, generated a groundswell of people contacting me and my campaign office to thank us for putting the
issue on the agenda and for raising the public profile of the challenges swamping so many in the community. The statistics so often quoted were being given human faces and stories. The AMA, most recently in its 2005-06 budget submission, has made the point that three to four per cent of people in Australia experience severe mental disorders which significantly interfere with their well-being and capacity to participate fully in community life.

Since becoming the elected representative for my area, I have directly dealt with four constituents who are receiving disability support pensions as a result of severe mental ill health. The sad reality is that the rigid system of income support being administered by this government is actively contributing to their illness. In all cases, the mountain of complex paperwork and inflexible deadlines has created a financial and emotional crisis for each of these persons and their families. Being able to read, comprehend and comply with the bureaucratic processes of Centrelink is a major challenge for the well in our society. For people with an illness that minimises their ability to cope with stress and complexity, it is often a competency too far. It is equivalent to expecting a person in a wheelchair to climb several flights of stairs to lodge a form. We have not yet reached a full commitment to facilitating physically disabled people in their participation in society, but at least we can recognise when we have put unnecessary barriers in their way. For people with mental health issues, we seem incapable of recognising the mental and emotional barriers that we place before them and the impact our actions have in increasing their ill health.

I would like to take a slight detour here to commend the launch by the Parliamentary Friends of Schizophrenia of a booklet entitled A Guide to Mental Illness for Electorate Offices. I was a little alarmed when I first saw the booklet’s title, but the content is indeed well worth having a look at and I encourage all members to do so. This is a useful initiative, as I am sure many offices, like mine, are dealing on a weekly basis with constituents who are either directly suffering a mental illness or the families of sufferers.

The gap that I see through these cases is the capacity of government departments to appropriately deal with a stressed or distressed client. No-one would expect counter staff at places like Centrelink to put up with aggressive or abusive behaviour, but the system seems intent on creating situations where this is exactly what ends up happening. I recently met with the newly appointed Human Services Liaison Officer for my electorate and raised these concerns with him. Whilst the broader policy issues are beyond his brief, he has undertaken to see what local initiatives can be taken to alleviate the situation. Clearly, there is significant underfunding of health and related services for sufferers of mental illness and their families, and I recognise that this appropriation bill is attempting to redress some of that. However, my point would be that in many cases there is an inconsistent approach to, and management of, clients across government departments. One of the constituents I mentioned earlier has a trusting and positive relationship with health department staff but also a very destructive and damaging relationship with Centrelink staff. It would seem to me that staff at a service centre such as Centrelink need to be better supported in dealing with such clients through both an increase in the availability of training and an appropriate resourcing of staff. A stressful confrontation with service staff, usually resulting through penalty in a financial loss, even if only temporarily, can actively contribute to a worsening of the wellbeing of the client.

Another of the clients found there was a need to provide documentation to both the
Child Support Agency and Centrelink during episodes of bipolar disorder. The task was impossible for her and she had to rely heavily on her elderly mother, who also found the process extremely difficult. When well, her daughter is a successful architect; when she is ill, she cannot function for months at a time. Yet each time the illness occurs the mother is expected to again initiate the whole process and to provide a level of financial detail and information to both agencies to put her daughter’s finances in order, which is usually well beyond her knowledge.

I would not deny the importance of proper procedures and checks to ensure government income support is appropriately provided to people, but the system needs to be more accessible to clients, particularly those suffering a mental health problem. It should not be acceptable that the system itself contributes to making them sicker. Too many community based non-government organisations are expected to fill the significant gaps in the services available to sufferers and their families. I was pleased to hear the Prime Minister indicate during question time this week that the government would be encouraging Telstra to reconsider its decision to withdraw sponsorship from Lifeline. Because of my concern as to mental health issues, I made it a priority to visit the local Lifeline service in Wollongong. Lifeline services are important among the meagre range of services available because the access barriers are low—as long as a free phone service is available. The service is provided 24 hours a day and all calls are accepted. A study into the service provided from Wollongong Lifeline in 2003 found:

It is open to callers with the full range of needs and turns no one away. It is available around the clock and attracts calls from people with high levels of distress, symptoms suggestive of mental disorders, high level of disability, thoughts of suicide and suicidal behaviour, and high levels of reported disability. Many of its callers are not receiving services from mental health providers.

The report goes on to indicate that 51 per cent of the callers who were interviewed scored over 30 on the Kessler 10 scale, which indicates that they are likely to have a severe mental disorder. Despite the seriousness of the mental state of many of the callers to Lifeline, the same survey identified that two-thirds of the callers were not receiving mental health services and had not received services during the preceding six months. While Telstra obviously gets many requests from worthy organisations for funding, it is hard to imagine many that have offered a more critical service to our community in such an important and growing demand area than the service provided by Lifeline. I certainly hope that Telstra does reverse this decision.

In talking with the staff and volunteers at Lifeline, I noted one of the major problems they face is finding available follow-up services to which they can refer callers for ongoing assistance. Addressing the shortages in the provision of clinical and support services should be a priority area for all governments. The emerging understanding of mental health issues among the elderly, including depression and dementia, shows that the challenges confronting an ageing society will only increase the need for effective preventative programs, more efficient clinical support and better funded community based support services.

I would also like to comment on the proposal by the AMA in its budget submission that attention be given to what it calls mental health first aid. The submission points out that many of us receive some form of first aid training for physical emergencies, but we are more likely to actually meet someone in need of mental health first aid than someone who needs resuscitation at an accident scene. Many of the families and friends of mental
ill health sufferers that I have spoken to make the point that they have no idea how best to respond to the various manifestations of the illness. They regularly worry that the manner in which they are responding may in fact exacerbate the condition. I believe that a better understanding of such mental health first aid would be an excellent complementary step to add to other preventative measures already proposed or under way.

I have taken the opportunity so far in this speech to talk about something that I think is a positive addition within these appropriation bills. I would say that, for governments of all persuasions, the ongoing and future challenge of mental health issues should be a significant one and across the board the funding needs to be seriously addressed and seriously increased.

I am now going to take the opportunity to talk about something that I am not happy about. I was disappointed to see that there is no additional expenditure allocated in these bills for small business assistance programs. It is particularly disappointing to the many thousands of small businesses in Wollongong that would welcome any support from this government in order to grow their businesses, to turn their home based businesses into small businesses, to turn their small businesses into medium sized businesses and to assist them to find new markets through the expansion of interregional, interstate and indeed international trade. The reason I raise the plight of small businesses in my electorate is simple: they receive no support from this government. Members opposite may be surprised to hear this and will claim small businesses across the country are being helped by the government’s reforms to alleviate the burden, as they describe it, of government paperwork and through its radical reforms to work practices that will make it easier to sack workers.

I want to be serious about my area, however. Small business would not be burdened with paperwork if it were not for the GST, and there would be no need for the government to continue to change the nature of the relationship between employer and employee if it had not wrecked it in the beginning. The government went to the last election promising the world for small business and was a great friend of businesses everywhere. It told small business owners and operators that the economy would continue to boom, that the entrepreneurial spirit of Australians would be nurtured, that interest rates would remain low and that the contribution of small businesses would be recognised and rewarded. It seems that, once again, this government will recognise, reward and nurture you, just so long as you do not live in Wollongong.

Why do I say that the small business community in Wollongong has been ignored by this government? Simply because it has, and this is the evidence. The Illawarra is one of the largest regional centres in the country, and it is estimated that across the region 95 per cent of businesses employ fewer than 20 employees—in other words, 95 per cent are small businesses. Yet where do these businesses have to travel to get face-to-face advice from the Commonwealth? To Nowra, some 80 kilometres south of Wollongong. Where do new businesses that need to set up benefit from the government’s small business incubators? In Sutherland, some 60 kilometres north of Wollongong. Perhaps the senator elect who has promised to open an office in Wollongong will attract a small business incubator to town. This government is happy to have a large, unpaid group of tax collectors in the region but has failed them when it comes to giving them a bit of help.

I regularly speak to small business owners and operators throughout my electorate and what they really want is help and support so that their businesses can grow. It is a com-
mon story and one that I am sure all members are familiar with. A person has a good idea and wants to develop it into a viable business. They have the idea and plenty of drive but often lack direction. They do not understand how to take their good idea, make it great and achieve the success that it could have. Often they come to see me or they speak to me at functions and ask about seeking assistance from the federal government—in their eyes, a good supporter of small business. However, they soon realise that the only government providing small business support in Wollongong is in fact the state government.

The New South Wales government’s Small Business Assistance Program is exactly what they need—someone who is willing to take the time to sit down with them and help them set up their small business right, the first time. The New South Wales Minister for Small Business, David Campbell, knows the importance of this service and is aware that the Howard government has abandoned businesses in Wollongong.

Businesses in Wollongong, I am proud to say, have always been among the most resilient and most innovative in the country. They are resilient because they have to be—because they do not get the support they deserve from the federal government. The business community of Wollongong as recently as last week were reminded just how little attention the government pays them. Small businesses making efforts to increase their interregional, interstate and international trade were reminded that they do not appear on the government’s radar screens when the government introduced its AusLink expenditure program for the next five years—an expenditure program that did not contain one cent dedicated to improving freight or commuter routes to and from Wollongong.

That is not to say there are not more opportunities for this government to take the region seriously and implement some real solutions. While the government has ignored land transport to and from Wollongong, it has another opportunity to help small businesses at its disposal right now. It has the opportunity to fix the Export Market Development Grants Scheme. I look forward to the opportunity at some point in the future to stand here and congratulate the government—although I suspect it will be a Labor government—on finally making the Export Market Development Grants Scheme work for the business community of Wollongong and for small businesses generally.

We all know that the future success of businesses is in export. I hear people in the corridors talking about it every day. The Minister for Trade regularly tells the House about the benefits of developing trade relations and signing free trade agreements: improving and strengthening relationships with our export markets. We cannot go on with current account deficits continually growing and foreign debt getting out of control. Our export performance has to improve, and this means that the government has to get serious about helping businesses explore their export options and develop new markets. Under the current Export Market Development Grants Scheme, businesses are required to carry too much of the burden. I do not expect businesses to be able to test the international trade waters without any risk but, if this government—any government—claims it wants to promote businesses and get them to grow through trade, it cannot make them carry the cost.

Debate interrupted.

ADJOURNMENT

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! It being 9.00 p.m., I propose the question:
That the House do now adjourn.

Howard Government

Mr GAVAN O'CONNOR (Corio) (9.00 p.m.)—What has Australia become? That is the question many decent Australians are asking in the wake of the Cornelia Rau affair, the alleged torturing of Mamdouh Habib, and the latest revelations by a high level defence intelligence operative, Mr Rod Barton, confirming the government’s deception on the issue on weapons of mass destruction and the use of torture on Iraqi prisoners. Many Australians are sick to the stomach. They are ashamed and angry at the treatment of Cornelia Rau and at her internment at the Baxter detention centre. This is the sort of disgraceful episode we have come to expect from a morally bankrupt government that believes it can say anything and do anything to evade the scrutiny of this parliament and to deceive the Australian people.

This coalition government is already tainted by the deception surrounding the ‘children overboard’ affair. This Liberal-National Party government has deceived the Australian people over weapons of mass destruction in Iraq. This government that has demeaned every Australian by setting up barbed wire detention centres where mentally ill Australian citizens are incarcerated for months and months. This is 2005 in Australia under the Howard government. This is where a mentally ill Australian citizen was illegally detained for months on end as an illegal immigrant in what the world has come to know as Australia’s soft version of concentration camps.

How did it come to this in Australia in 2005? The Howard government is certainly culpable, but we the Australian people must bear responsibility for this tragedy, simply because this deceitful and disgraceful government has been allowed to perpetrate policies and practices that ought not to be tolerated in any civil society.

There are important questions that must rightly be answered by state governments, state police forces and state agencies and bureaucracies, but the primary responsibility must lie squarely with the federal government that has foisted on this great nation a detention policy that is an ugly stain on our national character. It is the Howard government’s detention policies that have produced this regrettable and totally unacceptable situation. In an article by Mark Metherell in the *Sydney Morning Herald* today, he reports:

A small but ... growing number of Liberal MPs are becoming more outspoken on the issue of immigration detention policies.

The operative word is ‘small’ and the question to be asked is: where have they been while the blot on our reputation as a civil society has occurred? Some of the detainees have been in detention for up to six years, and reported cases of acute mental illness abound. The blame for the administration of this policy lies squarely with the Prime Minister and his government.

The case of Mamdouh Habib raises even more serious questions. Judgment on the issue of the alleged torture of this person will be made in a court of law, as I understand it, and I will reserve my judgment on this matter until the inquiries are complete. However, several important questions about Mr Habib’s detention at Guantanamo Bay by American military authorities need to be asked. How is it that an Australian citizen was detained for three years without trial? If the evidence was there, why was he not put on trial in the United States or brought back to Australia and put on trial?

More importantly, why has an Australian citizen been allowed by their government to be detained by a foreign power, without trial
and without so much as a whimper from the Australian government? You cannot expect anything more from a weak-kneed Australian Prime Minister and a sycophant for a foreign minister. Now we have the statement by Mr Barton that Australian defence personnel either witnessed or were involved in the torture of ‘high value’ Iraqi prisoners—a matter the opposition intends to pursue with vigour in this Parliament.

What has grown up around this government is a culture of deception and a sinister disregard for decent standards expected of governments in a democratic and civil society. We will hold this government accountable for the ugly milieu in which it operates, for it has sullied our great reputation as a nation and debased the values that many decent Australians right across the political spectrum hold very dear.

Mr Peter Nicholson Duckett White MC

Mrs May (McPherson) (9.05 p.m.)—I would like to take this opportunity tonight to pay tribute to the former member for McPherson, Mr Peter White, who passed away at his home last Sunday evening, after being diagnosed in January with an inoperable brain tumour.

Peter White has been described as a man of honour—an outstanding Australian who gave service to his country through his distinguished military career and of course his parliamentary service in both the state parliament of Queensland as the member for Southport and later as the federal member for McPherson from 1981 until his resignation in 1990.

Peter entered the Royal Military College of Duntroon in 1954 and graduated in 1957. During his military service, Peter served with infantry corps and subsequently held various regimental and administrative positions, including service in Malaya, Vietnam, Papua New Guinea, the United Kingdom and army headquarters in Canberra. He was commanding officer of 1 RAR, Townsville from 1973-74.

Peter White was awarded a Military Cross for his courage and leadership in Vietnam, particularly for operations in Bien Hoa province during the 1968 Tet offensive. He had a service record to be extremely proud of and his obvious leadership assets were to serve him well in both the state and federal parliaments.

Peter was elected to the Queensland Legislative Assembly as the member for Southport in 1977. Unfortunately, he was defeated in the 1980 election. His short term in the state parliament was not without controversy—in fact, Peter was known on the Gold Coast for his tenacity, his principles and his courage. He took on the hard issues. They were turbulent times in the state parliament from 1977 to 1980, and Peter called for a full public inquiry into allegations of corruption against himself and the then government. He paid the ultimate price at the ballot box in 1980.

But it would not be long before Peter White took up public office again, this time in the role of federal member for McPherson, after the sudden death of Liberal member and former minister in the Fraser government, the Hon. Eric Robinson. Peter was elected as the member for McPherson in 1981 and served in that position until his retirement in 1990.

I had the privilege of meeting Peter White on a number of occasions after his retirement at functions on the Gold Coast during the early 1990s. And over the last two days I have had the opportunity of speaking to a number of Liberal Party branch members and also a former staffer of Peter’s, Mary Hartstein, who knew and worked for him, about their memories during the years he was the federal member.
Peter White is remembered with fondness. He is remembered as an all-round decent bloke—a man of courage and commitment who spoke out passionately about the issues of the day and, in particular, went into battle for his electorate and his constituents. I have had the opportunity of reading Peter’s first speech to the House of Representatives, which was delivered on 26 March 1981. During that speech Peter spoke about defence matters and veterans. In fact, he says of our service men and women:

There is no more honourable profession than to serve in the defence forces of one’s country and those men and women who choose to do so deserve the full support of all that country’s politicians.

Peter went on to talk about his electorate as being the fastest growing area in Australia, and that has not changed: we are still the fastest growing area in Australia, still with problems associated with our success and rapid growth. He talked about tourism being the principal industry of the McPherson electorate. That also has not changed. And he talked about Coolangatta airport, now known as Gold Coast airport. Peter wanted to see the airport develop into an international airport—a goal that has been reached. In 1980 the then Coolangatta airport serviced some 600,000 passengers. In January this year—in just one month—more than 308,000 passengers passed through the airport. The figure certainly demonstrates the phenomenal growth of our area, as Peter had predicted in his speech in 1981.

Peter White’s early military career served him well in his capacity as shadow minister for defence from May 1987 to May 1989. Peter also served as shadow minister for sport, recreation and tourism from September 1985 till May 1987. In closing tonight I would like to extend my deepest sympathy to Peter’s family—to his wife, Shirley, and children, Kylie and Nigel. You can all be proud of an honourable man who served both his country and the electorates of Southport and McPherson with dignity, passion, honesty and integrity. Although I did not know Peter well, I know what people felt about him. He has certainly left a legacy both within the Liberal Party and within the federal seat of McPherson. May you rest in peace. (Time expired)

**Foreign Affairs: Aid**

Mr JENKINS (Scullin) (9.10 p.m.)—I join with a number of my parliamentary colleagues who have expressed their sympathy to all those who suffered and knew victims of the Boxing Day tsunami—a natural event that caused the death of nearly 300,000 people. In the aftermath, the generosity of spirit that has been shown by the Australian community has been well lauded. The efforts in collecting in the order of $240 million by charities that are doing their best to assist in rebuilding the areas caught in the path of destruction caused by the tsunami were tremendous.

It leads us to think about why there was this great impact on the Australian community. Was it part of that phenomenon of horror movies right there on our TV—the 6 o’clock news? Is this something that we can garner and make sure that people have a better understanding of the plight, even without natural disasters, that many of our near neighbours face each day? Previously I have spoken in this place about Australia’s commitment to the millennium development goals. We committed to these goals in 2000, and I think that this is a time when we should recommit to those goals by being a generous nation and assisting others, especially in our region, to go forward.

The generosity of spirit that has been shown by the Australian community has been seen at all levels. All of us will know of events throughout our local community that
have assisted in this great effort. In my electorate, a specially compiled CD is being sold by the local Sri Lankan community, concerts have been put on by the city of Whittlesea and a concert is to be held this Friday organised by young people. It is described as the ‘lifting spirits concert’—a relief concert to assist disaster relief, where local bands and singers will perform. It is being put together by young people that have been affected by their witnessing of this disaster. I think that all those things are very important.

What we really need to do is to make sure that we focus on making this an effort that continues. We need an understanding that we can make a difference, that the type of aid that Australia provides is important and that our efforts to free up global trade can assist in the alleviation of poverty. But it is not going to be one thing that changes these things; it is going to be a great effort. We see that Prime Minister Blair has made sure that Great Britain’s focus under the millennium development goals is on the African region, because they see that as a region within their sphere.

I think that the East Asia-Pacific region is the area in which Australia is best placed to make an impact. Already, a number of the countries of that region receive assistance from us. I think that we should double our efforts. The year 2005 sees a review of the millennium development goals and of the progress towards those aims. At one stage, I think figures indicated that alleviating poverty to the extent that the millennium development goals seek to do by 2015 would require a success rate in the next decade of something like 10 times that which has been achieved in the first five years. In the region of East Asia and the Pacific some terrific results are coming out, especially concerning children being able to remain right through to the end of primary school and the decreasing mortality rates in some countries.

Even within our own region there have been vast differences between the results that we found in different countries. Indonesia is one where the results have not been as successful as in other places. So, if we think of the impact of the tsunami on those efforts in Indonesia, we realise that we will have to renew our efforts. I have decried the fact that over time governments of both Labor and coalition persuasion have reduced the percentage of GDP that we put to overseas aid. I hope that we see a renewed effort, a renewed responsibility, driven by the support of the Australian community, to make sure those percentages increasing. We know in our hearts that this is something we, an advantaged country, should be doing to assist in making the world a better place as a result of the alleviation of poverty. (Time expired)

**YWCA Youth Services**

**Roads: Princes Highway**

*Mrs GASH* (Gilmore) (9.15 p.m.)—In December of last year I was invited to a book launch. Here I gained insight into a group of young women, the collective authors of a book called *What’s Cooking*, *Good Lookin’*. From that experience I learned that the stereotypical view of single mothers is not only unfair but also entirely misleading. This book started because of the work with the YWCA Youth Services and a go-getting young mum and trainer, Miffy Llewellyn. It was a Youth Enterprise project that runs training courses for young people and empowers them by getting them to develop an enterprise.

Trainer Miffy had observed that again and again she saw young women getting pregnant and then suddenly making the leap from being a child themselves to having to set themselves up and prepare themselves for the arrival of their baby. So she developed the project which, as the name ‘Develop an Enterprise’ suggests, was designed to en-
courage exploration of alternatives to wage and salary work. The students were all young mothers or mothers-to-be, and here they were trying to balance motherboard and a budget and yet trying to carve out a future for themselves. The fact that they enrolled and participated is testimony to their will and determination. I can only be impressed by the ethics that drive these young women.

It would be remiss of me not to mention their names. Amy Pfeiffer, 17, gave birth to a baby girl, Kalinda, just after the course was completed. Sarah Price, 20, has a baby girl eight months old called Taylah May. Kristy Shipton, 21, has a daughter, Kira, 17 months old, and she is due in April with a second child. Christie Thompsen, 18, has a son, Taj, who is just five weeks old. Tracey Walter, 18, has a son, Tyrone, just 18 months old. Tracey is due with a second child in May. To quote Miffy Llewellyn:

On the first day of the course I watched the girls as they chatted to each other about their children, labour and food, and cuddled each other’s children and shared story after story.

I knew then that this course was going to work. This is why the project has been a success. It was not just a course, it was about connections and commitment.

So every Thursday and Friday I got to hang out with a group of young women. We chatted, ate, played with the kids and in between that, we put together a cookbook.

These young women volunteered two days a week with their young babies and progressing pregnancies. These women are excellent mothers and are raising happy and loved children. They are also responsible, committed and organised within the context of their own knowledge and yet willing to engage and learn more. They are a credit to us all and it is they that we should be talking about, not the ones we prefer to demonise.

So between them all a cookbook was born, a true resource that can be used by youth and family workers, in casework, in early intervention or as part of a workshop. A bit of marketing, designing a framework for a course, meeting with stakeholders and so forth to get it off the ground was for the students an exciting project. The students range from 16 to 21 and all have varying educational and family backgrounds. Many are at a crossroads in their lives with home and their children. This project was not just about helping a group of young women but about empowering young women to help others. The hope is that the book will be published nationally and bought as a resource by youth and family services. Not only is it imaginative and cheap and fantastic in its range of recipes but also it is extremely healthy. Perhaps members could use the book in their own electorates to illustrate it as a model for others, for these women have shown what can be done through cooperation, determination and a willingness to commit.

Not only are these young women to be commended and encouraged but also I would like to acknowledge the work done by the YWCA, particularly the Shoalhaven branch. I have found their work and their projects to be both invaluable and professional. It is in projects such as this with their work with young people that they shine. The books are $10 each and are available from my office. Don’t forget, members, they need the money as they already have another one prepared. So please buy one.

With the little time I have left, I mention the news today of the allocation of another $700,000 for the Princes Highway in my electorate of Gilmore. The opposition and the state Labor Party keep saying that we never put any money into it. Not so long ago we put in $34 million for the Kiama bypass and another $20 million for south Nowra, and today there is news of another $700,000
to deal with the Kiama area as well. So we have not neglected it. We do it bit by bit as time and funding permit, and I would like it placed on the record that we have spent all-in-all just over $60 million so far on the Princes Highway.

**Health: Regional Australia**

Ms KING (Ballarat) (9.20 p.m.)—Despite its rhetoric the Howard government has failed to address the chronic problems facing our health system in regional Australia. The Howard government’s predictable posturing on this issue is becoming tiresome, and regional Australians need the government to stop thinking about the short-term political fixes and concentrate on long-term solutions to issues such as the delivery of primary health care, doctor shortages—particularly of obstetricians—regional bulk-billing rates and dental care, and it is the latter two that I wish to focus on this evening.

Victoria, my home state, faces shortages of at least a thousand doctors. Unfortunately, the situation in Victoria is indicative of that Australia wide. More than 2,000 doctors are immediately required to service people in outer metropolitan communities alone. Many of my constituents in Bacchus Marsh use GP services in the adjoining suburb of Melton. Melton has one of the worst doctor-patient ratios in Australia and, despite building a brand new medical centre, the mayor Sophie Ramsey has rightly pointed out:

... the real challenge was not building medical centres but of attracting doctors to staff them.

As of December 2004 only 183 doctors had signed up to Minister Abbott’s $80 million more doctors for outer metropolitan areas measure and only a fraction of these are GPs. This is in no way a satisfactory outcome for outer metropolitan areas, let alone neighbouring communities that are classed by the government as neither rural nor regional but fall in between, such as Bacchus Marsh. This shortfall in doctors is demonstrated by the relatively modest increases in bulk-billing rates in regional electorates compared with metropolitan electorates. In my electorate, bulk-billing is still only 54 per cent, well below that of previous years.

However, my electorate is in no way an isolated case. Looking across Victoria, we see a startling divide between regional Victoria and Melbourne and a clear sign that MedicarePlus is not the solution to restoring doctors and bulk-billing into regional Australia. Out of all of the nine regions in Victoria only one has a bulk-billing rate above 70 per cent, which is apparently the new national average. The rest include Bendigo at 53.7 per cent, Indi at 42.9 per cent, Mallee at 39.6 per cent, Wannon at 50.7 per cent, Corangamite at 47.1 per cent and Flinders at 48.8 per cent. Looking at the figures from metropolitan electorates, we see that 15 metropolitan seats have bulk-billing rates above 70 per cent, many of which are well in excess of 70 per cent—that is, more than half of the metro seats have a rate of over 70 per cent.

The increases in bulk-billing will, I believe, only prove to be short lived. The increases are largely limited to the categories of patients that the government has included incentives for—pensioners and children under 16. Low-income families, people with chronic conditions and the rest of the population have been forced into a second-class, non-bulk-billed system and have had to rely on the so-called safety net. In my own electorate the practical result is that our emergency departments are struggling to cope with the increased demand and the one remaining GP practice that bulk-bills all of its patients is inundated. But it is not just the Labor Party questioning the robustness of the health minister’s figures. Julian Scullin, Chair of the Central Division of General Practice, said:
I expect it to eventually plateau and come down a bit.

Even AMA President Bill Glasson doubts the increases will be sustainable. He warned:

... the pace of the bulk-billing recovery was slowing, as the second half of 2004 saw just 1.4 of the 5.9 percentage-point increase seen over the whole year.

After spending $4 billion, the Howard government has finally achieved a modest and probably temporary increase in bulk-billing. What Minister Abbott failed to tell us, while trumpeting the modest increases to bulk-billing rates, is that the out-of-pocket costs of visiting a doctor continue to increase. It is these types of costs that really hurt working families, who often struggle to make mortgage, credit card and personal loan payments, which all come on top of the general cost of raising a family today. Since 1996 the out-of-pocket costs have soared 60.5 per cent, from $8.89 to $14.27 in 2004.

One of the issues that GPs and practice nurses are reporting is the increase in the number of patients they are seeing across the country in need of a script for antibiotics due to continued abscesses because their teeth are literally rotting in their mouths. In my electorate they are languishing on waiting lists of over four-years at our public dental clinic. Dental health care under this government has become a national disgrace. Yesterday a member of the government described Australia’s public dental system as Third World. The Sydney Morning Herald today reported waiting lists of up to eight years. This crisis is a direct result of the Howard government’s abolition of the Commonwealth dental scheme—$100 million yanked out of the public dental system. That is why people are on waiting lists of up to four years in my electorate alone. In the last election campaign, Labor committed $300 million to support public dentistry and we committed to increasing education to get dentists into the system. The Howard Government should do the same. (Time expired)

Pallarenda Land Sale: Media Release

Mr LINDSAY (Herbert) (9.25 p.m.)—Tonight I draw the parliament’s attention to a media release issued by a senator for Queensland, Senator Jan McLucas. The senator’s media release referred to a statutory Commonwealth authority’s sale of some sensitive land at Pallarenda, a beachside suburb of Townsville. The statutory authority is the Australian Communications Authority. The heading of the release says ‘Minister can stop secret Pallarenda sale, says McLucas’. I find it really unfortunate that a member of the federal parliament can so mislead the people of Townsville and indeed the nation. It is not necessary. It is not good politics.

I believe that members of the parliament should be honourable in what they say. Let me say why. The senator says that the minister can stop the secret sale. This release was issued today. There was a legally binding contract on the sale of land signed a month ago and the land sale will settle tomorrow. There is no practical way that the minister could stop the sale. In relation to the sale being secret, it was nothing of the sort. The Australian Communications Authority advised the Townsville City Council on a number of occasions that it intended to dispose of the land. When it went through the sale process, it put up the largest sign that you ever could see at Pallarenda informing everybody that the land was for sale. That is hardly secret.

The senator goes on to say that she is disturbed by revelations that the ACA had not formally advised the Queensland government or the Townsville City Council that the land at Pallarenda was to be sold by private tender. This also is not true. In Senate estimates today, which the senator was quoting in her media release, there was evidence pre-
sented that the Townsville City Council knew in 2002 and again in 2004 that the land was to be disposed of. Indeed, officials of the ACA met with officials of the Townsville City Council, informed them and sought their advice, and the council’s reply was that they had no concerns that the land was to be sold.

In a very cute way the senator then goes on to say, ‘In fact, it appears from ACA answers to my questions in Senate estimates hearings today that no elected official of the state or city was informed.’ That is too cute. It is true that the ACA does not, when it deals in land, go and seek out elected officials. It goes to the officials of the local authority concerned. In this case it dealt with the highest official that it could—the Director of Planning and Development at the Townsville City Council. It is beyond belief that, on the sale of such a sensitive piece of land, the director would not inform the elected officials about what the ACA proposed to do.

The second point that the senator makes is that these disclosures and the continuing secrecy surrounding the sale require the intervention of the Minister for Communications, Information Technology and the Arts. There has been no secrecy. It has been fully open to the public of Townsville. There was a public meeting at Pallarenda to discuss the sale. The state member was present, as I was. He indicated what he might do and I indicated what I might do. The state member indicated to the meeting that in the tender process he would ask his government to put in a bid for the land. Of course, the bid was zero dollars, and that is another matter, but the thing is that people knew. The senator says that thousands of Townsville residents protested publicly and signed a petition. Yes, they did. The petition was tabled yesterday. It will get to the minister tomorrow and when the land sale will have settled. That is how the Labor Party deals with the residents of Townsville.

I am disgusted at this media release. It is inaccurate, it is misleading and it does not befit a senator for Queensland.

Question agreed to.

House adjourned at 9.30 p.m.

NOTICES

The following notices were given:

Mr Truss To present a Bill for an Act to amend the Farm Household Support Act 1992, and for related purposes. (Farm Household Support Amendment Bill 2005)

Dr Stone To move:
That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Mid-life upgrade of existing chancery building for the Australian High Commission, Singapore.

Dr Stone To move:
That, in accordance with the provisions of the Public Works Committee Act 1969, and by reason of the urgent nature of the works, it is expedient that the following work be carried out without having been referred to the Parliamentary Standing Committee on Public Works: Construction and refurbishment works on a building to serve as a new chancery for the Australian Embassy in Baghdad, Iraq.

Dr Stone To move:
That, in accordance with the provisions of the Public Works Committee Act 1969, and by reason of the urgent nature of the works, it is expedient that the following work be carried out without having been referred to the Parliamentary Standing Committee on Public Works: Repairs to, and urgent security upgrade of, the Australian Embassy in Jakarta, Indonesia.

Mr Albanese To move:
That this House:
(1) notes the serious impact that the noise generated by aircraft landing at Sydney Kingsford-Smith Airport has on all residents of surrounding suburbs and all users of facilities in the area;
(2) notes, in particular, the disruptive impact of aircraft noise on students and teachers at schools in the area;

(3) acknowledges the justified expenditure on the Noise Amelioration Program in respect of schools located within the limits presently set for assistance;

(4) recognises that Sydney’s great Fort Street High School is located some 200 metres from the edge of the limit but that the impact of aircraft noise does not suddenly cease in accordance with contour lines on a map; and

(5) calls on the Minister for Transport and Regional Services to direct that assistance be provided for a noise insulation program at Fort Street High School.