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SITTING DAYS—2005

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- **SYDNEY**: 630 AM
- **NEWCASTLE**: 1458 AM
- **GOSFORD**: 98.1 FM
- **BRISBANE**: 936 AM
- **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

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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>
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<td>Wood, Jason Peter</td>
<td>La Trobe, Vic</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
HOWARD MINISTRY

Prime Minister
Minister for Transport and Regional Services and
Deputy Prime Minister
Treasurer
Minister for Trade
Minister for Defence and Leader of the Govern-
ment in the Senate
Minister for Foreign Affairs
Minister for Health and Ageing and Leader of the
House
Attorney-General
Minister for Finance and Administration, Deputy
Leader of the Government in the Senate and
Vice-President of the Executive Council
Minister for Agriculture, Fisheries and Forestry
Minister for Immigration and Multicultural and
Indigenous Affairs and Minister Assisting the
Prime Minister for Indigenous Affairs
Minister for Education, Science and Training
Minister for Family and Community Services and
Minister Assisting the Prime Minister for
Women’s Issues
Minister for Industry, Tourism and Resources
Minister for Employment and Workplace Rela-
tions and Minister Assisting the Prime Minister
for the Public Service
Minister for Communications, Information Tech-
nology and the Arts
Minister for the Environment and Heritage

The Hon. John Winston Howard MP
The Hon. John Duncan Anderson MP
The Hon. Peter Howard Costello MP
The Hon. Mark Anthony James Vaile MP
Senator the Hon. Robert Murray Hill
The Hon. Alexander John Gosse Downer MP
The Hon. Anthony John Abbott MP
The Hon. Philip Maxwell Ruddock MP
Senator the Hon. Nicholas Hugh Minchin
The Hon. Warren Errol Truss MP
Senator the Hon. Amanda Eloise Vanstone
The Hon. Dr Brendan John Nelson MP
Senator the Hon. Kay Christine Lesley Patterson
The Hon. Ian Elgin Macfarlane MP
The Hon. Kevin James Andrews MP
Senator the Hon. Helen Lloyd Coonan
Senator the Hon. Ian Gordon Campbell

(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)
 Shadow Minister for Immigration
Shadow Minister for Agriculture and Fisheries
Shadow Assistant Treasurer, Shadow Minister for Revenue and Shadow Minister for Banking and Financial Services
Shadow Attorney-General
Shadow Minister for Regional Services, Local Government and Territories
Shadow Minister for Manufacturing and Shadow Minister for Consumer Affairs
Shadow Minister for Defence Planning, Procurement and Personnel and Shadow Minister Assisting the Shadow Minister for Industrial Relations
Shadow Minister for Sport and Recreation
Shadow Minister for Veterans’ Affairs
Shadow Minister for Small Business
Shadow Minister for Ageing, Disabilities and Carers
Shadow Minister for Justice and Customs, Shadow Minister for Citizenship and Multicultural Affairs and Manager of Opposition Business in the Senate
Shadow Minister for Pacific Islands
Shadow Parliamentary Secretary to the Leader of the Opposition
Shadow Parliamentary Secretary for Defence
Shadow Parliamentary Secretary for Education
Shadow Parliamentary Secretary for Environment and Heritage
Shadow Parliamentary Secretary for Infrastructure
Shadow Parliamentary Secretary for Health
Shadow Parliamentary Secretary for Regional Development (House)
Shadow Parliamentary Secretary for Regional Development (Senate)
Shadow Parliamentary Secretary for Northern Australia and Indigenous Affairs

Laurence Donald Thomas Ferguson MP
Gavan Michael O’Connor MP
Joel Andrew Fitzgibbon MP
Nicola Louise Roxon MP
Senator Kerry Williams Kelso O’Brien
Senator Kate Alexandra Lundy
The Hon. Archibald Ronald Bevis MP
Alan Peter Griffin MP
Senator Thomas Mark Bishop
Tony Burke MP
Senator Jan Elizabeth McLucas
Senator Joseph William Ludwig
Robert Charles Grant Sercombe MP
John Paul Murphy MP
The Hon. Graham John Edwards MP
Kirsten Fiona Livermore MP
Jennie George MP
Bernard Fernando Ripoll MP
Ann Kathleen Corcoran MP
Catherine Fiona King MP
Senator Ursula Mary Stephens
The Hon. Warren Edward Snowdon MP
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The SPEAKER (Hon. David Hawker) took the chair at 9.00 a.m. and read prayers.

APPROPRIATION (TSUNAMI FINANCIAL ASSISTANCE AND AUSTRALIA-INDONESIA PARTNERSHIP) BILL 2004-2005

First Reading

Message from the Governor-General transmitting particulars of proposed expenditure and recommending appropriation announced.

Bill presented by Mr Costello, and read a first time.

Second Reading

Mr COSTELLO (Higgins—Treasurer) (9.01 a.m.)—I move:

That this bill be now read a second time.

Introduction

The Boxing Day tsunami caused unprecedented destruction and loss of life in our region. This tragic event killed over 290,000 people, including 21 confirmed Australian deaths. The tsunami displaced 1.5 million people and deprived five million people of basic services. The devastation extended from Aceh and northern Sumatra in Indonesia to East Africa. Rarely do natural disasters affect so many people over such a wide geographical area.

With the magnitude of the disaster still unfolding, the Australian government responded quickly and generously, announcing a $60 million package of emergency assistance to address the immediate needs of affected communities.

- Five teams with over 100 volunteer civilian medical personnel, medical supplies and equipment were sent to Aceh—some of the earliest medical teams to arrive in the area;
- a water purification plant capable of producing up to 480,000 litres a day was established in Banda Aceh;
- a team of marine experts was sent to the Maldives to assist the government in identifying damage to the coral reef structure and associated ecosystems; and
- $2 million was provided to a UNICEF operation in Sri Lanka for child protection, health, nutrition and education.

To date, over 1,000 tonnes of emergency humanitarian aid has been delivered by Australian government organisations to tsunami victims in Indonesia, including food, water, medical supplies and shelter equipment. The men and women of Australia’s defence forces, our aid workers and diplomatic and other officials deserve the highest praise for this unprecedented response.

The compassion and generosity of the Australian public to the tsunami disaster has been magnificent. In the immediate aftermath of the disaster, many Australians on holiday in the region gave whatever help they could on the ground. In addition, by 6 January, over 2,000 Australians had registered to work overseas and assist with the relief effort. The Australian public has raised over $280 million to assist relief agencies.

Indonesia was particularly hard hit by the tsunami, with over 124,000 people confirmed dead and over 111,000 missing, presumed dead. On 5 January the Prime Minister announced the establishment of the $1 billion Australia-Indonesia Partnership for Reconstruction and Development. This is a program of long-term, sustained cooperation and capacity building focused on economic reconstruction and development. It is the single largest aid package ever made by Australia.

Taken together, Australia’s public and private contributions to the relief effort stand at...
over $US50 per head. According to a recent Reuters report, which drew a list of the private and government donations from each country around the world, this per capita response is the most generous of any country in the world.

The bills I am introducing today request appropriation for the Australian government’s response to the tsunami. They request a total of approximately $1.13 billion.

This bill makes up the bulk of the package and requests total funding of approximately $1.02 billion. This includes the $1 billion which will fund the Australia-Indonesia Partnership for Reconstruction and Development.

Another bill, which I will introduce shortly, deals with the bulk of the government’s emergency response that commenced in December 2004.

**Australia-Indonesia Partnership for Reconstruction and Development**

The centrepiece of this bill is an appropriation of $1 billion for the Australia-Indonesia Partnership for Reconstruction and Development. It is a five-year program, comprising $500 million in grant funding and up to $500 million in loans.

The partnership reflects Australia’s desire to work with Indonesia to help that nation recover from the tremendous human and economic damage it sustained as a result of the tsunami. It lifts Australia’s assistance program to Indonesia to a total of $1.8 billion over five years.

The partnership will support Indonesia’s reconstruction and development efforts, both within and beyond tsunami affected areas. It will also support Indonesia’s broader development and economic reform agenda.

The partnership represents a new chapter in Australian-Indonesian relations, deepening already close person-to-person links between our two countries and taking government-to-government cooperation to new levels.

As a bilateral program, decisions on the activities to be supported, the split of funds between geographic areas and between rehabilitation, reconstruction and development will be determined jointly between Indonesia and Australia.

The partnership will be managed by a joint commission overseen by the Prime Minister and President Yudhoyono and chaired by Foreign Minister Downer and his Indonesian counterpart. In a desire to have a strong economic focus on the reconstruction and development work, economic ministers will join the commission and I will represent the Australian side. The joint commission will set overall strategic directions, establish key priorities for funding, determine and review an annual work program and agree on major activities.

The inaugural meeting of the joint commission will take place on 17 March.

**Details of the bill**

In order to manage such a large commitment effectively, the $1 billion will be appropriated to two special accounts created under the Financial Management and Accountability Act 1997. By using special accounts, the funds will be separated from other aid money and can only be spent on the precise purposes for which they have been established. It also ensures a high degree of transparency and accountability.

The Minister for Finance and Administration, Senator the Hon. Nick Minchin, yesterday tabled in the other place the two determinations that will establish these special accounts.

The special accounts will each hold $500 million. The first special account will be used to provide grant aid.
The second special account will provide loans for reconstruction and development, including rehabilitation of major infrastructure. Through that special account, we will provide up to $500 million in interest-free loans for up to 40 years with repayment of principal commencing after 10 years.

The Director General of AusAID will be responsible for ensuring that all commitments, procurement and expenditure for the partnership are in accordance with the provisions of the Financial Management and Accountability Act 1997 and all associated regulations. Financial details, as with all special accounts, will be reported in the consolidated financial statements each year. Progress with implementing the partnership and outcomes achieved will be reported in AusAID’s annual report.

**Rest of the bill**

The bill also requests approximately $1.5 million for the Department of Defence, the Health Insurance Commission and AusAID. This amount will cover some costs associated with commencing the partnership, so that the full $1 billion will be available for Indonesia’s reconstruction and development. The $1.5 million also includes some asset costs related to the government’s emergency response to the tsunami.

**Conclusion**

The Australia-Indonesia Partnership for Reconstruction and Development is the single largest aid project ever undertaken by Australia.

The initial priority of the partnership is to support Indonesia’s efforts to repair the damage caused by the tsunami. Over time, it will help Indonesia strengthen its economy and institutions.

In 1907, a tsunami struck the Indonesian island of Simeulue. Afterwards, the people of Simeulue passed down through the generations a description of the tsunami through their folklore. This included the phenomenon of waves following a strong earthquake.

When the tsunami hit Indonesia on 26 December last year, the people of Simeulue felt the earthquake and knew they had to run to high ground to find safety. Out of the suffering of 1907 came a legacy which saved lives.

Let us set ourselves a task with this new partnership that out of the suffering and destruction can come a valuable relationship that will save lives and make a better standard of life for future generations of people in Aceh and elsewhere in Indonesia. The Australia-Indonesia Partnership for Reconstruction and Development, which we propose to establish through this bill, is a huge step along that path.

I commend the bill to the House.

Debate (on motion by Mr McClelland) adjourned.
holiday season, yet relief flights out of Aus-

tralia commenced the next day.

To achieve this timely action, agencies di-

verted funding from current programs. This

bill replaces the diverted funding requesting

a total of $131.4 million in new appropri-

ations. This figure also includes a small

amount for the Australia-Indonesia Partner-

ship for Reconstruction and Development.

Contents of bill

The great majority of the funding in this

bill is for AusAID and the Department of

Defence.

AusAID will receive $52.3 million, of

which $1.6 million will be allocated to run-

ning costs for the partnership. The emer-

gency activities that the agency has funded

include:

• a civilian hospital in Banda Aceh, which

performed 20 to 30 operations a day and

 treated hundreds of other patients with

 serious medical conditions, such as se-

vered lung infections;

• the supply of five medical teams to In-

donesia, and one medical team each to

Sri Lanka and the Maldives;

• the delivery of four tonnes of medical

supplies and eight tonnes of medical

equipment to Sri Lanka, valued at over

$1 million;

• the delivery of 2.5 million litres of water

 to Banda Aceh; and

• the establishment of a medium-term civil

medical team at Banda Aceh General

Hospital and commencement of rapid

master planning exercises for the Banda

Aceh health and medical sectors.

The Department of Defence is allocated

$50.5 million in this bill. Our forces made a

major contribution towards stabilising the

crisis so others could take the load. They

performed with a high degree of profession-

alism and demonstrated they can operate
effectively in many different roles. Their key
activities during the emergency included:

• running a field hospital in Banda Aceh;

• producing 4.7 million litres of clean wa-

ter with water purification plants; and

• clearing 7,000 cubic metres of debris.

Another key agency during the crisis was

the Department of Foreign Affairs and Trade,

for which the government is requesting an

appropriation of $17.3 million. The depart-

ment has been involved in providing consu-

lar assistance to Australians in the affected

areas, the disaster victim identification proc-

ess, repatriating Australian remains and han-

dling the return of personal effects

The department also had to cope with an

intense workload of queries from the Aus-

tralian public about missing persons. It handled

almost 15,000 missing person inquiries, up

from 711 cases for 2003-04. In all, the con-

sular hotline took 84,000 calls.

The Australian Federal Police is allocated

approximately $4.9 million in the bill. The

Australian Federal Police were also involved

in disaster victim identification and, in fact,

expended approximately $8 million on this

activity in total.

In December 2004, the government an-

nounced a package of assistance for Austra-

lians who were adversely affected by the

tsunami. The package provides:

• health and psychological care for Austra-

lians injured in the tsunami;

• psychological care for Australians who

are relatives of anyone who was injured

or deceased in the tsunami;

• funding to help meet the transport, ac-

commodation and funeral costs for those

injured in the tsunami and the next of

kin of the deceased.
The departments of Health and Ageing, and Family and Community Services have responsibility for these initiatives. The bill requests appropriations of $2.5 million and $2.4 million respectively for these agencies.

A number of other agencies are to receive a total of approximately $1.4 million. They are the Attorney-General’s Department, CrimTrac, the Health Insurance Commission and the National Blood Authority.

Close

Many of the agencies I have just discussed above put a great deal of effort into responding to the tsunami emergency.

The government, however, was not alone in responding to the crisis. The Australian public raised over $280 million. The state and territory governments also deserve recognition for the way they have cooperated, including the sourcing of medical teams.

Given that agencies diverted funds to deal with the crisis, passing these bills will ensure that agencies’ ordinary activities will be able to continue to the end of the financial year. It will also allow these agencies to continue their work on the emergency for the remainder of 2004-05.

On behalf of the government, I would like to thank everyone who assisted in the relief effort.

I commend the bill to the House.

Debate (on motion by Mr McClelland) adjourned.

BUILDING AND CONSTRUCTION INDUSTRY IMPROVEMENT BILL 2005

First Reading

Bill presented by Mr Andrews, and read a first time.

Second Reading

Mr Andrews (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.19 a.m.)—I move:

That this bill be now read a second time.

The government is committed to doing all that is necessary to reform the building and construction industry.

This bill reflects the government’s commitment to ensuring the law applies and is observed equally by all participants in the building and construction industry, regardless of whether they are union officials, employers or workers.

The industrial record of this industry is deplorable.

The royal commissioner found that the prevalence of industrial action in the building industry is unique. He noted:

Underlying the attitude of participants in the industry is a disregard of the rule of law, and the adoption of a short term attitude, commercially driven, of expediency. In particular, unions know that the prospect of being held civilly responsible for the losses they cause is remote. [Volume 11, page 10, para 33]

The level of industrial disputation in the construction industry is substantial. For example, in 2003-04 the construction industry employed eight per cent of all employed persons in Australia. For the same period, these workers accounted for over 21 per cent of working days lost.

Industrial action negatively impacts upon industry productivity. Industrial unrest and time lost through work stoppages cause immediate loss to head contractors, subcontractors and employees. Even short strikes can cause commercial damage because standing charges and overheads continue even if work on site stops. Commissioner Cole found project completion delays, with contractual penalties of up to $250,000 a day, are a compelling incentive for employers to surrender to union demands.
Currently, those who engage in unlawful industrial action in this industry are seldom held accountable. In addition, the current system for recovery of loss due to unlawful industrial action is difficult, costly and time consuming. As Commissioner Cole noted:

"Litigation for loss recovery is regarded as a bargaining chip to be used in future resolution of industrial disputes, rather than as a serious attempt to hold those causing loss responsible for it."

This bill seeks to implement a framework where unlawful industrial action is not tolerated and those taking such action are brought to account for their lawlessness.

This bill comes before the parliament at a time when building industry unions in several states, in particular Victoria, are pressuring employers in the building industry to renegotiate existing agreements well in advance of their expiry dates.

The CFMEU is also threatening industrial action in support of its demands. Such action is likely to be unlawful. This approach is an attempt to insulate the industry from the government’s reform agenda.

However, the government will not sit idly by and permit long overdue reform of this industry to be impeded by unlawful union demands. This bill is a specifically targeted legislative measure to address the unlawful conduct of unions.

I turn now to the details of the bill.

This bill replicates the unlawful industrial action and ancillary provisions of the Building and Construction Industry Improvement Bill 2003 that was introduced into the last parliament.

It will implement the royal commission’s recommendation that there be a new statutory norm on industrial action to apply in the building industry to bring greater clarity, and enable more effective enforcement of laws in relation to the taking of industrial action.

The new statutory norm, as implemented by the bill, provides that industrial action of the sort captured by the bill is unlawful unless it is protected industrial action within the meaning of the Workplace Relations Act. It includes provisions which define what constitutes unlawful industrial action and which apply civil penalties to the taking of such action. Other provisions of the bill necessary for the effective operation of these provisions are also included, as well as some additional elements of the Building and Construction Industry Improvement Bill 2003.

The unlawful industrial action provisions will apply broadly across the industry, reducing the concurrent regulation by state and federal systems. They will extend beyond industrial action in relation to industrial disputes, awards or agreements under the Workplace Relations Act. The provisions will apply to industrial action in the building industry that is taken by a constitutional corporation, that adversely affects a constitutional corporation in its capacity as a participant in the building industry or that occurs in a territory or a Commonwealth place.

The provisions prohibiting unlawful industrial action will take effect from introduction. The remainder of the provisions of this bill will take effect on the day on which this act receives the royal assent.

From this day forward, industrial action taken by unions to pursue the early negotiation of new agreements would not only be unprotected but also unlawful. If unions or other parties take unlawful industrial action they will be subject to civil penalties. This clause mirrors the penalty clause in the previous version of this bill.

This means that unions and those taking unlawful industrial action will be liable to financial penalties of up to 1,000 penalty units, currently $110,000, for a body corpo-
rate or 200 penalty units, currently $22,000, in other cases.

Additionally, parties who take unlawful action may be ordered by a court to pay substantial uncapped compensation to any person affected by the unlawful industrial action.

The bill does not replicate all of the provisions that limit what can be protected action for the purposes of the Workplace Relations Act that were contained in the Building and Construction Industry Improvement Bill 2003. The only limitation that is included is a provision that provides that where the employment of employees is subject, in any respect, to a building certified agreement or agreements, building industrial action taken prior to the nominal expiry date of any one of those agreements cannot be protected action.

The bill acknowledges that the same industrial action may amount to a breach of section 170MN of the Workplace Relations Act and the new provisions. It therefore provides that a person subject to a penalty under section 170MN of the Workplace Relations Act will not also be liable for a pecuniary penalty under the unlawful industrial action provisions of the bill. However, a court could still order compensation under the bill even if a civil penalty has been imposed for a breach of section 170MN of the Workplace Relations Act.

This bill will provide a greater incentive for building industry unions to obey the law, particularly as the amount of compensation the court can order them to pay will not be capped.

The bill also provides for increased penalties for contravention of the strike pay provisions of the Workplace Relations Act. These increased penalties will apply from today, being the date of introduction of the bill.

Importantly, the bill does not rely on an affected party to enforce the law. Inspectors under the Workplace Relations Act will be able to bring actions, which includes officers of the Building Industry Taskforce and the Australian Building and Construction Commission once established. This will ensure that there is an independent body that will enforce the law.

This bill will not be the sole measure the government adopts to address this particular problem in the industry.

In addition to this bill, the government will seek to amend the Workplace Relations Regulations to enable inspectors appointed under the Workplace Relations Act to initiate proceedings for a breach of section 170MN of the act.

The government will also consider, on a case-by-case basis, intervening in the public interest in proceedings where employers utilise existing mechanisms under the Workplace Relations Act. This will alleviate the pressure placed on employers in the industry.

The government will move amendments to this bill to implement remaining elements of the Building and Construction Industry Improvement Bill 2003, including amendments to set up the Australian Building and Construction Commission. The shape of these amendments will be influenced by further feedback from industry participants on the 2003 bill. The bill will then form a comprehensive package to address other problems and obstacles to improving the productivity of the building and construction industry.

The measures in this bill reflect the government’s continued commitment to workplace relations reform of the building industry. The government will not shirk from the task of ensuring that this vital industry is free from the entrenched culture of lawlessness identified by the royal commission. I com-
mend the bill to the House and I present the explanatory memorandum.

Debate (on motion by Mr McClelland) adjourned.

BUILDING AND CONSTRUCTION INDUSTRY IMPROVEMENT (CONSEQUENTIAL AND TRANSITIONAL) BILL 2005
First Reading
Bill presented by Mr Andrews, and read a first time.

Second Reading
Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.28 a.m.)—I move:

That this bill be now read a second time.

The second reading speech for this bill was incorporated in the speech to the Building and Construction Industry Improvement Bill 2005. I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by Mr McClelland) adjourned.

WORKPLACE RELATIONS AMENDMENT (BETTER BARGAINING) BILL 2005
First Reading
Bill presented by Mr Andrews, and read a first time.

Second Reading
Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.30 a.m.)—I move:

That this bill be now read a second time.

The second reading speech for this bill was incorporated in the speech to the Building and Construction Industry Improvement Bill 2005. I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by Mr McClelland) adjourned.

Our workplace relations agenda is underpinned by a focus on direct employer-employee relationships at the workplace level with minimum third party intervention. We consider it essential to a modern, growing economy that workplace bargaining be the primary mechanism for employers and employees to establish wages and conditions.

The overwhelming majority of Australian employees in the federal workplace relations system are now employed under enterprise or workplace agreements—whether individual or collective.

We are reintroducing this bill to facilitate the use of workplace bargaining processes, to make them more user-friendly and as fair as possible.

No industrial action before expiry of agreement

This bill clarifies that no industrial action can take place during the life of an agreement. We consider that protected industrial action should not be available during the life of an agreement. Parties should stick to their agreements and use dispute resolution provisions within agreements to deal with disagreements during the life of an agreement.

Cooling-off periods

During protracted disputes, parties often lose sight of their original objectives. Cooling-off periods allow negotiating parties to step back from industrial conflict and refocus on reaching a solution which works for both the employer and employees in question.

The Australian Industrial Relations Commission currently cannot order a cooling-off period in the case of a protracted dispute. Although the commission has used provisions under the Workplace Relations Act to order de facto cooling-off periods in particularly difficult bargaining disputes, it is not
able to do this in all situations where a cooling-off period may benefit the parties.

Accordingly, the bill will allow the commission to suspend the bargaining period for a period of cooling-off if it would assist the parties in resolving the issues in dispute. The duration of a cooling-off period is a matter for the commission’s discretion. The commission would be able to extend the cooling-off period once only, on application of a negotiating party, and after giving other negotiating parties the opportunity to be heard. In ordering or extending a cooling-off period, the commission must inform the negotiating parties that they may have the matters in dispute privately mediated or conciliated by the commission.

Suspensions by third parties

Industrial action can have a significant impact upon, or aim to harm, third parties who are not directly involved in a dispute—for example, clients of health or community services, educational institutions and other businesses.

Currently, there is no scope for third parties to apply to the commission for relief from threatened or ongoing significant harm due to industrial action occurring during a bargaining period. The commission can provide indirect relief to third parties in limited circumstances, but only through the commission’s own initiative or on application by the minister or a negotiating party.

This bill would allow the commission to suspend a bargaining period for a specified period on application by, or on behalf of, an organisation, person or body directly affected by the industrial action, other than a negotiating party or the minister. Such a suspension may be extended in a similar manner to extension of cooling-off periods under the bill.

The commission would be required to consider a number of factors to determine whether a suspension is appropriate, including whether the action is threatening to cause significant harm to any person other than a negotiating party. Again, the commission would be required to inform the negotiating parties of opportunities for voluntary mediation or conciliation by the commission.

This measure is important in protecting third parties who are not directly involved in a dispute, while still maintaining existing rights of employees to take industrial action.

Industrial action taken in concert is unprotected

At times, unions have attempted to orchestrate industry-wide bargaining by conducting negotiations across a range of employers or an industry, rather than conducting negotiations through individual enterprises. This is contrary to the objects of the Workplace Relations Act, which seek to enshrine genuine agreement-making between employers and employees at the individual workplace or enterprise level.

Accordingly, this bill will clarify that industrial action is unprotected action where it is taken in concert with employees of different employers.

Protected action and related corporations

Likewise, the bill also provides that two or more employers cannot be treated as a single employer for the purpose of identifying certain action as protected action.

Conclusion

This bill is essentially the same as the bill previously introduced in 2003. It does not, however, include previous amendments concerning protected action for claims not related to the employment relationship, as this issue was addressed by passage of the government’s Workplace Relations Amendment (Agreement Validation) Act 2004.

This bill recognises that the government’s reforms thus far have brought benefits to the Australian economy—more jobs, better
wages, higher productivity, increased competitiveness and fewer strikes. This bill will facilitate bargaining between parties in dispute and ensure that the resulting positive impact on the Australian economy is maintained.

I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by Mr McClelland) adjourned.

OCCUPATIONAL HEALTH AND SAFETY (COMMONWEALTH EMPLOYMENT) AMENDMENT (PROMOTING SAFER WORKPLACES) BILL 2005
First Reading
Bill presented by Mr Andrews, and read a first time.

Second Reading
Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.36 a.m.)—I move:

That this bill be now read a second time.

The amendments in this bill will reinforce and underscore the Commonwealth’s regulatory approach to workplace health and safety, which is to ensure that the main focus should be on preventing workplace injuries, rather than punishment after the event.

On 1 March 2004, a new part 2A of the Australian Capital Territory (ACT) Crimes Act 1900 came into operation. This part contains two new criminal offences of industrial manslaughter: one for employers and one for senior officers. The ACT law imposes a criminal liability on employers and senior officers after the death of a worker. This is inconsistent with the overall objective of an occupational health and safety legislative framework, which is to prevent workplace deaths and injuries. It is also contrary to the unified and integrated OHS legislative system established under the internationally recognised Robens model which all Australian jurisdictions have adopted, including the ACT.

The bill would amend the Occupational Health and Safety (Commonwealth Employment) Act 1991 to insert a new section 11A. This new section would provide that part 2A of the ACT Crimes Act and any other similar industrial manslaughter laws which might be enacted by a state or territory and that are prescribed in the regulations will have no effect to the extent to which they seek to impose criminal liability on an employer, employing authority or employee covered by the act in respect of a person’s death that occurs during, or in relation to, the person’s employment or provision of services to another person.

Without the criterion of prescribing other state and territory laws, the new section could catch general criminal offences, such as manslaughter, murder and culpable driving. This would include, for example, the offence of manslaughter in section 15 of the Crimes Act 1900 (ACT). However, it is not the Commonwealth’s intention to exclude employers, employing authorities or employees from the application of these general criminal laws. Similarly, the Commonwealth does not intend to affect the concurrent operation of state or territory laws which promote occupational health and safety provided for in section 4 of the act.

The Commonwealth only objects to a specific type of state and territory laws which purports to impose criminal liability in respect of a person’s death that occurs during, or in relation to, the person’s employment or provision of services to another person—that is, laws like part 2A of the Crimes Act 1900 (ACT). Only these particular types of laws would be prescribed under the new section 11A.
The bill will apply to any conduct of a Commonwealth employer, employing authority or employee occurring on or after 1 March 2004, the day on which the ACT industrial manslaughter laws commenced.

The bill will remove the uncertainty facing some Commonwealth employers and employees that has arisen from the ACT legislation. The amendments contained in this bill will also provide certainty for Commonwealth employers and employees should other Australian jurisdictions enact similar industrial manslaughter legislation.

Workplace health and safety is an important issue for all Australians. The promotion of injury prevention and the best occupational health and safety practice is a key priority of the Australian government. The government has demonstrated this commitment by initiating the development of the National OHS Strategy and encouraging its adoption by all Australian governments and peak employer and employee bodies. For the first time in Australia, this strategy establishes an integrated approach to strive for workplaces free from work related death, injury and disease. In particular, targets have been set for significant reductions in the rate of work related deaths and injuries.

The Occupational Health and Safety (Commonwealth Employment) Act 1991 is the legislative basis for the protection of the health and safety at work of Commonwealth employees in departments, statutory authorities and government business enterprises. The principles underpinning the act emphasise that workplace health and safety is a partnership between all parties in the workplace, with a particular focus on prevention.

The government’s commitment to prevention of workplace injuries and deaths is demonstrated by amendments to the act in 2004. These amendments ensure that obligations in the act are underpinned by a strong and effective compliance and enforcement regime. They provide for a mix of preventative, remedial and punitive civil and criminal sanctions, including higher penalty levels, to assist all parties to meet their workplace health and safety obligations and provide appropriate sanctions where these obligations are not met. This is the best way to improve workplace safety.

Industrial manslaughter laws, on the other hand, place employers and employees in an adversarial environment and create a culture of blame. This inhibits their ability to work together to eliminate workplace safety hazards and prevent the unwanted consequence of endangering workplace safety. When the tragedy of a workplace death occurs, all parties need to be able to work cooperatively to understand why it happened so that it will not happen again.

The ACT legislation singles out employers for punishment after a death. The legislation neglects the potential involvement of a range of other parties such as other employees, manufacturers, and suppliers of plant and equipment. This creates inequities and gaps in attributing responsibility in the unacceptable event of a workplace fatality or serious injury, and wrongly presumes that employers are solely responsible for all workplace injuries and deaths.

The ACT industrial manslaughter legislation also duplicates the existing offences already available under the ACT Crimes Act and ACT OHS legislation to deal with the involvement of employers and employees in workplace deaths or serious injuries.

This bill reflects the government’s commitment to achieving safer workplaces and ensures the focus of occupational health and safety is on prevention of a workplace injury or fatality rather than punishment after the event.
I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by Mr McClelland) adjourned.

AGRICULTURAL AND VETERINARY CHEMICALS LEGISLATION AMENDMENT (LEVY AND FEES) BILL 2005

Second Reading

Debate resumed from 17 February, on motion by Mr Truss:

Mr GAVAN O’CONNOR (Corio) (9.43 a.m.)—The Agricultural and Veterinary Chemicals Legislation Amendment (Levy and Fees) Bill 2005 is an important piece of legislation. The opposition has considered its position on this piece of legislation and it will be supporting the passage of this bill through the parliament. The bill contains several elements dealing with the levy and fees structure and makes a number of changes relating to those structures. For example, it makes a change from a calendar year to a financial year basis, consistent with the period of registration of chemical products; it provides for a tiered rate of levy to be set, based on the volume of leviable disposals of a particular chemical product; it removes the existing cap of $25,000 placed on the amount of levy that may be paid in respect of a particular chemical product in a particular year; and it removes the existing threshold below which no amount of levy is payable in respect of a particular chemical product, which is currently $100,000.

The opposition have received a number of representations on this matter from associations that deal with the chemical industry and from organisations whose products have to be registered and assessed before they can be used in the food chain. We have also had representations from farming groups that are consumers of these products. Significant issues have been raised in those discussions and I hope the government will take them on board. We have made a decision on balance to support the passage of this legislation through the parliament, but we do so knowing that significant shortcomings in the body responsible for the assessment of these chemicals, the Australian Pesticides and Veterinary Medicines Authority, have been identified.

It is extremely important that the government consider in depth the issues that have been raised by industry about the performance of APVMA and that it addresses the substantial accountability issues that have been raised. The industry pays fees and levies and deserves to receive a high level of service. Sections of industry generally are not happy with the new proposal. However, I do note that the proposal came out of a national competition policy review of the relevant legislation. In recent times, the APVMA has run down its financial reserves. There are reasons for that which have been articulated to the opposition and no doubt to the government and to the industry generally. Australia’s worst drought on record led to a significant drop in chemical use by farmers as they sought to cut costs, and this was reflected in a downturn in chemical usage and the APVMA’s revenue. We understand that point.

We understand that the APVMA has incurred significant costs in complying with Australia’s treaty requirements on the use of chemicals in agriculture and elsewhere. Be that as it may, the industry came to the opposition with some significant misgivings about the administration of the authority, including the long delays and the significant costs in the assessment of their products. Some of these were quite horrendous. I will not bring them to the floor of the House, but APVMA’s management needs to understand the con-
cerns of industry. Some situations were explained to the opposition, and the process of getting a product assessed and the costs involved were quite extraordinary.

I understand that the government has made some new appointments to the senior management area, and hopes that over time these problems can be overcome. In the discussions the opposition has had on this matter, I am satisfied that many of these industry concerns can be addressed over time. This organisation is important to Australian agriculture and to the consumers of food products in this country. There is an emerging culture in Australia of wanting to consume cleaner foods; indeed, our export performance has been built around the production and marketing of clean food. Many people regard clean food as being absolutely chemical free, and others regard clean food as having a minimal input of chemicals into the production process. Whichever viewpoint you take, there is an understanding that in the past there have been excesses in the use of chemicals in agriculture and the community’s demand for clean food is a very strong element of the marketing mix that farmers now have to take into account in their production.

It is very clear that, in the past, overuse of chemicals in a number of environments has led to significant health problems for Australians, and many people relate that to the use of chemicals in the food chain. The rise of organic agriculture in this country is very strong in many areas now, particularly in beef and horticultural production. It is a reflection of the changing mood and needs of Australian consumers and their awareness that clean food is very important to their health in the long term.

The importance of the APVMA cannot be understated. It is important that it is a well-resourced agency with the expertise to do the various tasks required of it. The National Registration Authority, as it was then called, was set up in 1994 by the former Labor government following quite protracted negotiations with the states and territories. The organisation regulates the sale and use of over 7,500 agricultural and veterinary chemical products by 748 smaller companies, with sales of less than $5 million annually; 32 medium-sized companies, with sales between $5 million and $20 million annually; and 21 large chemical companies, with sales of more than $20 million annually.

Getting back to the authority’s financial position, I note that it has not increased its fees and charges since 1997. In the year 2000 it reduced its levy rate from 0.75 per cent to 0.65 per cent. This has been a contributing factor to the decline in the revenue base, along with the factors that I mentioned earlier: the declining usage that came as a result of the drought and the more onerous registration requirements that were imposed on the agency as a result of some additional international standards that Australia has adopted. It has not been an easy road for the authority but, from what we understand from industry, there is serious concern about its administration. These matters can be addressed over time with good intent from the Minister for Agriculture, Fisheries and Forestry, the government and the authority itself, in cooperation with industry. We took the view at the end of the day that holding up this piece of legislation and subjecting it to the rigours of scrutiny in the other place might well exacerbate the financial position of the authority this year and into 2006.

Industry has expressed a valid concern about the management and the accountability of the authority. I am stressing this strongly, and I run the risk of repeating myself, but I hope that the message gets through to the minister and the government. They are aware of it, but I mention it because it is very im-
important that these industry concerns are addressed in a constructive way. I note the position taken by the National Farmers Federation—that this matter be the subject of an independent review by somebody independent of the authority and the government process so that we can get the best advice as to how the administration of this organisation can be streamlined and the concerns that industry have expressed are adequately addressed.

As I have indicated, in a historical sense the authority grew out of some very difficult negotiations with the states and territories. Communications with the states and territories have indicated that they certainly do not want to go back to the situation that we had before, where state governments assumed the responsibility for the registration and assessment of chemical products and we had a diversity of views and a difference in standards applying across the Commonwealth. We do not want to go back to that position. We have an authority and it needs to be adequately resourced in a financial sense and to have sufficient expertise. I note the precarious financial position it has been in over the last two years. The sooner that issue is addressed the better, so the new management arrangements that the government has made can be brought into play to address the real concerns of the industry.

Before this debate, I was speaking with scientists as part of the Science Meets Parliament exercise that we have enjoyed in this parliament over the past several years. I always enjoy those encounters. I have indicated to the science community that this is one of the best initiatives that they could have mounted in recent times. I recounted the instance of the genetically modified food debate, where a top executive of one of the chemical companies came to visit me. He sat, cowering in the corner, attempting to explain to me the sorts of research in which he was involved. I said, ‘Look, you really do not have to convince me. I am not frightened by this technology. What you have to do is get out of your office, get into the field, meet the parliament, meet the community halfway and address these issues very strongly.’ No sooner had that encounter taken place than, within a year, a proposal had come up—it had nothing to do with the encounter—for the scientific community to meet parliamentarians on a regular basis.

I met today with scientists involved in plant genomics and associated research. In the context of that discussion we were talking about the commercialisation of research. The cotton industry in particular was mentioned. The use of research into new products in that industry led to a take up of that research by some 78 per cent of cotton farmers immediately it became available. Their usage of chemicals and pesticides declined by 75 per cent. This is quite a staggering statistic when you reflect on it. The farming community’s takeup of research was in the order of 78 per cent within a year of it becoming available and the use of pesticides, which are the subject of assessment by the authority that we are discussing in this bill today, had gone down by 75 per cent. The bottom line is that the industry is better off for that and at the end of the day the community is better off—as is our land.

We ought not to kid ourselves that the community is not sensitive to this issue of the use of chemicals in the food chain. Therefore we do need a well-resourced authority to conduct this very important task. We cannot in the future have it held hostage to situations like those experienced in recent times. Community concerns are emerging over the use of chemicals in Australian agriculture, the levels of chemical residues in the food chain and the health implications for people who are sensitive to many of these chemicals. Evidence is mounting in this
area—for example, there is evidence of a high incidence of cancer rates in many areas where workers have been involved in the production of these chemicals and where farmers and their communities have been involved in their usage. We need a responsible, expert and well-resourced authority to conduct the task of registration and assessment when these particular products come onto the market.

There is another point which I think is worth mentioning here, and it relates to farmers and their access to new technologies and the products of new and small companies involved in this particular area. Australia places great store on the innovations that come out of its small and medium sized businesses. Many of those businesses are involved in research into new chemical processes that can aid production without the implications for the food chain and the health of Australians that I have described. We must not allow the structures that we are proposing to put in place to turn the tap off on this very innovative research coming out of our small and medium sized businesses.

There was a concern expressed to me that if some of the alternative models that were being suggested were adopted they could very well choke off the important research being undertaken by small and medium sized companies, the commercialisation of that research and the access of farmers to the new, innovative products that result. Australian agriculture is dynamic. It is always looking for new ways to lower the cost of its inputs. As a result of the legislation that is now before the House, I understand that some of the costs may well be passed on to farmers; but I think in the total mix that may well be a small price to pay for the advantages that will flow from having a stronger and better managed authority with a strong financial base. Economic benefits will flow to farmers as a result of getting access to new products that come out of the innovation processes of smaller and medium sized companies.

I know the position that the opposition has taken may not be one that is agreed upon by all players in the industry, but I say this: we are not the government. We went to an election last year and we were not successful.

Dr Nelson—Hear, hear!

Mr GAVAN O’CONNOR—The minister says, ‘Hear, hear!’ I take the opposing view. I think the coalition government is probably the worst government Australia has seen in two decades, but we will not enter into that debate now, for a variety of reasons. I think it is important when an issue like this arises and there is a contention of views about the way to proceed that we as an opposition sit back and listen to all the arguments expressed on each side of the fence and then make a balanced judgment about where this needs to go. My final plea to the minister is on this matter. We are not proposing to hold this legislation up, because at the end of the day we believe what the government has said about the changes it has made to the authority and the capacity for the authority itself to change. But we will test this again in the processes of the parliament. We have the right to do that and we will do that in the interests of the people who have put very strong arguments to us that do not line up with the proposals in the bill.

The issue that I think has to be addressed here is the accountability of the authority. If we can get the accountability mechanisms right, and if the government is honest with us and the industry about its intent to pursue this and set up appropriate structures to get that outcome, then we are going to have a win-win situation all round. If we fail on the accountability side of things, we will be back here debating this issue. It will be subject to the processes of this parliament—the estimates processes and the other processes of
in order to ensure we get that accountability and the best outcome for all players, be they large or small, in the industry.

The opposition will be supporting the passage of the legislation, with those caveats that I made in the debate, which I hope the minister will take on board. He is a reasonable man. I am sure he understands the arguments that have been put by certain players in the industry on this accountability issue. I hope he will sensibly take up the proposal that has been put by the National Farmers Federation for an independent review of the operations of the authority. I hope we can satisfy those who have concerns and get a more efficient outcome for them with a better resourced authority that does its job not only for the industry but also for Australian consumers—and of course the farming community as well.

Mr BRUCE SCOTT (Maranoa) (10.03 a.m.)—I rise this morning to speak on the Agricultural and Veterinary Chemicals Legislation Amendment (Levy and Fees) Bill 2005. The independent authority, the Australian Pesticides and Veterinary Medicines Authority—APVMA—has a very important role to play in this country. After all, the reviews that they do on veterinary and agricultural chemicals and medicines are important, because those products ultimately end up in our food chain. Their role is critical in ensuring the safety of agricultural and veterinary chemicals and medicines, because they have the job of evaluating new products before a licence is granted to sell them into the Australian domestic market. They also have the responsibility of monitoring those products to the point of wholesale sale and right through to the retail point. The review of the structure of APVMA commenced in 1999 with a national competition policy review of the statutory authority.

The intention of the bill before the house today is to remove some potential hurdles for small and medium sized businesses that seek to register new products that come onto the agricultural and veterinary chemicals market in Australia. Some of the key aspects of the bill include several changes with regard to the way the levy is paid. Firstly, it will change from a calendar year to a financial year basis. That is consistent with the period of registration of the chemical products, so it is quite sensible that, if you are registering a product, you now register on a financial, rather than a calendar year basis. That aligns it with the registration costs normally, rather than having a six-month period of non-alignment as you do when you are operating on a calendar year basis. I am sure that will certainly streamline the accountability and the cost structures that could be imposed on the providers through the small businesses of these products.

Secondly, it will provide for a tiered rate of levy to be set, based on the volume of leviable disposals of a particular chemical product. Thirdly, it will remove the existing cap of $25,000, which is currently placed on the amount of levy that may be paid in respect of a particular chemical product in a particular year. The existing cap of $25,000 will be removed with the passage of this legislation. Fourthly, it will remove the existing thresholds below which no amount of levy is payable in respect of the chemical product, currently $100,000. They are the key aspects of the bill before the parliament today.

I have had representation on this proposal from both sides, you might say, of the debate. It is important that we listen to both of those arguments, because both points of view are valid. I noted the opposition’s position with regard to this bill: they will be supporting it with caveats and they—as I and, I am sure, other members of this parliament—will be monitoring the changes and the impacts or
the benefits as we assess them in the future. There has been wide consultation and, as I have said, I have had lobbyists come to see me and I have had representation from a wide range of interests—from farm bodies, from farmers, from agricultural and veterinary chemical manufacturers, all of whom have expressed concern about this bill. At the end of the day, we have to make sure we continue to listen to those concerns and monitor the success of the bill in ensuring that it delivers on its intention.

One thing I would like to raise now is the position of the National Farmers Federation—as the peak industry body representing farmers across Australia. They support the bill. Their reservation is that they would like to see a broader independent review of the independent authority, but their view is that this legislation should be supported. They say in their submissions that bringing forward this legislation will ensure that new and innovative products, quite often from smaller producers—from manufacturers and small business people—will enter the Australian market. They see that as bringing a benefit to farmers, because, without the changes this legislation will bring and without the subsidy applying to the registration costs of the new products, they fear that some of the new products may never enter the Australian market. They say that, on balance, there will be benefits to Australian farmers and they are supporting the measures.

They also note that there may be some cost increases for some very widely used farm herbicides and pesticides as a result of this legislation. I do not think anyone in this parliament would be supporting legislation that was going to substantially increase costs to farmers. I know that I would not and I know the Minister for Agriculture, Fisheries and Forestry, who has just arrived, would not. The NFF make the point about the increases but they say that on balance the possible increases of up to one per cent, which is their estimate of the cost increases to farmers, will be offset by the fact that new products that otherwise would not make it to the market in Australia will become available. On balance, that is an outcome they support.

The other point I want to make is that a well-resourced APVMA is in the national interest. It is in the national interest from the point of view that we must ensure that the agricultural and veterinary chemicals that are used in industry are safe and, at the very least, meet all the minimum standards of safety for products that will end up in human consumption or be used as medicines by vets in the production chains of our animal industries in Australia.

Australia has built a great reputation around the world for providing clean, green, high-quality food products for export. In many ways, we are the envy of other countries. It is a position that we protect vigorously in this country, something that the very large farm constituency that I represent sees as one of its major advantages when opening up new market opportunities. Since we do have that reputation, we must guard it at every point because it is an advantage to us in international market negotiations. We surely cannot survive in the long term without the export of agricultural products to the rest of the world. Our production is such that we certainly need to be exporting because we are not a large enough population to consume all of the potential produce that we have in this country. So a well-resourced APVMA is absolutely essential to ensure that they can do their job—a job which is so important to protecting not only the health and welfare of our population in Australia but also our clean, green image in the countries to which we export.

The Minister for Agriculture, Fisheries and Forestry will be speaking in a moment.
and I am sure he has heard that the opposition intend to support this legislation. In their submission to us all, including the opposition, the National Farmers Federation have said that, on balance, they support this legislation because they support the need for a well-resourced APVMA and because this legislation will see products come onto the market that may not otherwise have come onto the market. Only time will tell whether those new products do come into the marketplace as a result of this legislation. That is something that we will all be monitoring. I know the minister will, I know I will and I know the farm bodies in my electorate will, because they would not like to see as a result of this legislation any unnecessary increase in costs of some of those agricultural chemicals that are more widely used in the production of so many of our cereal and fibre crops in Australia. We will be watching for the success of this legislation, and we would like to think that the outcome will be realised and realised quickly. We thank the opposition for their support for this bill. I thank the House.

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (10.18 a.m.)—in reply—At the outset I thank the two speakers who have contributed to the debate on the Agricultural and Veterinary Chemicals Legislation Amendment (Levy and Fees) Bill 2005 this morning. Both have raised similar issues about the importance of the Australian Pesticides and Veterinary Medicines Authority and the role it plays as a regulator in the industry. I note the comments of the member for Maranoa about concerns that the legislation may result in some higher costs. There will be changes in some of the charges as a result of the legislation, to assure the ongoing viability of the authority so that it is able to continue its very important work.

These days, particularly with the advent of minimum tillage and no tillage farming, which is so important for the conservation of our environment, the role of agricultural chemicals has become very much more significant. Higher fuel costs have also meant that farmers are choosing to use chemical solutions rather than frequent passes over their properties with machinery that uses a large quantity of fuel. So the health of this industry and the access by Australian producers to the latest products, most of which are developed overseas, are key issues for the rural sector. As the member for Maranoa rightly commented, the National Farmers Federation supports the legislation. Whilst no-one is enthusiastic about any potential increases in costs, everyone recognises that it is necessary to have an effective regulatory body, and this legislation will help to achieve that objective.

The Australian Pesticides and Veterinary Medicines Authority is a fully cost-recovered statutory authority. Its task is to regulate agricultural and veterinary chemical products. The APVMA administers the national registration scheme for agricultural and veterinary chemicals in partnership with the states and territories and with the active involvement of other Australian government agencies. It is important to note that the development of this particular organisation was an attempt to harmonise the national registration arrangements and get over the situation where chemicals had to be registered in every state and go through procedures that were different in each state in order to be used by the farmers in that jurisdiction.

The APVMA plays a valuable role in ensuring that any risks associated with agricultural and veterinary chemicals are identified and properly managed by independently evaluating the safety and performance of chemical products intended for sale, making sure that the health and safety of people, animals and the environment are protected. In addition, the APVMA examines whether
the use of these products is likely to jeopardise the trade and whether they will be effective in their intended use. Only products that meet these high standards are allowed to be supplied. The APVMA monitors the market for compliance and reviews older chemicals to make sure that they continue to meet contemporary high standards.

I am proud that the APVMA is a world-class regulatory authority which makes a valuable contribution at the international level and is held in high regard by its overseas counterparts. However, examination of the cost recovery arrangements for the APVMA, initially during the national competition policy review of agricultural and veterinary chemicals legislation, has revealed that reform of these arrangements is needed in order to provide a diverse market that can be accessed by a range of stakeholders.

The existing cost recovery framework creates potential hurdles for smaller businesses seeking registration and discriminates between firms in respect of their contribution. The measures contained in the Agricultural and Veterinary Chemicals Legislation Amendment (Levy and Fees) Bill 2005 seek to remove these barriers while at the same time bringing the cost recovery arrangements for the APVMA into greater consistency with the government’s cost recovery guidelines.

The measures in the bill will also ensure that Australia’s regulatory system for agricultural and veterinary chemicals continues to facilitate farmers’ access to a wide range of important chemical inputs to agricultural production while at the same time managing the potential risks to human and animal health, occupational health and safety, the environment and trade.

I thank honourable members for their contributions to the debate and commend the legislation to the House.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (10.23 a.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

NAVIGATION AMENDMENT BILL 2004

Returned from the Senate

Message received from the Senate returning the bill without amendment or request.

HIGHER EDUCATION LEGISLATION AMENDMENT (2005 MEASURES No. 1) BILL 2005

Second Reading

Debate resumed from 8 March, on motion by Dr Nelson:

That this bill be now read a second time.

Ms MACKLIN (Jagajaga) (10.24 a.m.)—In continuing my speech on the Higher Education Legislation Amendment (2005 Measures No. 1) Bill 2005, I am pleased to see the Minister for Education, Science and Training at the table. When he sums up after the debate, perhaps we can get some answers about some of the problems that are occurring in higher education.

We know that since the member opposite has been the minister for higher education there has been a very familiar pattern: the costs of higher education just keep going up and up. An interesting thing that has been occurring since the election is that speculation has been rife about who is going to take over from the Treasurer as deputy leader once the Prime Minister retires. It seems that this minister’s real work has only just started. In the Sunday Age not long ago, Michelle Grattan painted the following picture:
As Education Minister, he travels widely and spends up on entertainment.

As the minister knows, we have been rather shocked by the level of his corporate spending on entertainment. It has got up to $600,000, which is a pretty extraordinary increase and which has happened over the time that he has been the minister. In the same *Sunday Age*, an unnamed backbencher was reported to have said:

You’ve normally got to ring ministers to ask them to come to your electorate. With Nelson it’s the other way around—his office rings and says, ‘we want to come’. It’s a bit transparent.

The member for Fairfax gave us some context. He said that the minister:

... knows how to look after the needs of backbenchers.

This seems to be one of those priceless euphemisms for the minister’s extensive travel and entertaining—not in the interests of education, unfortunately, but in the interests of collecting his numbers for the deputy leadership when it becomes available. Another of the minister’s party room colleagues said:

Brendan always brings something. He will always find some money or program to announce in your electorate.

I must say that that must be very nice if you are a government backbencher looking for re-election. Some of the initiatives in this legislation demonstrate that that is exactly the way this minister makes decisions. When you look at the ways in which this government is funding universities, particularly in marginal seats, and you combine that with this minister’s ambitions, you can see that it is all about making sure that money goes to back up the minister’s future leadership hopes.

We can see that the minister is really out there spruiking support, but it does not amount to good education policy and it is certainly not the way to meet the needs of our community. Education people right around the country are telling me that they would much prefer that the minister spent less time worrying about his next job and a bit more time concentrating on the one he has already got. That way we might get some better outcomes in education than the ones we are seeing. The challenges that this government has created for the minister in education are certainly big enough for him, but instead he seems to be out there trying to curry favour with his colleagues.

If the minister had been concentrating on his job, 2004 would not have been the second time in the last 50 years—this is an extraordinary claim to fame—when the number of Australians at university actually declined. Sadly, it is no surprise that the only two years of decline in the last 50 years have occurred under this government—and one under this minister for education. It is an extraordinary indictment of this government that we can say that they are providing fewer opportunities for Australians to get a place at university.

Perhaps, too, if the minister had been concentrating on his job rather than seeking to get another job, he would not be so worried about trying to take over the jobs of the state and territory education ministers. Perhaps—and this is something that could well do with a response when the minister sums up—he could tell us when he is going to close down the Oceania University of Medicine that just a month ago he told the *Australian* he was investigating.

Minister, I do not know why it is taking so long. It seems a pretty open-and-shut case to me: we have a far from rigorous institution setting itself up on Australian soil, calling itself a university and saying that it is offering medical degrees. I would have thought the minister would be concerned about
this—online medical degrees being sold to Australians for over $130,000. This is plainly not a university that would meet the conditions of registration for a university here in Australia and yet this minister continues to allow this organisation to operate and take money from Australian students. The minister should either act to close this Oceania University of Medicine or tell us why he will not. If there is a loophole stopping him from closing it down then tell us about it and bring the necessary legislation in to give him the power to do so. He will certainly have our support to shut this institution down. It should not have been allowed to start in the first place and we do not want to see students paying these extraordinary sums of money for degrees that will not be able to be used here in Australia. Instead of the minister doing that—and I hope in summing up he answers this question and tells us what he is doing—he is proposing to weaken the groundbreaking national protocols that were agreed to by all education ministers back in the year 2000.

To date, the minister has given us no real reason for the changes that is he putting forward. We have universities and other governments around the world looking at the way in which Australia verifies the bona fides of a given university—other countries are looking to Australia as a good example. What we have instead are red herrings from this minister—which, I must say, he does quite a bit. In this case, he is trying to say it is all about creating a level playing field for private universities. We already have private universities in Australia. All we ask is that they be assessed against the same rigorous standards of quality as our public universities. Private universities can come from overseas. If Oxford, Cambridge or the Ivy League universities wanted to come to Australia—if Yale or Princeton wanted to set up here—of course they would comply with the protocols that exist. We want the government and this minister to describe what it is about the current protocols that they do not support and what it is that they are really trying to do with the changes being suggested.

Perhaps, if the minister was concentrating a little harder on the real issues rather than counting numbers on the back bench and currying favour, he might have an answer to the universities’ No. 1 concern—that is, of course, the inadequate indexation of university grants. When the original legislation was going through the Senate the minister promised that there would be a review into the indexation of university grants. That inquiry was supposed to report by 28 February, which has been and gone, of course. We still do not have any word from the government. It was a private review, buried in the bureaucracy. We do not know what on earth the minister is planning to do to meet the desperate needs of our universities and to make sure that we do not have overcrowded classrooms and staff dealing with more and more students because of the lack of indexation. Maybe the minister’s very busy travel and entertainment schedule has meant he has not been able to get an answer to universities about the results from this review of indexation—who knows? But it would be a good thing if we found out what was happening. He promised the Senate that there would be this review. He led the Senate to believe that the government would look favourably upon indexation of university grants but, just like in everything else, the minister seems to be caught up in his own ambitions rather than concentrating on his job.

Just a couple of weeks ago we witnessed a real beauty—a really extraordinary piece of evidence of the minister not concentrating. He announced a new inquiry into teacher education to be done by a House of Representatives committee. Fair enough. But he has given the committee the task of finding
out whether the money he promised to education faculties in universities is actually getting through to them. So, instead of taking responsibility himself, as the minister, for a promise that he made to those education faculties, he said, ‘Oh no, I do not have the time to think about these things. I do not have the time to make sure my promises are getting implemented. So I will get this committee of inquiry to investigate whether or not teacher education money is getting through to education faculties in our universities.’ It is extraordinary that he is not making sure that these university faculties of education are in fact getting the money that he promised them.

Perhaps, too, the minister could be doing something about another one of his promises. I am sure many members of this House and of the public would remember one of his oft-repeated comments—he has a habit of repeating his lines over and over again and we get to know them very well. During the debate on higher education he told us a story about a vet student who was offered a full fee place costing $150,000. He said to her that she might as well have been offered a ticket to Mars, and promised that this was going to be one of his highest priorities and that he was definitely going to do something about it. I must say: that student had better check the price of a ticket to Mars, because the minister is only offering a $50,000 loan. I gather he has been off to his cabinet colleagues trying to get that $50,000 limit increased. He has failed. He has not been able to get it above $50,000 because, I understand, the department of finance are very worried about what that will do to the Commonwealth budget. The minister made this promise over and over again, not only to this student but to all the other students that have been pushed into paying full fees for their university degrees. That student will be able to borrow $50,000 from the Commonwealth, but she will still have to go and find $100,000 somewhere else.

Yesterday we had the Minister for Education, Science and Training up on his feet taking the job of the Minister for Vocational and Technical Education. That minister has been completely sidelined. The minister for education decided to jump up yesterday and take a Dorothy Dixer on the whole area of skill shortages, even though he has been the minister responsible for this area for the last three years. You might have thought he would have had a few more successes at getting more young people into the traditional trades, where we are desperately short. He has not been doing that. He has not been concentrating on the traditional trades over the last three years when he has been the minister directly responsible for this area. He is the minister that actually has to take more responsibility than anyone else in this government for the skills crisis that faces this country and the lack of action, especially over the last three years.

We now have capacity constraints on growth and upward pressure on interest rates, all because this minister was very good at talking about how important the trades were but was not actually doing anything about it. If this minister does not want the job, let us get him out of the way and get a minister that will address the very serious problems that now face Australia, whether it is in the training of people in the traditional trades, whether it is making sure that we have affordable university education or whether it is making sure that our universities are properly funded. All of these issues are critical to the future of this country, but we have a minister that is keener on doing the numbers for his next job. I hope we get some serious responses. I would particularly be keen to hear what the minister has done or intends to do about the Oceania University of Medicine. I move:
That all words after “That” be omitted with a view to substituting the following words:

“whilst not seeking to deny the Bill a second reading, the House condemns the Government for:

(1) increasing the proportion of Australian undergraduate students who are able to pay full fees and gain entry ahead of better qualified students;

(2) allowing the number of HECS places in Australian universities to decline by 8,354 in 2004 while the number of full places for Australian undergraduates increased by 2,571;

(3) presiding over the decline in the number of Australians at university for only the second time in 50 years;

(4) allowing universities to increase HECS fees, which has resulted in 12,123 fewer applications to study in 2005 which is a 5 per cent drop;

(5) threatening to undermine the quality and reputation of Australian universities by downgrading the definition of Australian universities; and

(6) failing to properly fund universities and failing to release its secret report into indexation of university grants”.

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

Mr Crean—I second the amendment.

Mr SLIPPER (Fisher) (10.40 a.m.)—The Higher Education Legislation Amendment (2005 Measures No. 1) Bill 2005, currently before the chamber, is an omnibus bill which seeks to amend three acts of the Commonwealth parliament: the Higher Education Support Act 2003, the Higher Education Funding Act 1988 and the Maritime College Act 1978. Before I address the provisions of the bill, I have to say that I was astounded by the comments made by the Deputy Leader of the Opposition in criticising the Minister for Education, Science and Training, suggesting that he did not have his eye on the ball, suggesting that he was not concentrating on the job and suggesting that in some way, shape or form he was more focused on doing the numbers for his next job.

Mr Crean—It’s true.

Mr SLIPPER—That’s not true. I have to say, as a local member—and I think I probably speak on behalf of all of my colleagues—that we do have a minister who is very much focused on changing the culture of higher education. He is very much focused on innovation. He is very much determined to drag the higher education sector into the 21st century. He has been prepared to look at higher education and education more generally, to think outside the square and to try to achieve the sorts of better outcomes that we want to achieve in Australia in 2005 to make sure that students, and particularly young people, are able to achieve their full potential. It is entirely unfair of the opposition to criticise this minister.

If anyone could say something about the minister it would be that he has been hyper-active in his determination to bring about real, meaningful and positive reform. While I do not expect the member for Hotham to agree with me, I think most people would be aware that we do have a minister with a sense of reforming zeal, a person who is determined to make a difference. His office is always very good to deal with. Members of the opposition also tell me that they have been treated very well by this minister’s office. This minister is determined to achieve positive outcomes. He is simply focusing at this time on the job that the Prime Minister has given him: the job of minister for education.

The Higher Education Legislation Amendment (2005 Measures No. 1) Bill 2005 refers to the implementation of a number of election promises and other matters on the part of this government. Unlike the oppo-
tion, this government places a very great importance on delivering election promises in full and on time. I am pleased that so early in this parliamentary term this bill has been introduced to deliver on our election promises and to keep faith with the people of Australia. The package for higher education reform, Our Universities: Backing Australia’s Future, came into effect on 1 January this year and has ensured a number of reform benefits, both now and into the future.

The bill introduced by the Minister for Education, Science and Training presents many excellent initiatives, including a commitment of $2 million in infrastructure funding for the Charles Darwin University that will be used for creating facilities for the Research School of Environmental Studies. There is also a commitment of $12 million in infrastructure funding for the James Cook University, providing the funds for a new school of veterinary science and agriculture. It is pretty clear from this legislation and from other initiatives of the minister that the Australian government is focused on ensuring high-quality university teaching and world-class research facilities for all of Australia’s higher education institutions and their students. Given the fact that when you look at the world ranking of universities Australia’s universities do not come in as high up the scale as we would like, it is very important that we continue this push for reform to make sure that we do, in fact, have the institutions placed as indeed they ought to be placed—that is, as major world institutions with world-class facilities. This of course is part of what the government is seeking to achieve through our reform.

Under this bill there will also be 100 new radiation therapy places that form part of the government’s Strengthening Cancer Care package. Other funding measures in this bill include 40 additional aged care nursing places and funding for an additional 12 medical places at James Cook University for the years 2005-09. The government will also be providing $13 million over four years to improve access to undergraduate nursing education for rural and regional Australia. The benefits are not simply limited to regional universities, as an additional $16.5 million will go to national institute funding for the Australian National University.

The government’s spending initiatives as far as universities are concerned are something of which we are particularly proud. In fact, the Australian government’s funding to our universities has increased by almost $1,000 million since 1995. In my own electorate we have one of Australia’s newest universities, the University of the Sunshine Coast. This university would like to place on record its indebtedness to the minister for his ability to recognise the need for this organisation to be able to grow. The University of the Sunshine Coast will receive funding for 395 new places in 2005, rising to 1,080 by 2008. This will support studies in a range of areas, including business, education, nursing, communication and health. In 2005 the University of the Sunshine Coast will receive a five per cent regional loading for its Sippy Downs campus in recognition of the unique contribution the campus makes to its community. This amounts to $929,000 in 2005.

This year the University of the Sunshine Coast will receive a total of $516,626 for Commonwealth learning scholarships. This consists of $296,090 for 101 new Commonwealth learning scholarships comprising $116,394 for 57 Commonwealth education cost scholarships, $179,696 for 44 Commonwealth accommodation scholarships, with $220,536 having been allocated for 64 scholarships in 2004. Commonwealth education cost scholarships will provide students with a scholarship of $2,000 per year for up to four years to assist with their education costs. New Commonwealth accommodation
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scholarships will provide students from rural and regional areas with $4,000 per year for up to four years to assist them with accommodation costs when they move to undertake higher education. This university has benefited greatly from the reforms of this government, and certainly from the attention of the minister. The minister has always been prepared to listen to the university, to consider the problems that the university highlights and to bring forward real and meaningful responses that will help ensure that the university continues to grow.

This bill is just part of the process of ensuring that Australian universities can build more world-class facilities so that we can produce more world-class graduates. This can be proven by the figure in 2004 which showed that around 92.2 per cent of all graduates were employed within four months of leaving university. While the opposition seeks to play politics and criticise the government, it should be objectively recognised by the Australian community that no government has given greater support to science, research and innovation in Australia’s history than the Howard government.

Mr Crean—That’s rubbish! How come R&D investment has fallen—

Mr SLIPPER—The member opposite ought not to yap on because, in government, he failed to recognise the important reforms that Australian universities needed. Now that the Labor Party is in opposition on yet another occasion, instead of carping and being negative it ought to get behind the reforms of this government, to get behind the intention of this government to deliver on its election promises and to give credit where credit is due. Credit belongs to the Minister for Education, Science and Training and to the Howard government. This government is achieving what needs to be achieved in the area of higher education and education more generally. I am pleased to be able to commend this bill to the chamber.

Dr EMERSON (Rankin) (10.49 a.m.)—Professor Bruce Chapman is the architect of the Higher Education Contribution Scheme, otherwise known as HECS. While Labor supports the passage of the Higher Education Legislation Amendment (2005 Measures No. 1) Bill 2005 through the parliament, we also support the second reading amendment. In particular, we condemn the government for increasing the proportion of Australian undergraduate students who are able to pay full fees and gain entry ahead of better qualified students. We condemn the government for allowing the number of HECS places in Australian universities to decline by more than 8,000 in 2004 while the number of full fee paying places for Australian undergraduates increased by 2,571. Labor condemns the government for presiding over the decline in the number of Australians at university for only the second time in 50 years. Labor condemns the government for allowing universities to increase HECS fees, which resulted in 12,123 fewer applications to study in 2005—a drop of five per cent. Labor more generally condemns the government for failing to properly fund universities and failing to release its secret report into indexation of university grants.

I referred in my opening remarks to Professor Bruce Chapman. As the architect of HECS, he has modelled the arrangements that the minister has introduced into higher education in this country. The results are quite worrying. I thought I would take this opportunity to go through the report of Professor Bruce Chapman and the minister’s response, in a transcript from the Jon Faine program in Melbourne on 4 August last year. I will then make some concluding remarks about the difficulties that Australian students now face at university as a result of decisions taken by this government.
Professor Chapman and Gillian Beer produced an analysis of the changes. Essentially they are that universities would be allowed to increase HECS fees by up to 25 per cent. I acknowledge that there was a significant lifting of the threshold at which HECS repayments would first be triggered, and Professor Chapman and Gillian Beer have examined that. They have also examined the impact of increasing the proportion of full fee paying students that universities are allowed now to have and the associated contingent loans scheme called FEE-HELP, which is an income related loan that is available to full fee paying Australian students but which is capped at $50,000. I will go through selected aspects of the analysis that Professor Chapman and Gillian Beer have done. I will begin by quoting in relation to FEE-HELP the arrangements for universities to attract more full fee paying students by providing an income contingent loan. They say:

Universities will be able to fill up to 35 per cent of domestic places with full fee paying students.

They go on to say that in 1997:

... the government allowed universities, for the first time, to charge domestic students full fees. Only a very small number of students took up this opportunity, for reasons undoubtedly associated with the need for students to find the financial resources to pay up-front ...

Professor Chapman and Gillian Beer are saying that the government introduced full fee paying arrangements for Australian students in 1997. However, the take-up rate was very low because of the large up-front requirements associated with them. The government has changed those arrangements by bringing in FEE-HELP, a contingent income related loan system, and now universities will be able to fill up to 35 per cent of the places with full fee paying Australian students.

They go on to say:

... the offer of an income related loan facility for full fee paying students will result eventually in a significant take-up of this option.

The point they are making here is that the take-up rate was low because of the large up-front requirements. The government wanted more full fee paying Australian students to enter the Australian university system and therefore has created this income related loan system. Professor Chapman and Gillian Beer have concluded that that will lead to a significant take-up of full fee paying places, and we know that universities will be allowed to offer up to 35 per cent of their places to such students.

Why would universities want to offer such a large proportion of their places to full fee paying students? The reason is that they are cash starved because of the indexation arrangements that this government has imposed on universities. That has meant that, notwithstanding the fact that their costs have risen at a much faster rate than inflation, through enterprise bargaining arrangements and other cost influences, they are being squeezed because the government is not giving them supplementation to cover all of those extra costs. Something has got to give and what is giving is that these cash-starved universities are going to look very favourably at full fee paying students who will now be very much more interested in entering university because of the loans scheme that the minister has introduced.

That is the source of the pressure. I will now go further through the report to look at the sort of analysis that they conducted of the impact of these arrangements. In relation to FEE-HELP, the income related loan arrangements for full fee paying Australian students, Professor Chapman and Gillian Beer say:

We have simulated a debt of $12,500 per year for a four-year duration of study ... The figures have
been chosen to reflect the maximum allowed total
debt of $50,000.

That is how the arithmetic works out there.
They say that this:
... allows insights into the possible importance of
... debts being capped at a level of $50,000 per
student. An issue in this circumstance is that some
students might reach the loan cap before they
have completed their education, and will thus
need to pay the remaining charge up-front ...
The authors are saying that FEE-HELP for
full fee paying students is such that, if the
cost of a course is greater than $50,000, the
income related loan will be made available to
$50,000 but the balance will have to be paid
up-front and that itself will be a very large
impost on those students—an impost of
which the government is completely aware.
The report goes on to say in relation to the
effect of HECS-HELP:
... universities would have more revenue, which
would be supplied through higher imposts on
students. Whether or not this is desirable in terms
of economic theory depends on the subjective
valuation given to the value of externalities. How-
ever, it would seem to be the case that the poten-
tial for large changes in this context is limited.
Here the authors are referring to HECS
places. They are making a very important,
fundamental point. They are saying that the
HECS charges are getting to such a level that
the private returns to a student for making a
decision to take on a university degree are
getting to the point where it is not worth
them doing it. In other words, the fear that
Labor has always had is that if HECS in-
creases by a large amount, it will be a deter-
rrent to students entering university. The fig-
ures that I cited at the beginning of my con-
tribution today show that those chickens
have well and truly come home to roost—a
decline in the number of HECS-paying stu-
dents at university in the last year and a de-
cline in the number of Australians at univer-
sity for only the second time in 50 years.

That has been a consequence of these 25 per
cent increases in HECS fees. Most universi-
ties have decided, because they are desper-
ately short of money, to increase their HECS
fees by 25 per cent. Professor Chapman and
Gillian Beer are saying that the impact of
that is that students will be deterred from
going to university.

I think the government is pretty comfort-
able with that, because its philosophic view
is that technical education is good enough for
the sons and daughters of the working men
and women of Australia and that, really, a
university degree should be available for the
sons and daughters of the affluent in this
country. Many of us here—children of the
Whitlam era and beyond—do not agree with
that. We believe that every young Australian
should be able to go to a university if they
get the required entrance marks and should
not be deterred by high university charges.

It is true that Professor Chapman has ex-
amined the impact of HECS on the socio-
economic mix separately and come to the
conclusion that the socioeconomic mix has
not changed. But it is also true that a large
number of potential entrants into universities
from low-income and higher income back-
grounds are being deterred by this lift in fees.

Why do we have public funding of universi-
ties? Because we, as a society, believe there
are benefits from a university education to
the broader community in excess of those
that accrue simply to the student. That is why
there are public universities and why there is
public funding of universities. But if you
increase university fees beyond the expected
return that a young person would get from
going to university, they will act quite ra-
tionally and say, ‘It is not worth while.’ And
the fact is that this government is very com-
fortable with that outcome. The Minister for
Education, Science and Training is at the
table, and we hear him in parliament time
and time again saying: ‘What’s wrong with
TAFE? Everyone from working-class families should be looking at TAFE. I think that every young Australian should aspire, if they wish, to a university education and not be told by this government that a university education is too good for them, that TAFE will do for them and that a university education is right and proper for the sons and daughters of better-off Australians. The report goes on to say:

... there should not be unlimited price discretion for the majority of undergraduate students. There are very solid grounds to support this position...

The reasons to be concerned about unfettered price competition between Australian universities are as follows: First, the extent to which institutions will be able to benefit from price discretion will be a result of their location and history. For example, the Universities of Sydney, Queensland, Western Australia, Adelaide and Melbourne are located in prime areas of their respective cities, and this gives them a significant commercial advantage. The fact that universities do not pay rent means that the playing field is not level.

Second, an important part of universities’ relative standing is the result of many years of public sector subsidy. Reputations have been built from these subsidies, implying that there might be important rents accruing to some universities from unfettered price competition. In turn this suggests that the alleged benefits of competition could be undermined without close attention to these issues of both geography and history.

So that is the case. They are the problems with allowing universities to charge unlimited university fees, as identified by Professor Chapman and Gillian Beer. They say:

There is an additional reason for not allowing unfettered pricing flexibility, and it relates to the charge burdens on students. It is difficult to believe that the current HECS levels are markedly below what they should be. In some cases, Law for example, it is very likely that students are currently paying almost as much as the teaching costs involved. Full price discretion would suggest that such examples are likely to become commonplace. This rests uneasily with the economic rationale for public sector additional financial support, which suggests that activities associated with spill-over social benefits should be subsidised by taxpayers; in other words, that students should pay less than the full costs of the activity—

the very point I have just been making: there are public benefits from people going to university beyond the private returns, and if you lift the fees to such a level that those students do not go to university it is not only they who suffer but also the nation that suffers. In summarising the analysis and the modelling done, Professor Chapman and Gillian Beer say:

The analysis shows that incurring a total debt of $50,000 results in substantial increases in the present values of the debt for middle and high-income graduates. However, for low-income individuals, especially low-income women with children, the present value of HECS repayments is nowhere near as great as for their higher income counterparts, because none of the low-income individuals in this study will fully repay their debt.

What they are saying is that the lifting of the threshold for HECS has in fact had a beneficial effect for people who do not expect their incomes to be hugely increased as a result of going to university or, in the case of women, for those who will be taking time off through their careers to have children. In relation to FEE-HELP, Professor Chapman and Gillian Beer say:

However, if the capping of the loan leads to up-front fees, the effects are much more considerable and arguably much more regressive.

What they are saying here is that, if FEE-HELP is capped, as is proposed, then the effects could be very regressive indeed. They continue:

... this aspect of FEE-HELP has the important potential to jeopardise the access of those who expect to receive relatively low future incomes. While this does not necessarily mean that relatively poor students at the point of entry will be
adversely affected, this aspect of the 2005 reforms seems to be very regressive when viewed in a lifetime context.

Members of parliament might recall a famous interview of the Minister for Education, Science and Training with Jon Faine the day after Professor Chapman released the results of this work at a conference. The transcript of the interview on 4 August 2004 says:

**Faine:** The man responsible for introducing student loans says the way the system is evolving and where you are taking it is only going to help rich students, students from rich families, is he right?

He is referring to Professor Bruce Chapman. The interview continues:

**Nelson:** Well in fact Professor Chapman is right, but the interpretation of what he is saying is in fact a little bit incorrect. Professor Chapman is one of the people who designed the HECS program and what he is referring to in this context Jon are the full fee paying students, these are the Australian students.

To a subsequent question, Dr Nelson concedes:

Well in fact we have got 784 courses in Australia unis which charge or offer full fee paying places to Australians, we have got about 16 of those courses that have fees of around $100,000 or more, needless to say veterinary science, dentistry and so on.

**Faine:** Medicine?

**Nelson:** Well Medicine not yet, but that’s coming in, and we know that Notre Dame will be about $125,000 and we have heard that Melbourne will be about $200,000.

**Faine:** Now there is no way that an ordinary Australian family can afford to put a kid through one of those courses is there?

**Nelson:** Well in fact you are right ...

So here is Nelson accepting fully the criticism that Professor Chapman has levelled at his university funding arrangements in relation to full fee paying students. Faine goes on:

Well let’s look at some of the fundamental principles Dr Nelson. Did you come from a rich family?

**Nelson:** Arr, no I certainly didn’t.

**Faine:** You got a medical degree?

**Nelson:** Yes, I did medicine at a time when there was no HECS, there were no full fee paying places for Australians, there was nothing like that.

**Faine:** Well don’t you think it’s fair that anyone from any family no matter what their capacity to pay but just on their sheer ability should have an equal chance?

**Nelson:** Well the situation in theory, you are right. It goes on. The minister says:

Well the situation we have got at the moment is that for those students, let’s ... take law at Melbourne Uni, the cut off is 99.4. Let’s say you get 99.3, you miss out on a HECS place, whether you are rich or poor the university will offer you a full fee paying place, at the moment, until our reforms start next year, if you are poor, you are just as likely to say ‘I can’t afford it, love to do it’. So instead you take up a HECS place in a uni you don’t want to be at.

**Faine:** And someone else who can just write out a cheque ...

**Nelson:** Exactly!

**Faine:** ... because Daddy has got the money in the bank ...

**Nelson:** Exactly!

**Faine:** ... buys that place and that is not fair.

**Nelson:** You are absolutely right Jon.

It is not fair—and he was saying that it is not fair that FEE-HELP is capped at $50,000. The minister said he would go back to cabinet and say to them: ‘This is not fair. Jon Faine’s right. Bruce Chapman’s right.’ And what did cabinet do? They said: ‘Well, tough. We don’t care if it’s fair or not; that cap is going to stay in place. FEE-HELP will stay in place. The big increase in full fee paying students will stay in place.’
The consequence is that wealthy Australians will now be able to jump the queue ahead of better-performing, poorer Australian students, pay full fees and knock the poorer Australian students out of a university place. We know that is unfair; we know that is a disgrace, and yet that is exactly what this government is doing. It is increasing university fees to a level where even middle-income Australians are finding it unattractive to go to university. Now it is allowing queue jumping, which will occur because cash-starved universities will have no choice but to increase—up to 35 per cent—the proportion of full fee paying students. So all of those reforms of previous Labor governments are being gutted for a much more unfair Australia.

Mr BRENDAN O’CONNOR (Gorton) (11.09 a.m.)—It reminds me of the old Redgum song. Of course, the Redgum singer and former candidate for Mayo, in a song, once said: ‘Daddy bought me a Mercedes Benz and he bought me a law degree.’ When I first heard that, about 20 years ago, I always thought it was a little bit of hyperbole to underline the inequities in the education system. However, after hearing the contributions by the member for Rankin and the shadow minister for education this morning, I think those words are becoming truer by the day. I think that is the fundamental problem with the government’s policies: the way in which it wants to privatise the education system and make it more difficult for people from low socioeconomic backgrounds to have a chance.

I am very mindful and conscious of the importance of good education policy. I will just turn to the personal for a moment. I am very well aware that it is unlikely that I would be standing here in this place if it were not for the opportunities afforded to me—and others, but certainly to me—at the time when I was finishing high school by the policies that were enacted in the early seventies and maintained for some of that period and through the eighties. Whilst there have been changes, of course, since the introduction of those policies by the Labor governments of the early seventies, that opening of access to people from low socioeconomic backgrounds improved my chance. There is no doubt of that.

Happily, I was lucky enough to be raised in a family which appreciated learning. They explained to me that, if you entered a room, you did not have to be wealthy and it did not matter who was in the room: if you had knowledge, you could always hold your head up; you could always be anyone’s equal. My parents predominantly worked in factories. Therefore, they were not perhaps in a position to avail themselves of the education that they would have liked, but I, along with my siblings, was fortunate to be able to access higher education.

Therefore it is very worrying indeed to see the continued trend away from that capacity for families who do not have the financial wherewithal to buy degrees for their children—to see them say to their kids that it really is going to be a tough ask to get into postsecondary education—as we see the government reduce the overall funding per capita for university places and, at the same time, expect huge fees for many to enter our institutions.

I understand that the Higher Education Legislation Amendment (2005 Measures No. 1) Bill 2005 is the fourth effort by the minister to fix up the errors of his ways and the deficiencies of previous acts, and indeed the opposition support the substantive provisions of this bill. However, we make the point, as the shadow minister for education and Deputy Leader of the Opposition did earlier, that we are not happy with the direction which this government is taking in higher educa-
We are not happy that there is an increasing proportion of Australian undergraduate students who are able to pay full fees and gain entry ahead of better-qualified students. We are certainly not happy to see an overall decline in the number of full places and we are not happy that HECS fees continue to rise. All of these matters remove higher education as an option for many young Australians.

The problems in my electorate worry me. Gorton is a new seat that takes in parts of many seats in the western suburbs of Melbourne. Gorton has many people from low socioeconomic backgrounds, and there are fewer opportunities in the electorate. It is a fantastic, culturally rich and ethnically diverse area of Melbourne but it has not been provided with equal access to education services. Victoria University is in my electorate. It is one of only five universities that undertake both higher education and technical and further education, but the university is not looked upon favourably by this government. The university struggles for sufficient funds, which compounds the problems of an area where people are not as well off as others in our society.

Let me compare Gorton with Bennelong. A 10-year-old in Bennelong would be three times more likely to be online than a 10-year-old in Gorton. A citizen of Bennelong is four times more likely to be a postgraduate than a citizen in Gorton. Although these inequities may have always existed, they are now being widened deliberately by this government. It is incumbent upon the government to assist those who do not have the same opportunity as others.

I am very disappointed that the government has not turned its mind to these concerns. The Minister for Education, Science and Training likes to get up in question time and spout as many numbers as he possibly can, and he counts as many matchsticks as he can see on the floor. Whatever his tricks, he depicts an opposition that does not concern itself with people from the lower socioeconomic areas of our society. He likes to make out that he is the champion of people who want to get into TAFE or into the trades. He also likes to make out that he is a champion of those people who cannot get into university. His argument goes that they should not contribute to an education system that would improve the capacity for people to enter these institutions. That is a false argument. Working-class families would love to see a system that would provide their children and their friends’ children with opportunities to enter higher education institutions.

The minister has now returned to the chamber. He misleads the community, deliberately in my view, when he suggests that this is all about taking money from those people who would not get into university and that therefore it is a bad thing. Most people would rather see a system that allows people to enter our higher education system based on merit, not on money. That is effectively what most people in our community would like to see. Intrinsically a system based on merit would be better for all in this country. The minister plays the politics of envy. My own experience, from talking to the people in my electorate, is that they would like a system that enables people to enter university based on their capacity rather than on their bank balance.

Last week the electorate of Gorton was fortunate to have a rare visit from the Minister for Vocational and Technical Education. He arrived last week to consult with the community on the proposed Australian technical colleges. One is proposed for Sunshine, a suburb I share with the member for Maribyrnong. I was not notified of his attendance in my electorate, but when I discovered that he was coming along I attended the
seminar. The minister gave very little detail. I do not necessarily agree with how the government is going about setting up these ATCs, and I am not sure that it was not just a quick-fix, drawn up during the election campaign to try to establish some credentials in the area of TAFE and to attempt to illustrate that the government was responding to skills shortages in our community.

If there is taxpayers’ money to be spent in my electorate that may allow up to 300 places for young people at a technical college then I would like to see it spent properly, and I would hope that those trade qualifications could indeed be used. But, from listening to what the minister said last week in relation to the proposal for an Australian technical college to be located in Sunshine, very little information was provided. It was as if the government really did not have any idea about ATCs. The minister put the argument at that meeting: ‘Look, we have a very open mind about what they should be about. You tell us what you think they should be about, and we will think about it.’ When he was asked specific questions about the ATC—about funding, when the college might open, where the college might be located, whether it would be an establishment with bricks and mortar or, indeed, what partners would be involved—he could not answer any of them adequately. This underlined the view around the place that this was a quick-fix notion thought up on the run during an election campaign to placate people who had a view that the government was deficient in dealing with the skills shortage in our society.

I am concerned. I think I treated the minister with the respect he deserved. I spoke with him. I was not there to confront the minister but more to find out what was being determined. But I will be watching very closely to see whether, in fact, this proposed ATC will assist young people in my electorate. There are thousands of young people deprived of opportunities not only in higher education but in TAFE, and I would like to see the opportunity for more young people in my electorate to be given access to those forms of education and training. But I am very unsatisfied by the answers I have received to date.

The government has to come to grips with what its proposal is in relation to ATCs. I looked at the brochure that was provided—the propaganda piece that was put out. It was a nice, shiny brochure. It seemed to spend more time talking about Australian workplace agreements than what opportunities there could be for young people in my electorate. I did ask why there was an expressed reference to AWAs when we know that the Workplace Relations Act provides the capacity for any employee under the federal system to be placed under certified agreements, whether they be collective or individual. But there was only an expressed reference to AWAs which, again, highlights the fact that, when it comes to public policy in this place, the government is so fixated on its industrial relations agenda that it ties everything to IR. In other words, an ATC will be established in Sunshine provided that employees at the college will be under AWAs, notwithstanding the fact that the government’s own act allows for employees to choose, along with their employer, what industrial instrument will govern their employment arrangements.

We have seen this before in other education bills brought to this place by the minister, where he has tied the IR agenda of the government to funding of universities. In this case it is tied to funding of a proposed ATC. It worries me that this government is so ideologically predisposed to dismantling collectivism and the opportunity for employees to bargain collectively that it expressly refers only to Australian workplace agreements in a proposal about ATCs. It is a very worrying...
trend that this government is so fixated on smashing the right of employees, whether they be teachers or other occupational groups, to collectively bargain that it focuses its energy on that, instead of focusing on the actual education and training of students.

If taxpayers’ money is being spent to fix up some of the deficiencies in my electorate, if it is going to assist young people in my electorate, I will certainly work with the government on that, whether or not I agree fundamentally with the way in which it is being done. But I have to know whether or not the government is fair dinkum about caring for those kids because, if you look at the electorate of Gorton and other similar electorates, I do not think we get our fair share at all.

We have realised in this place since the election that this government focuses on marginal seats to the point of obsession—we also saw that in its last term and in its term before that. You may say, ‘That is nothing new in politics.’ I accept that it is not new in politics, but it now seems to have reached the level where if you are not in a marginal seat you can forget it. That would not bother me so much if I were the member for Bennelong or the member for Bradfield—Bradfield being the seat occupied by the minister for education. But I am the member for Gorton, and my seat may not be marginal but it is marginalised. If you look at almost any indicators, you will see that my constituents in Gorton are worse off than many other urban electorates in Melbourne, Sydney, Brisbane and the like. If you look at the sociodemographic indicators, you will see that my constituents are not as well off as many others, either on the North Shore of Sydney or in the leafier suburbs of Melbourne. That is just a reality.

Surely one of the government’s objectives is to rectify inequities. But what I see instead is a government pandering to the marginal seats and not to the marginalised in relation to providing services, whether they be educational, health or other services required by the community. What I see is a government compounding the inequities by allocating money on an entirely improper basis. It would seem that this government is allocating money purely for electoral purposes. I hope the government takes heed of the amendment moved by the opposition. I hope the minister, who is in the chamber now, takes heed of some of the comments I have made. I hope the government realises that one of its main purposes is to remove inequities and assist people who need assistance, not to pander to those people who are doing okay. I hope the minister and indeed the government take heed of that.

Dr NELSON (Bradfield—Minister for Education, Science and Training) (11.29 a.m.)—On the topic of universities, I think we should welcome to Canberra the graduates of the university of life—the university of all walks of life—from the Ulysses motorcycle club, which is having its annual convention here in Canberra. I know, Mr Deputy Speaker, that you share my passionate enthusiasm for motorcycling. I declare myself to be a junior member of the Ulysses Club, and a very proud one.

Mr Fitzgibbon—Soon to be senior.

Dr NELSON—I have four years to go before I reach full membership. One of my most able staff, Adam, who is sitting over there, is a Honda 750VFR rider. At the moment I am trying to delicately negotiate with my wife the acquisition of a Triumph Speedmaster, so if you see something unpleasant happen to me, it probably has something to do with domestic negotiations.

Thank you to everyone who spoke on the Higher Education Legislation Amendment (2005 Measures No. 1) Bill 2005. While I do
not necessarily agree with all the comments that were made—in fact some of them were quite inaccurate—I do appreciate the input into this debate. There are a couple of things I want to address specifically. Again I say to the Deputy Leader of the Opposition that personal criticism is an easy displacement and a cloak for ignorance of policy. Almost every time the deputy leader rises to speak, at least half of whatever is said is generally some sort of criticism of a personal nature directed at me. As I have said previously, I do not intend to engage in any of that or contribute to it.

The Oceania University of Medicine is not an Australian university. If you happen to bump into somebody who has a degree from this particular university—and I say this as a medical graduate—then I would advise you not to entrust your health care to him or her. Oceania University of Medicine Educational Services Australia Pty Ltd is a registered Australian company that is affiliated with the Samoan based Oceania University of Medicine. However it has no authority to deliver awards in Australia or to use the title of university in Australia—it cannot do that without the approval of the Victorian government. In fact OUM was advised that it cannot operate in Victoria without approval under the Victorian government’s Tertiary Education Act 1993, which enacts the national protocols in Victoria. It requires government authorisation before a body can deliver higher education in that state. In fact it cannot operate in any state without approval from that jurisdiction. In 2002 I referred the status of this particular body to the New South Wales Department of Education and Training because a New South Wales administrative centre for the Oceania University of Medicine was mentioned in advertising. The New South Wales administrative centre was subsequently closed. Whilst, obviously, I share the concerns in relation to the credentials of this particular institution, the reality is that the Victorian government basically has to close it down. I have no doubt that the Premier, Steve Bracks, and the minister, Lynne Kosky, are just as determined as any of us to close it down.

The other issue raised is the issue of so-called official hospitality by my department. In fact my mother, who lives in Adelaide, rang me a few weeks ago and said, ‘I hear the Labor Party on the radio saying that you’ve got some sort of hospitality.’ I said, ‘Actually I am in the process of finding out what that is all about.’ Over the three-year period, my department and I, as the minister, have administered $50 billion—that is, 50 thousands of millions of dollars. Of that, $600,000 has been identified by the department as being spent on official hospitality. I asked the department to give me a breakdown in terms of what this means—and keep in mind that this is $600,000 to administer $50 billion; it is 0.0000126 per cent of all administered expenditure.

The money includes, for example, $163,000 spent on the Prime Minister’s science prizes. That is an event held in the Great Hall in Canberra, enthusiastically attended by many Labor members of parliament, including Senator Kim Carr. When we had this event last year I made a specific effort to invite Senator Carr onto the stage—he interrupted his entree to come onto the stage and speak to the audience, which was very good, because I do not think he actually endeared them to Labor’s policies. That is a $70,000 event for 600 of the leading scientists from across the country—from all parts of Australia. They come to the nation’s capital annually to see the Prime Minister award the most prestigious award for science in the country, the two junior science awards and the award which I initiated—which is $50,000 each for the most outstanding primary school science teacher and the most
outstanding secondary school science teacher. So that event accounts for $163,000.

Recently in the Australian newspaper I set out the vision for school education for this country, which principally lies in the quality of leadership and the quality of teaching in our schools. The Deputy Leader of the Opposition then said some very negative things about an apprenticeship report. In other words the myopic vision of the Labor Party is such that it cannot look beyond today to think about and provide inspiration for the kind of future we might want 20 years hence.

In part, the Deputy Leader of the Opposition said that in order to get more young people interested in science we should give more support to Questacon. Questacon is a science facility specifically intended to engage young people and to encourage their enthusiasm and natural curiosity for science. We have just invested another $11.4 million in Questacon and in the $600,000 my department spent on corporate hospitality there is $100,000 for Questacon. That covers the sausage rolls, the snakes, the jelly beans, the cordials and all of those things that the kids actually have when they come in to be entertained. Anyone who has ever had anything to do with children knows that if you have them for more than five minutes you need to make sure that they are fed. There are exhibition launches and programs, and we have also funded, for example, 80 teacher professional development sessions attended by 1,300 teachers where they have been given sandwiches and orange juice. In addition to that, we have the Prime Minister’s Science, Engineering and Innovation Council. The cost of bringing people to Canberra and running that particular forum is $35,000.

Then we have international delegations. I would like the Deputy Leader of the Opposition to go out and tell the Australian public that the opposition resent us entertaining the Danish Minister of Education. I would be very interested to see whether the Leader of the Opposition raises that with Princess Mary and her husband later this afternoon. What do these opposition people think we should be doing? Do they think we should have the Chinese delegation from the Department of Vocational and Adult Education and the Ministry of Education come here and then say to them, ‘You’ve got to pick up your own tab in the staff kiosk’? That is what the opposition are criticising. And on it goes— the Mexicans, the Chileans. In fact, one of the key priorities of the government is to extend our international education focus into South America. The attitude of the opposition is absurd.

Just for the record, I have no ministerial credit card. I am not into the trappings of the job—in fact, I never have been. As members of the Canberra gallery will tell you, occasionally they may have been interested—I would not say excited—to receive a dinner invitation from me and then turn up to find that it is a sandwich and an orange juice under the watchful eye of Neville Bonner in my office. As readers of the Australian would know, I have comfortable but modest accommodation in Canberra. My wife constantly chastises me for being a committed K-Mart shopper, which relates, in part, to the savings program for the bike. As Maxine McKew will also attest, I do not do lunch for her Lunch with Maxine McKew. But it is important that all of the above be on the record, because the average worker would think, ‘Where has $600,000 all gone?’ That is where it has gone.

Specifically, in relation to the legislation, one thing in particular that I should point out to the member for Rankin is that it is Gillian Beer, not Julia Beer, and Professor Bruce Chapman who have done the research. The research looked at the effect of the 25 per cent increase in HECS coupled to the in-
crease in the threshold where repayments by university graduates start to kick in—in other words, at the new situation where the graduates’ interest-free loans are paid back for their 25 per cent share of the cost of their university education but, because we have increased the repayment threshold, instead of their payments being taken out with their tax at $24,365 they are only taken out when their income reaches $36,100, indexed in line with wage movements. Professor Chapman found—and he supported the increase in HECS, by the way—that, for low-income women who do not have children, the real cost of HECS has actually dropped from $12,000 to $4,100. On the day after International Women’s Day, I say to the feminists of the Labor Party: that should be something to be celebrated. But it gets even better. For low-income women who have children, the real cost of HECS has declined from $10,000 to $1,400.

For other groups—for middle-income earners, people who might be graduating, for example, with IT degrees—the real increase is about nine per cent, and it is 18 per cent for the remainder. In fact this year there are 180,000 Australians who owe the taxpayer HECS repayments for the 25 per cent of their university education that recipients pay for and who will pay no HECS at all because the repayment threshold has gone up to $36,000. That is $100 million the taxpayer will not be getting back into his or her bank account this year because the government has chosen to make HECS even more attractive.

There are a few points in the legislation that need reiteration. The legislation is necessary to update appropriation amounts in the Higher Education Support Act 2003 for the years 2004-08 to provide for commitments made during the election. In other words, this is yet another example of the government delivering on its election commitments. This bill provides for 100 new radiation therapy places as part of the government’s Strengthening Cancer Care package. $2 million in infrastructure funding for improved information technology at Charles Darwin University and $12 million in infrastructure funding for a new veterinary science and agriculture school at James Cook University. In that regard I pay a special tribute to the member for Herbert and the member for Leichhardt, who worked tirelessly as advocates for the university, recognising the importance of the university and these initiatives to the economic and social development of the region. When the history of Far North Queensland is written further into this century, there will be a very special and prominent place accorded to the members for Herbert and Leichhardt for the contributions they have made. This would not have happened without the members for Herbert and Leichhardt working constructively not only with me but also with my department and the university leadership under Professor Bernard Moulden, which has been outstanding, to deliver more opportunities and a stronger educational future for Far North Queensland.

The bill also contains funding for 40 additional aged care nursing places—which, by the way, provides more than 4,000 extra nursing places that have been delivered with higher education reform—and 12 more medical places at James Cook University, announced in last year’s budget. The bill provides $16½ million in increased national institute funding for the Australian National University and a transfer of funds related to the establishment of the Australian Maritime College’s Point Nepean Campus, for which, again, I pay tribute to the member for Flinders.

The Australian government is also taking this opportunity to make a number of technical amendments to enhance the legislation’s effective implementation and to give certainty to higher education providers. These
include enabling table B higher education providers to apply for capital infrastructure funding. It is interesting that, in the course of the debate, the Deputy Leader of the Opposition said that basically the Labor Party would support this but ‘we are not sure what it means’. It is the same old story. They say, ‘We’re going to support it, but we’re basically going to do everything we possibly can to white-ant it at the same time.’ I ought to remind the Deputy Leader of the Opposition that the present Leader of the Opposition, the member for Brand, wrote to my predecessor, Dr David Kemp, on 30 June 1998 saying, ‘I have consulted Mr Latham—who was then the shadow minister for education—on the proposal to include Notre Dame on the schedule of the Higher Education Funding Act. This means that one of Australia’s two pre-eminent Catholic universities can get access to capital development funds, which it should.’

This bill will clarify the way the tuition assurance requirements interact with certain provisions in the act, adjust the Higher Education Funding Act 1988 to make it consistent with the new act in the administration of student assistance and amend the Maritime College Act 1978 to ensure that the Australian Maritime College complies with national governance protocols. The table B provision, as I am sure members on the other side know, has been supported by some very prominent opposition figures, including the now Leader of the Opposition. The University of Notre Dame was granted funds under the capital development pool for payment in 2006, and this would provide $2 million in funding for its medical school in 2006—an initiative strongly supported by this government. We believe in Catholic education in secondary schools, and we believe in it in higher education. The University of Notre Dame is now listed as a table B provider under the Higher Education Support Act 2003, and I urge members to support the bill to ensure that these benefits can be delivered smoothly and in the most efficient way possible.

The DEPUTY SPEAKER (Mr Lindsay)—The original question was that this bill be now read a second time. To this the honourable the Deputy Leader of the Opposition has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The immediate question is that the words proposed to be omitted stand part of the question.

Question agreed to.
Original question agreed to.
Bill read a second time.
Message from the Governor-General recommending appropriation announced.

Third Reading
Dr NELSON (Bradfield—Minister for Education, Science and Training) (11.46 a.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.
Bill read a third time.

TRADE PRACTICES LEGISLATION AMENDMENT BILL (No. 1) 2005 Second Reading
Debate resumed from 17 February, on motion by Mr Pearce:

That this bill be now read a second time.

Mr FITZGIBBON (Hunter) (11.47 a.m.)—The Trade Practices Legislation Amendment Bill (No. 1) 2005 represents the government’s response to the Dawson review of the Trade Practices Act. The Dawson inquiry represents the delivery of a promise the Prime Minister made to the business community in the lead-up to the 2001 election. In the press release the Treasurer issued to announce the inquiry on 9 May 2002, he cited a need for a public debate about various provi-
visions of the Trade Practices Act, particularly the mergers regime, the misuse of market power provisions and the authorisation processes. The Treasurer said the terms of reference would:

... enable the Inquiry to consider whether the Act provides sufficient recognition for globalisation factors and the ability of Australian companies to compete globally. At the same time, the review will consider whether the Act is sufficiently flexible to respond to the transitional needs of certain industries, and specifically those in rural and regional Australia. The review will also consider whether the Act provides an appropriate balance of power between small and large businesses.

The first part of the statement is code for making mergers easier for bigger businesses in this country. The last part of the statement has, I have to say, been totally ignored in this bill. Indeed, of the 12 initiatives in the bill, I cannot see one which offers any specific benefit to rural and regional Australia, and there is only one that offers some small benefit to the small business community. I refer of course to the more streamlined approach to the collective bargaining provisions of the Trade Practices Act.

The bill contains three highly controversial measures. The first is the relaxation of the merger laws within the Trade Practices Act, the second is the relaxation of third-line forcing laws within the Trade Practices Act and the third is improved access for small business to immunity for collective arrangements. As I indicated earlier, the first two initiatives are clearly a response to the lobbying of Australia’s larger businesses. The third should not be controversial. It is an initiative Labor support, and it is an initiative we supported when this bill was last in this place. It is an initiative the small business community has fought solidly for for a number of years and an initiative we were prepared to vote for—and did vote for and support—last time this bill was in this place.

Why is this bill in this place again? It is here again because it did not make passage through the Senate before the parliament was prorogued for the 2004 election, and so it is necessary to debate it in this place again. There is one minor change in the bill as it is presented to the House today—one minor difference between this bill and the bill we debated in this place late last year. I refer to subsection 93AB(9), which seeks to exclude a trade union, an officer of a trade union or a person acting on the direction of a trade union from lodging a collective bargaining notice.

At this point, I should clarify what such a notice is all about. Small firms have been able to seek authorisation for collective behaviour which is ordinarily contrary to the Trade Practices Act. They have been able to seek authorisation for that sort of collective action for many years—in fact since the inception of Labor’s Trade Practices Act in 1974, I think. This proposal will make that process much easier for small firms. The authorisation process can be costly, time consuming and, indeed, cumbersome in terms of the paperwork involved. The notice will make it easier for small business. They will simply notify the ACCC, as is available under various parts of the Trade Practices Act, of their collective action and, if the ACCC raises no objection within 14 days, then they are able to happily go along with the bargain as struck. That is a much easier opportunity for small firms and, as I said, Labor supported it.

But no-one could ever present in this place any justifiable logic to say that, for some reason, one section of our society is unable to act as an agent for those parties. There is absolutely no justification whatsoever for that. The government could not possibly argue that this in some way improves the efficacy of the bill that is before us. The provision is discriminatory and offensive and
it offends principles of freedom of association. On that basis, Labor will seek to have that provision excluded when this bill reaches the other place.

The key promoters of the new system, as I said, have been arguing the case for notification for some years—groups like the MTAA, various farming organisations and a range of other organisations that represent small business. They include farmers and motor vehicle dealers. Indeed, they include publicans and newsagents. There are innumerable examples. I could go on and on. They include cabbies, important members of our society. Less obvious are the owner-drivers, represented by the Transport Workers Union of Australia. There are those who are self-employed but work on construction sites— independent contractors represented by the CFMEU. There are chicken growers, represented by the Australian Workers Union. Why should these self-employed people not have a union as their bargaining agent in the same way as motor dealers and publicans have either the MTAA or the AHA to act on their behalf? There is no logic. This is just another wedge and another example of the government’s determination to destroy the trade union movement in this country at every opportunity. Labor will not be supporting the provision and, as I foreshadowed, will be opposing it in the Senate.

I said that the authorisation process has been around for a long time, and it has. The union movement has often been a party to that process. In some cases, the union movement has been successful; in other cases it has not. Why? Because the ACCC has always been the gatekeeper. If the ACCC decides that an arrangement which has been developed by a union is outside the public interest—if it does not meet the spirit of the act—it denies it. The most well known example of that having occurred is the ACT concreters case. The ACCC refused a case developed by the TWU because it was not prepared to accept that there was a net public benefit. But there have been many instances in which the ACCC has approved authorisations which involved the trade union movement. In the cartage and road transport industry alone, the ACCC approved 18 authorisations between 1979 and 1984.

This is a stunt. The government will have two choices in the Senate. It can allow the deletion of the clause and allow the bill’s passage. It can take out the stunt—the stunt that did not exist in the first bill—and we will be happy to allow passage of this very important small business initiative through the Senate. Or the government can allow the bill to fail. It can deny small business this very important initiative because of its own ideological stubbornness. It is a pretty easy choice. The provision was not necessary in the first bill and it is not necessary in the current bill. If this bill struggles through the Senate and small business is denied the opportunity to seek notification for collective arrangements, the blame will fall clearly at the feet of the Howard government. At this stage, 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:

(1) Constraining the economy’s productive capacity by failing to build on Labor’s competition reforms;
(2) Its failure to adopt all the recommendations of the Report of the Senate Inquiry into the effectiveness of the Trade Practices Act 1974 in protecting small business;
(3) Its failure to promptly introduce appropriate criminal sanctions for cartel-type behaviour;
(4) Limiting the ability of small businesses to make their own choices in relation to appointing agents in collective bargaining negotiations; and
endangering small business collective bargaining reforms by including them in the same bill as the highly contentious changes to the merger approval regime and third line forcing laws”.

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

Mr Burke—I second the amendment and reserve my right to speak.

Mr FITZGIBBON—In 1983, the Hawke government inherited a broken economy. Years of lazy administration and economic mismanagement had left our nation lethargic and uncompetitive. Hawke and Keating set about rebuilding that economy. They opened the economy up. They floated the dollar, vastly improved our terms of trade and bolstered our export performance. They broke the back of inflation, put the budget back in order and reduced revenue as a share of GDP. They changed the factor share between wages and profits and began the move away from broad wage adjustments towards enterprise bargaining. They bolstered national savings by extending superannuation to all Australians. And, following the challenges of the worldwide recession of the early 1990s, they began a growth phase which continues unbroken today and on the basis of which the Howard government and the Australian community enjoy a significant benefit.

Most of the big macroeconomic reforms of Hawke and Keating were supported by the opposition of the day, and I am happy to acknowledge that. So, too, were Labor’s microeconomic reforms supported—through an agenda which, along with a range of reforms on the macro front, took Australia’s productivity from 1.2 per cent in the decade ending 1985 to 3.2 per cent in the decade ending 1998. Unfortunately, productivity under this government has now gone into reverse. One of the many reasons it has gone into reverse is the Howard government’s failure to further advance Labor’s competition reform agenda.

There has been much debate recently off the back of the Reserve Bank governor’s statements and comments from the IMF and the OECD about capacity constraints in the Australian economy. The training, tariff, competition and industrial reforms of the nineties allowed the Australian economy to operate at greater levels of resource utilisation. In other words, they bolstered our productive capacity and improved our productivity. The Howard government has dropped the ball on skills and is about to push the envelope too far on industrial reform, potentially returning the country to the bad old days of industrial disharmony.

On the competition front, this bill demonstrates again that the government not only is unwilling to pursue further reforms but also wants to send the reform agenda into reverse. This brings me to schedule 1 of the bill currently before the House. The schedule proposes to change the way in which we deal with mergers in this country. Make no mistake about it: the challenges being advanced in this schedule are a result of some very heavy lobbying from Australia’s largest businesses and their peak body organisation. There is nothing wrong per se in that. The opposition are always willing to look at, study and, if appropriate, support sensible reforms which are designed to improve our international competitiveness. But we will put each proposal to the test to determine whether they are about justifiable reform or whether they simply seek to provide unjustifiable advantage to just a few.

On mergers, we always start our consideration from a point of cynicism and suspicion. We do so because the Prime Minister certainly has some form in this regard. His form goes right back to 1977 when in this place he was Minister for Business and Consumer Affairs. Many will recall that in 1977 the minister of the day proposed and secured some very significant changes to the Trade
Practices Act. In fact, it was the most significant change to section 50, the merger provisions, in the history of the act. At the beckoning of large business, he changed the test under section 50 from the then ‘substantial lessening of competition’ test to what is known as the ‘dominance’ test, which, by definition, made mergers much easier to secure. Big business, of course, was very happy with that. Let me share with you all what the now Prime Minister had to say to the House when promoting these changes. He said:

There should be no unnecessary impediment, legislative or administrative, to the attainment of rationalisation of Australian industry. It is in Australia’s best interest to achieve economies of scale and improve international competitiveness.

That was John Howard in 1977. In that year John Howard produced the most relaxed merger laws in the Western world. Thankfully, Labor, when it was in power later, had the good sense to reverse the system back to the far more sensible, justifiable and appropriate ‘substantial lessening of competition’ test. The Prime Minister’s now discredited view—that a small economy like Australia’s is only capable of having just a couple of efficient producers—was always wrong. It has now been discredited by a range of economic bodies and, in particular, by the well-known academic Michael Porter, who is the author of the seminal book *The Competitive Advantage of Nations*. Mr Porter makes the point:

A strong anti-trust policy – especially for horizontal mergers, alliances and collusive behavior is fundamental to innovation. While it is fashionable—

I remind the House that he is writing back in 1990—

today to call for mergers and alliances in the name of globalisation and the creation of national champions, these often undermine the creation of competitive advantage.

So Porter makes the point that what really makes us competitive in a global market is our internal competitiveness—the innovation, enthusiasm and competition that flows from that competitive world.

I remind the House of the aforementioned words of the Prime Minister in 1977: he said there should be no administrative barriers to the rationalisation of our industry or, in other words, big mergers in this country. The bill before the House today is a manifestation of that view—a view the Prime Minister obviously still holds. He has not read Michael Porter’s book. He has not yet worked out that the world has changed somewhat since 1977, but that should be of no surprise to any of us. This bill is a manifestation of the Prime Minister’s view because it removes the administrative hurdle that he talked about in 1977. It is going back to the future. His proposition today is to remove the ACCC from the process—to totally cut the ACCC out of the consideration of mergers in this country.

There is another proposition, which we are happy to support. The Prime Minister and his Treasurer are also suggesting that we should have a formal clearance process for mergers in this country. The opposition supports that. We acknowledge that the informal clearance system led to uncertainty, was not transparent, was often time consuming, offered no real guidelines for future applicants and was in need of reform. When the government presents sensible reform we are always happy to support it. But we are not prepared to support, at the authorisation level, the total exclusion of the ACCC from the process. It is the expert economic body. It is the body with experience in this regard. The ACCC—not some judicial body—is the fiercely independent body best placed to make these determinations.

Of course applicants have, and should continue to have, recourse to the Australian
Competition Tribunal. But what is the merit in cutting the ACCC out of the process? Why would we not be concerned about business being provided the opportunity to go straight to the Australian Competition Tribunal when this current Treasurer, in his time in the position, has been able to appoint or reappoint all 10 of those who sit on the Australian Competition Tribunal? We have heard many debates about the make-up of the High Court and the US Supreme Court, and about how governments of the day have the opportunity to stack courts. I am not reflecting on the current members of the Australian Competition Tribunal; I am just expressing the obvious concern that the Treasurer has had enormous influence over the make-up of that particular august body. We think it inappropriate that big players should be able to go directly to that tribunal without first running the gauntlet of the ACCC.

We acknowledge that there are some problems with the current process. When this bill goes to the Senate we will be sending it off to the Senate Economics Legislation Committee to see whether we can further tease out some of those problems. They largely go to time delays. We think there might be a middle way to ensure that time delays are not excessive. We would have the ACCC in the process but find a way of ensuring greater certainty and putting a time limit on the process. These are the sorts of matters we will investigate by way of the Senate committee. Of course we will give the ACCC Chairman, Graeme Samuel, and his staff the opportunity to come along and tell honourable senators what they think about the idea of being cut out of the process. This is an important role that they have played pretty much since the instigation of the act back in 1977.

So the government can be forewarned that it is our intention to send schedule 1 of the bill to a Senate committee for a very short inquiry. It is my hope that we only have one or two witnesses. We certainly want the Australian Competition and Consumer Commission. The Business Council of Australia might like to come along and share its view. I get the strong feeling that the government has gone further on this issue than the business community asked it to, because of the Prime Minister’s ideological obsession with this area and the views he has held since 1977, if not before.

Turning to schedule 7 of the bill, the opposition is not at all comfortable with the relaxation of Australia’s third line forcing laws. Like price-fixing, retail price maintenance and a range of other prohibitive acts under part V, third line forcing has always been prohibitive per se. In other words, it is so anticompetitive an action that it is almost impossible to conceive that there could be a net public benefit. It is so anticompetitive that it is certainly very difficult to show that it is a good thing to do. Notwithstanding that, business has always had the opportunity to notify the ACCC of such conduct. If the ACCC raises no objection then the business concerned is able to continue with practice which is ordinarily considered a breach of the Trade Practices Act.

The good thing about that system is that if at any time after an application the ACCC decides, on reflection and having watched the operation, that the arrangement is producing no net public benefit then it has been able to revoke the approval. In revoking the approval it has not had to show that it has somehow led to a substantial lessening of competition. It only needs to say: ‘It’s a breach of the act. We’re not going to let you breach the act any longer.’ So making its case is very easy. On such anticompetitive activity we should want the ACCC to be able to do so easily—that is very desirable. What is the government proposing? It is proposing something much different. From now on the
government just wants the business or the businesses involved to continue on their merry way. The government will be expecting the ACCC to watch this activity. There may be hundreds of thousands of them taking place at any one point in time across this economy. The ACCC will sit back and watch. If it is concerned that there is a problem, it must then move to prove that it has led to a substantial lessening of competition. That is not always going to be easy.

So there is reversal of the onus of proof, and the bar for the ACCC has been significantly raised. We are not comfortable with it. We do not think it is necessary. We do accept that there are some anomalies under the current system, particularly with closely related parties. On that basis we think we can move some amendments in the Senate which will allow the proposition to still deal with those anomalies but provide special safety for consumers. We are developing those ideas. Again, I foreshadow to the government our intention of dealing with those issues in the Senate.

I started my contribution on schedules 1 and 7 by talking about the broader economy, the state it is now in, the government’s role in getting it into that state, the role the government’s failure to further pursue competition policy has played in the debacle that we now find ourselves in, and the consequential rises in interest rates. I was somewhat interested to read an article produced by Saul Eslake, the Chief Economist at the ANZ Bank, earlier in the week. He made the obvious point that interest rates are going up because demand is outstripping supply. We have heard debate in this place about the supply constraints, not least being skills and infrastructure, particularly rail and port infrastructure in this country. Saul Eslake points out that one of the reasons demand is outstripping supply is government expenditure in the economy. He makes the point that government’s own purpose outlays over the course of 2004 rose on average by 10 per cent in real terms.

He also makes the point that this 10 per cent figure has only been surpassed once before—in 1983, when the then Prime Minister, Malcolm Fraser and his Treasurer, John Howard, were trying to buy themselves back into office. This enormous expenditure, pushing domestic demand, has only been surpassed once, and that was effectively by the same guy with his hands on the levers as we speak today. It is an interesting point to make. It goes to the important point we have been making about the government’s spending spree in the lead-up to the 2004 election—the $66 billion that the current Prime Minister still likes to attempt to justify. We make the point again that the money should have been spent on the country’s productive capacity, not on handouts—some justified, some not so justifiable—that only produce an increase in demand in the Australian economy.

I want to make one more point on this. The Minister for Industry, Tourism and Resources has on two days in a row this week organised a dorothy dixer for himself on Australia’s coal ports. He approached the dispatch box in an attempt to shift the blame for these capacity constraints onto the state governments. It is about time that the industry minister and his Treasurer started putting forward some solutions. His contention is that the Dalrymple Bay problem is the state government’s fault. His further contention is that it is the fault of the state government regulator in Queensland. He says that the return they are allowing is not sufficient to encourage investment back into the port. If the industry minister and his Treasurer believe that the regulator should allow the Dalrymple private owners, Prime Investments, to increase their charges, they should say so. If they believe that what it takes to get in-
vestment is to allow them to increase their charges, they should say so. **(Time expired)**

**Mr ROBB (Goldstein) (12.17 p.m.)**—The Trade Practices Legislation Amendment Bill (No. 1) 2005 is a very important piece of legislation. It is a concern that the member for Hunter, whilst giving us a grossly inaccurate lecture on productivity, expressed great concern about productivity and then sought to support the continuation of procedures which in many cases are not transparent, especially with regard to mergers; which are time consuming; and which have seriously frustrated and prevented a lot of sensible business mergers and operations that would significantly enhance productivity performance throughout the economy. It again shows a blind ideology and a misunderstanding of business practice that have driven much of the opposition’s arguments in this area for many years, which have frustrated productivity performance throughout the business sector. This legislation, which has involved a very exhaustive process, gives us an opportunity to see very significant improvements to a whole range of business practice whilst maintaining the very important governance and competition considerations that are inherent in the trade practices legislation.

This government did consider it appropriate to review the operation and administration of the competition provisions of the Trade Practices Act in the light of some very major structural and regulatory changes that have occurred over the last decade. It also honours our 2001 election commitment, announced in Securing Australia’s Prosperity. The overall theme of the Trade Practices Act 1974 is that the competition provisions should protect the competitive process rather than particular competitors. It is a very important principle. The government strongly supports this view of the act. It was also the view put forward by the 2003 review of the competition provisions of the Trade Practices Act, otherwise known as the Dawson review, and underlies its recommendations. This review provides the background to the changes and amendments that we are considering today.

The Dawson review is not the only measure or review that has been undertaken by the government. It is one of a number of reviews. It contradicts quite strongly the proposition put by the member for Hunter in this House in the last few minutes that suggests the government is unwilling to pursue further reforms. In fact, the government has been very active in this regard. There has been a lot of change in the structure and nature of business over the last decade and there has been an urgent need to review trade practices legislation to take account of those changes. There was the 2001 Productivity Commission inquiry into the national access regime examining the operation of part IIIA of the act, the 2003 report of the Senate inquiry into the effectiveness of the Trade Practices Act 1974 in protecting small business and the report of the Australian Competition and Consumer Commission’s investigation into the competitiveness of the petroleum sector in its 6 February 2004: *Assessing shopper docket petrol discounts and acquisitions in the petrol and grocery sectors.*

The government is moving to reintroduce legislation to implement Trade Practices Act reforms arising from the government response to those various reviews, including legislation to implement the government’s response to the Dawson review; a bill to implement the government’s response to the 2003 Senate report; implementation of the 2001 Productivity Commission inquiry into the national access regime and amendments in relation to the criminalisation of serious cartel conduct; and a development of a mandatory horticulture code of conduct that will be prescribed under the acts. That is a serious program of review and amendment. As I said
earlier, it grossly contradicts the statement and assertion by the member for Hunter that the government is unwilling to pursue further reforms. Quite the contrary, we have a raft of very significant and very necessary reforms in front of us.

The Trade Practices Legislation Amendment Bill (No. 1) 2005 implements the government’s response to recommendations arising from the independent review chaired by Sir Daryl Dawson. The Dawson review was, of course, the most comprehensive review of the competition provisions of the Trade Practices Act for over a decade and provided an opportunity for business and other interested parties to participate in a thorough consultation process. To suggest otherwise, as we have just heard, is a nonsense. We saw over a period of eight months the Dawson committee receive and examine 213 submissions and 320 representations from consumers, and it conducted around 50 meetings with 47 interested parties in Australia and 27 additional overseas meetings with international regulators and experts.

The Dawson review confirmed that the competition provisions of the Trade Practices Act have served Australians well. The overall theme is that the competition provisions should protect the competitive process rather than particular competitors. As I said earlier, the government strongly supports this view of the act and has accepted the vast majority of the Dawson review recommendations. The review committee made a total 43 recommendations aimed at improving the operation of the competition and authorisation provisions, as well as the administration, of the act.

This bill forms part of the government’s extensive trade practices package announced early in its last term to benefit Australian consumers and businesses, including important changes to the misuse of market power and unconscionable conduct provisions arising from the 2003 Senate inquiry into the effectiveness of the Trade Practices Act in protecting small business and the criminalisation of cartel behaviour. These latter measures are being developed and consulted on in accordance with the intergovernmental conduct code agreement, and legislation giving effect to these measures will be introduced later this year.

Today I would like to focus my comments on those sections of the bill concerned with mergers and leave other sections to be addressed by my colleagues. However, I would indicate that other colleagues will pursue further the concern raised by the member for Hunter about collective bargaining arrangements and trade unions being unable to notify on behalf of small businesses. I would just like to say in regard to that that the member for Hunter waxed lyrical about alleged attempts to destroy the trade union movement. Again, it is a gross exaggeration and quite contrary to the intent of this provision in the legislation. This provision gives effect to the consideration and conclusions of the Dawson review.

The amending legislation makes it clear that the collective bargaining process allows for third parties to give a collective bargaining notice on behalf of a group of small businesses. This, of course, as the member for Hunter made clear, would be relevant to rural producers who may wish to bargain through the structure provided by a single industry body, and it may be relevant to cooperatives in appropriate circumstances. But there are no limits on how many groups any one agent can act on behalf of and there are no restrictions on agents acting for groups in different industries. The only requirement in the bill is that a collective bargaining notice cannot be given by an agent on behalf of a group if the members of the group could have given the notice on their own behalf.
Trade unions will be unable to notify a collective bargaining arrangement on behalf of small businesses, consistent with the Dawson review recommendations and acknowledged by the Dawson review. It is clear that it is based on the understanding within the Dawson review that clear demarcation must be made between the regulation of business and employment relationships—a clearly logical demarcation which was not acknowledged by the member for Hunter and should have been. This bill gives effect to that clearly logical demarcation between the regulation of business and employment relationships.

This bill provides for a new voluntary formal merger clearance process to operate in parallel with informal clearance systems to provide choice, certainty and transparency for business. It will enable the ACCC to formally consider whether mergers substantially lessen competition, consistent with the prohibition in section 50 of the act. The test for considering mergers will remain unchanged. Section 50 of the Trade Practices Act will continue to prohibit mergers that would have the effect, or be likely to have the effect, of substantially lessening competition in the market. The voluntary formal clearance system will provide definite time limits for consideration that business can rely on and the certainty that a clearance is legally binding. These have been major impediments to very sensible business propositions and merger propositions and have had a very serious impact in some instances on productivity opportunities that exist in the marketplace.

The formal process will also provide a review process for applicants. The Dawson review considered many submissions and concluded that the current merger authorisation process was found to be commercially unrealistic for many merger proposals. In particular, many witnesses expressed great concern about the time which may be taken to reach a decision and the risk of third party intervention by way of appeals to the tribunal. For many companies, especially publicly listed companies, the existing authorisation process has simply been a commercial stopper for many merger proposals, either because of the time involved or because of strategic appeals by third parties. The new merger provisions streamline processes, increase transparency and provide certainty for business. The tribunal has three months to make a decision, which can be extended to six months if required. Importantly, the tribunal must provide reasons for its decision and third party interests will be considered as part of the tribunal’s comprehensive assessment.

Mergers are often undertaken by public companies, and market certainty is important. Therefore, it is appropriate that rights of appeal be limited. There is no appeal of tribunal decisions. However, there is no prohibition on judicial review should a decision be legally flawed. Having a one-stop process for the public benefit test by one body, the tribunal, will prevent regulatory gaming. There is no favouring of big business over small business. All companies wanting to merge will be subject, as at present, to a substantial ‘lessening of competition’ test in the market. Providing the commission with the discretion to waive the filing fee, either in whole or in part and in appropriate circumstances, will particularly advantage small business. If companies wish to seek authorisation for an anticompetitive merger, they will need to seek authorisation, as at present, on public benefit grounds. It will not be easier to get larger merger proposals approved.

The ACCC will be required to provide any assistance, including reports, that the tribunal requires to assist in making a decision. In this way, the ACCC will be an active participant in the authorisation process. Again, contrary to the comments and assertions by the member for Hunter, the ACCC in no way is
being taken out of this process. It will have a very active involvement in the authorisation process. But significant changes have been proposed in this bill regarding the time issues and the strategic intervention by third parties that have deeply frustrated and blocked many important opportunities which are present in the business community and which would benefit Australian workers and the Australian community generally. The views of third parties will continue to be considered as part of the new processes, both by the tribunal in making its public benefit decisions and by the ACCC in providing reports and other assistance. However, third parties will not be able to leverage unfair advantage by intervening once decisions have been made.

The tribunal is the right body to consider merger authorisation. It already does so, on review of authorisations from the ACCC. There is no risk of an overly legalistic approach. Tribunal members have a wide range of skills and community backgrounds well suited to deciding issues of public benefit, including in industry, commerce, economics, law or public administration. In this regard, I understand that the opposition proposes that the ACCC should report on the level of compliance with merger undertakings. The ACCC has stated that it will extend its explanation of the reasons for its merger decisions under the current informal merger clearance process. It will publish reasons for a decision if a merger is rejected, if a merger is approved with enforceable undertakings or if the parties seek public disclosure. It is the practice of the ACCC to make public as soon as possible the general terms of any section 87B undertaking it accepts. In most cases, this means the publication of the actual provisions of the section 87B undertaking on the ACCC’s public register and web site. In these circumstances, I believe the opposition’s proposals have been accommodated.

Overall, the bill is a package that will benefit business, both small and large, through increased transparency and certainty of timing. This will benefit productivity objectives within the Australian community. It will help us maintain a growth performance unparalleled in the rest of the developed world over recent years, with low inflation and continuing low interest rates. This bill will benefit the Australian economy. I commend the bill to the House.

Mr BURKE (Watson) (12.34 p.m.)—The Trade Practices Legislation Amendment Bill (No. 1) 2005 has a number of impacts on small businesses. The member for Hunter has already gone through the relaxation of the third line forcing rules and a number of the problems that that is set to create. In my contribution to this debate, I would like to focus on the government’s games with the collective bargaining rules and the unacceptable treatment of independent contractors in the way that the government has gone ahead with the collective bargaining rules.

The member for Hunter has already gone through the situation with owner-drivers who choose to have the TWU represent them, chicken growers who choose to have the AWU represent them, electricians who choose to have the ETU represent them and many tradespeople on building sites who choose to have the CFMEU represent them. In each of these cases, we are talking about people who are small business operators. We are not talking about people with an employment relationship. We are talking about people with a contract relationship—not only people who function structurally and for tax purposes as a small business but people who are very proud to function as a small business and have chosen to have a trade union represent them in negotiations for some time.
This legislation was introduced last year and then lapsed because of the election. Almost identical legislation has been introduced this year—with one change. And I have to say that I feel a bit guilty about this. I remember that when we had an MPI on small business last year we indicated to the Minister for Small Business and Tourism in discussions that we were quite keen for the government to hurry up with the collective bargaining rules. When the minister for small business got the portfolio, she very quickly started saying that she wanted to fast-track the collective bargaining rules, and I made it clear in the MPI that we wanted to accommodate that. So what did the government do when they found out that there was going to be a level of consensus over the collective bargaining rules? They said: ‘Quick, we’d better stop that. We cannot allow consensus to exist, so how can we drive the wedge? How can we avoid the situation where the opposition wants to work cooperatively in delivering a better deal for small business?’

And what was the wedge that the government decided to play on? They decided that the appropriate wedge was to say: ‘We’ll knock out union representation from this, and that will put the Labor Party in a difficult situation.’ This is a bill which, in all other terms, has basically been photocopied from what was introduced last year. Once the government found out that portions of the original bill were going to be acceptable, they decided that it was time to alter the game rules. In typical fashion, they decided that unions were going to be the little trump card.

There are two arguments that have been put forward by some within and some outside this parliament about why unions should be prohibited—and, if a small businessperson chooses to have someone else represent them, I really do not mind; I just find it fascinating that the government thinks small business should be denied that choice. The two arguments to support the prohibition have been offered in different forums. First of all, there is the argument which was offered by the Parliamentary Secretary to the Treasurer, the member for Aston. In his second reading speech, he said:

In considering public benefit and detriment, the ACCC will have particular regard to the government’s intention that the collective bargaining provisions not be used to pursue matters affecting employment relationships. The act is for the promotion of competition and fair trading and the provision of consumer protection, not the pursuit of employee entitlements.

The people we are talking about, the contractors we are talking about, are the people whom this government last year was claiming to have some affinity with. It was claiming to have some pride in these people as being small business people. The government now wants to say: ‘Well, no, they are not small businesses at all; they are not actually independent contractors. They are simply employees, and therefore they are not allowed to have the choice that every other Australian has—that is, to choose whoever they might want their representative to be.’

The second argument that has been offered is that there is a desire that the Trade Practices Act not be used as a vehicle to go beyond the allowable matters and that it not be used to create a situation where unions go beyond the allowable matters contained in the Workplace Relations Act. The reality is that it does not matter who your representative is. That does not determine whether or not you are going beyond allowable matters; it is what arguments you run. You can have a solicitor running arguments that go beyond allowable matters, and the government appears to have no problem with that. And it is right to have no problem with that, because the ACCC do not allow it. The ACCC rule a line. If a union wants to run an argument that is not appropriate to be run in this forum, the
ACCC—as they have done in the past—will draw a line and knock it out.

The government has finally gone full circle. Ten years ago, when the government was in opposition, for a long time arguments—particularly arguments led by our now Prime Minister—were all about choice, and we were being told: ‘No, I’ve got no problems with unions; I just want people to have a choice. No-one should be compelled. If someone wants to be represented by a union, no problem.’ He went pretty full on with this. In the Hansard of 1994, the member for Bennelong said:

We are lectured from day to day about the need to eliminate discrimination from our society. We are told that any form of discrimination based on gender, race or religion properly is abhorrent to what Australians stand for. But, when it comes to discrimination by reason of membership or non-membership of a trade union, the government develops a great amnesia ...

Those words are true of the government today—a different government, but they are very true of this government today. I will return to the quote:

... that does not matter; that is an acceptable form of discrimination. Just as there is no form of murder or crime which is acceptable, there ought also to be no form of discrimination which is acceptable.

This is really full-on stuff. He went on:

What is the difference in principle between saying to a person, ‘You may not have a job because you are a Catholic or a Jew’ or ‘You may not have a job because you don’t belong to the union’? I have never heard a satisfactory answer from anybody sitting opposite. They have never been able to explain that moral double standard.

What I want to know about the moral double standard that we are faced with today is: why is any Australian allowed to have whoever they want to represent them, but not if they are an independent contractor? Why do they lose the freedom of choice that every employee has, that every other Australian has, in whatever forum? If you go to a court, you can have whoever you want to represent you. Whatever forum you go to, you can have whoever you want to represent you. But, if you are a small business, you are not allowed to have a union represent you. The government wants to take that choice away.

Those were not the concepts of choice which dominated the arguments that this government has used until now. On 5 November 1991, we were told:

What is wrong about the present system is that people are forced to deal through a trade union whether they like it or not and whether or not they regard it as being in their own best interests to do so. We merely want to create a situation where people have a free, unfettered choice.

Where is that ‘free, unfettered choice’ for the owner-driver who wants to go to the TWU, which has been representing owner-drivers, to represent them in these claims? It is not a new thing that the unions have tried to do to get beyond allowable matters. The Transport Workers Union has been representing owner-drivers since the 1920s. There is nothing new, and no-one has ever argued until now, until this bill came through—in its current form, all photocopied but that one page—that those owner-drivers, those small business operators, should be denied that free choice, should be denied that right.

No-one previously has ever argued that the chicken growers who want to have the AWU represent them should lose that right if that is what they have chosen. If they want to have an industry association to represent them, that is their choice. I have no argument with that. If they choose to have a solicitor represent them, that is their choice and there is no argument from the opposition. If they want to pay big money to get a barrister, get a senior counsel, that is completely up to them. But if, as has been happening for so many years, they want to have a trade union
to represent them, this government now says: ‘You’re not allowed.’

What started as an argument about free choice has absolutely gone full circle. The man who is now Prime Minister argued in 1991: ‘We merely want to create a situation where people have a free, unfettered choice.’ If those words meant anything then, and if they mean anything now, the bill should have been in the same form that it was in last year.

The bill was introduced last year by the government. There was no opposition conspiracy, and the government were quite happy with it. The government thought it was completely reasonable that a small business operator could choose whomever they wanted to represent them. The arguments that are run in a negotiation, whether it is through an authorisation or a notification process to the ACCC, should determine whether or not it is a reasonable claim under the act. But now this bill is in a new form.

The bill was not changed until the government found out that we were going to agree to it. They thought: ‘No, we can’t have that; we can’t have consensus—we’ve got to get back in there and make sure we play politics with this one,’ and they changed it. Previously we could all live with it. We were all happy with it, and that simple choice was something that would have remained with the small business operator—the truck driver, the cabbie, the courier and the chicken grower. The choice would have been left to the electrician or the person with a trade and working on a construction site. They could have chosen who would represent them.

When the government advocates this bill in its new, politicised form, it will have to justify why it knows better than the small business operator. Why does this government know better than the small business operator as to who should represent them? The government believes it does. This government believes it knows so much about the different advocates that are out there that it can say to a small business operator, ‘No, you can’t choose that one.’ If you exercise your freedom of choice and you choose an advocate because that was who you have used since the 1920s, the government will say no.

The parliamentary secretary claims the reason that the answer is no is that the government does not believe you are a small business—that it is a straight-out employment relationship, and there is nothing more to it. I am sure the Taxation Office would like to hear that. I am sure the small business people, for whom this government has previously claimed to have some affinity, would like to know that the government believes that independent contractors are straight-out employees. We did not hear that in the rhetoric last year. We did not hear that in the rhetoric during the election campaign. We have never heard it before in the rhetoric of this government. This is a big shift that was not going to happen until the government found out there was consensus.

Last year I asked the minister in the MPI debate and on different occasions why the government would not hurry up and introduce this legislation. She said they wanted to fast-track it. There is a big call out there for a notification process rather than an authorisation process for small business so that the negotiation for collective bargaining can start straightaway, so that the collective bargaining process is not sitting around waiting for permission from the ACCC—you can put the notification in and move, and the collective bargaining kicks off immediately. Small business wanted it. The minister said she wanted to fast-track it. The legislation had already been written and had lapsed in the previous parliament. I could not for the life of me work out the reason why it was being delayed. It was politics, nothing more than
that. But it is not just politics by trying to create a difficult situation for the Labor Party. The government see that as part of their mission and their role in life, and at different times we will try to cause problems for them—the debate goes back and forth and that is part of what happens. That is not all of what happens but, as I said, it is part of what happens. But, in order to have a shot at us and to score a point, they have hit the independent contractor on the way through.

This government might know a few things. They might know different things about small business but they do not know better than small business who it is that small business will want to represent them. Lots of small businesses will go for the solicitor option. Lots of small businesses will choose to represent themselves without having anyone else in front of them. When some small businesses get together, they will choose an industry association as the appropriate body for them. And lots of small businesses will say that they want a trade union to represent them.

There are some trade unions that do not represent any independent contractors, and there are some that represent a lot of them. I want to hear from this government why it thinks it knows better than the contractors. The parliamentary secretary’s argument that they are just employees does not stack up against every other piece of legislation. It does not stack up against the structure of the Trade Practices Act. It does not stack up against contract law. It does not stack up against how this whole area of policy runs in every other way.

The second argument about not wanting to go beyond the allowable matters does not stack up, because an inappropriate matter would get ruled out anyway. It used to get ruled out while you were waiting for authorisation. Now, under the new system, it will be ruled out during the early days of notification. So it still cannot happen. That danger is not there.

The only danger the government saw was agreement. The danger the government saw was that we might get progress at the Dawson inquiry and, through the parliament, get some serious reforms to the Trade Practices Act. The government were not willing to let that happen. They are not punishing us—they might be trying to, but it will not hurt us. If they do not get their way on this, they may decide to delay Dawson and wait until they get control of the Senate—they may be so arrogant that they will score this political point and tell small business operators they know better than organisations which have been representing small businesses for all this time. The issue is not about whether the organisation has the right to represent them; it is about whether they as individual small business people have the right to choose a union to represent them. For the many small businesses that choose otherwise, there will not be an argument, but there will be for those small business people—owner-drivers, chicken growers, electricians, tradespeople working in the construction industry—who for years in their commercial arrangements have chosen to have the representation of a union, be it the TWU, the AWU, the ETU or construction unions.

I cannot believe the arrogance of a government that says, ‘You are no longer allowed to make that choice.’ There is no requirement from Dawson that they do this. The legislation last year did not have them doing this. But the government has decided to do it now with no policy justification. It has decided to do it now with no demand from small business, because the small businesses that do not want a union representing them do not choose to have a union representing them. It is very simple; there is nothing complicated about it. There is no rocket
science going on here. The one change—if the government ends up being determined and arrogant enough to force its way through on this issue once we get the new Senate—is the words of the Prime Minister, although he was not the Prime Minister at the time:

We merely want to create a situation where people have a free, unfettered choice. I will go on arguing not only in this Parliament but also on every available opportunity I have around this country the simple proposition that the approach of the Liberal and National parties to industrial relations does not rest on some primeval hostility to trade unions, some lustful—this is great language—political desire to destroy the organised union movement of this country, but on the simple proposition...

He goes on to talk about free choice. That free choice dies in this bill. I reckon small business is big enough and smart enough to make the decision as to who represents them for themselves. I do not want to see an arrogant government telling small business what to do.

Mrs VALE (Hughes) (12.54 p.m.)—I appreciate the opportunity to speak on the Trade Practices Legislation Amendment Bill (No. 1) 2005, which I believe demonstrates the Howard government’s commitment to finding the best and fairest environment in which all businesses can operate, and not favouring one type of business over the other to the detriment of all. The amendments in this bill will benefit Australian businesses and consumers by enhancing the Australian Competition and Consumer Commission’s ability to administer its responsibilities under the Trade Practices Act in a timely and transparent way and will ensure the commission is a vigorous but accountable regulator.

It is important to recall this government’s support for the work of the Australian Competition and Consumer Commission and to emphasise some important comments made by recent reviews that are featured in this bill. These reviews include the 2003 review of the competition provisions of the Trade Practices Act, known as the Dawson review, which was chaired by Sir Daryl Dawson. The Dawson review is one of number of recent reviews of the operation of this act. Others include the 2001 Productivity Commission inquiry into the national access regime examining the operation of Part IIIA of the act; the 2003 Senate inquiry into the effectiveness of the Trade Practices Act 1974 in protecting small business, known as the Senate report; and the Australian Competition and Consumer Commission’s investigation of the competitiveness of the petroleum sector in its 6 February 2004 report Assessing shopper docket petrol discounts and acquisitions in the petrol and grocery sectors.

I understand that the government is moving to introduce, or reintroduce, legislation to implement Trade Practices Act reforms arising from the government’s response to these reviews, including legislation to implement the government’s response to the Dawson review, a bill to implement the government’s response to the 2003 Senate report, an implementation of the 2001 Productivity Commission’s inquiry into the national access regime, amendments in relation to the criminalisation of serious cartel conduct and development of a mandatory horticulture code of conduct that will be proscribed under this act.

The Trade Practices Act 1974 is the central pillar of Australia’s competition policy framework. The purpose of this bill is to implement the Australian government’s response to recommendations arising from the Dawson review. The Dawson review is perhaps the most comprehensive review of the competition provisions of this act for a decade. The overall theme of the Dawson review is that the competition provisions should protect the competitive process, rather than par-
ticular competitors. The government strongly supports this view of the act and has accepted the vast majority of the Dawson review recommendations.

The amendments in this bill provide for a new voluntary merger clearance system which will allow merger authorisations to be considered directly by the tribunal. It will address the concerns of business and place time frames on the commission’s consideration of applications. It will allow the commission a discretion regarding application fees, where appropriate, and it will include a reply to other recommendations covering the exclusionary provisions, price fixing, joint ventures, dual-listed companies, third line forcing and exclusive dealings, intellectual property and measures to ensure constitutional validity in the act’s application across Australia, which responds to uncertainties that were raised by the High Court Hughes case. It also provides for new enforcement measures and, of course, increased penalties.

The Australian Competition and Consumer Commission was described by the Dawson review as ‘commendably vigorous in discharging its responsibilities under the act’. The chairman, the deputy chair and the five full-time commissioners bring a diverse wealth of experience to their responsibilities. The commission is supported by a full-time equivalent staff of approximately 450. It is located in offices in the capital city of each state and territory including an office in Townsville. The commission has been well funded by this government, receiving significant increases in funding in the last two budgets. Nevertheless, the Dawson review expressed some concerns about the way in which the commission administered the Trade Practices Act, and this bill addresses a number of those key concerns. The amendments in this bill will improve existing commission processes by providing for greater accountability, transparency and timeliness in decision-making, and by reducing the regulatory burden on business. These changes will provide the business community and others who use the act with greater certainty and better understanding of the commission’s reasons for making the decisions it does.

A failure to make timely decisions can be detrimental to businesses and other users of the Trade Practices Act because those businesses are left uncertain as to where they may stand. To ensure timely decision making, the bill imposes appropriate time limits on a number of decisions made by the commission and the Australian Competition Tribunal. These include merger clearance decisions, merger authorisation decisions and non-merger authorisations. With merger clearances, a voluntary formal merger clearance system will be created that will operate in parallel with the informal clearance system, retaining the advantages of the latter while overcoming some of its disadvantages. The test for considering mergers will remain unchanged. Section 50 of the Trade Practices Act will continue to prohibit mergers that would have the effect or be likely to have the effect of substantially lessening competition in the market.

While the informal system is inexpensive and can be relatively speedy, the Dawson review found that the absence of reasons provided by the Australian Competition and Consumer Commission for its informal merger clearance decisions has hindered the development of a body of precedent to assist in the making of consistent and predictable determinations. Moreover, the Dawson review found that the absence of a meaningful appeals mechanism within the informal clearance system may put the commission in a position to extract undertakings which may go beyond competition concerns arising from a merger. Consequently, the Dawson review recommended the creation of a formal, but
not compulsory, clearance process operating in parallel with the existing informal system. It is believed that this should retain the advantages of the current system while overcoming some of its disadvantages. The optional formal system will provide parties with an alternative process for progressing their merger. Parties will be able to use the informal system and/or the optional formal system.

Under the new formal clearance procedure the commission will have 40 days to make a decision on a proposed merger. This 40-day limit would be capable of extension only at the request of the applicant. This will increase the level of certainty for business. Moreover, parties would be presented with reasons for the commission’s decision and be given the opportunity to have the Australian Competition Tribunal review an unfavourable decision.

Merger authorisation applications will be considered directly by the tribunal instead of by the Australian Competition and Consumer Commission to ensure commercially realistic time frames for applications and to prevent strategic appeals by third parties. The Dawson review considered that the merger authorisation process is commercially unrealistic for many merger proposals, with concern arising from the time taken to make a merger decision and the risk of third-party intervention by way of review by the tribunal.

The amendments make the tribunal process more timely and reduce uncertainty. The tribunal will be responsible for directly assessing merger authorisations on public benefit grounds. It will have to consider an application within a statutory time limit and will consider third-party interests as part of the assessment rather than through an appeal process. The Australian Competition and Consumer Commission will be required to provide any assistance, including reports, that the tribunal may require to assist in reaching a decision. The views of third parties will continue to be considered as part of the new process, both by the tribunal in making its public benefit decision and by the commission in providing reports and other assistance. However, third parties will not be able to leverage unfair advantage by intervening once decisions have been made.

The tribunal is the right body to consider merger authorisation applications. It already does so on review of authorisations from the commission. There is no risk of an overly legalistic approach. Tribunal members have a wide range of skills and community backgrounds and are all well suited to deciding issues of public benefit. Each has experience in a wide field, including industry, commerce, economics, law or public administration.

Non-merger authorisations will have strict time limits for consideration by the Australian Competition and Consumer Commission and, of particular advantage to small business, the commission will be able to waive the filing fee in appropriate circumstances. Several provisions in the bill improve the accountability of the Australian Competition and Consumer Commission for its actions. The commission’s decisions to reject a merger clearance or oppose a small business collective bargaining arrangement can be the subject of appeal to the Australian Competition Tribunal, ensuring the commission makes appropriate decisions in each case. In addition, the commission’s new entry, search and seizure powers in schedule 8 of the bill are subject to the requirement that the commission obtain a warrant from a magistrate. It is appropriate that the commission have strong enforcement powers. However, this bill ensures that intrusive powers, such as those enabling regulators to enter premises and search and seize evidence, are appropri-
ately only able to be used where a magistrate issues a warrant.

In conclusion, this bill will improve the existing process of the Australian Competition and Consumer Commission by providing for greater accountability, greater transparency and better timeliness in decision making and by reducing the regulatory burden on business. It will be welcomed by Australian businesses. I commend the bill to the House.

Mr BEAZLEY (Brand—Leader of the Opposition) (1.06 p.m.)—I of course support the second reading amendment moved by the Labor Party to the Trade Practices Legislation Amendment Bill (No. 1) 2005. The Trade Practices Act is one of the pillars that supports the Australian economy. It sets the standard for business conduct: how businesses deal with each other and how businesses deal with consumers. It embodies some basic Australian values, implementing the ‘fair go’ into our day-to-day business practices and ensuring that hard work and entrepreneurialism are rewarded. It is a crucial part of a productive, innovative and internationally competitive economy, and it is a great Labor reform. Low barriers to entry to industries and healthy, open and thriving competition are critical to the economic outcomes that we all want to see in this country.

We cannot have an entrepreneurial economy unless investors can be confident that there is a level playing field for new market entrants. We cannot have an innovative economy unless markets are open to businesses that can develop and apply new technologies or processes and can gain an edge on their competitors. We cannot have an efficient economy unless competition laws are strong enough to prevent the concentration of market power that inevitably leads to distortions in the allocation of resources. We cannot keep inflation down unless businesses face genuine competition from other market participants. We cannot pay our way in a highly competitive, global economy unless business input costs are kept down by highly competitive product markets. In a modern economy, we rely on market forces to achieve outcomes for which we would once have turned to a statute or regulation. But those market forces only work effectively within a legal framework that fosters pro-competitive conduct and outlaws anticompetitive behaviour.

The bill before us makes important amendments to the Trade Practices Act. Unfortunately, however, its amendments do not address many of the areas where the TPA needs to be reformed to strengthen competitive forces. Indeed, the amendments would weaken the role of the competition regulator and undermine existing protections for competition in this country. The changes proposed in this bill need to be seen in the context of the economic reform program in Australia of which the Labor Party is extremely proud. Ten years ago next month, after extensive consultation and review processes, the Commonwealth and states reached an agreement to produce a national competition policy. This policy involved reform of the Trade Practices Act and affected competition rules across many part of the economy that are subject to sector-specific rules. It was a collaborative agreement. Reaching that agreement was not easy, but it was done.

In those days we had a federal government that believed in making the federal system work effectively, in working collaboratively and achieving positive economic outcomes for the country. That is quite a contrast to today when we have a federal government that constantly shifts the blame for its shortcomings to the states and prefers to use the power of Canberra to bludgeon the states into submission rather than working with them in a mature and cooperative man-
The Australian people are sick of it. They are sick of blame shifting, be it on health, on education, or in this particular area of argument between the national government and state counterparts.

The national competition policy that was introduced at that time has come to be regarded as probably the most extensive single package of economic reforms in Australian history. It swept aside, old, outdated regulatory structures and created not only greater uniformity and simplicity but, more importantly, openness to competition. Those reforms made a substantial contribution to our economic performance over these past years, of which this government has been the massive political beneficiary. The Productivity Commission’s review of national competition policy reforms in its discussion draft estimated that in the years to 2000 these reforms added 2.5 per cent to economic growth—that is, $20 billion, or around $1,000 for every Australian. The benefits of those reforms were spread across the economy, but particularly significant gains were achieved in the telecommunications, ports and rail freight and electricity sectors. National competition policy also boosted the competitiveness of the Australian economy by lowering business costs and reducing inflationary pressures and provided consumers with benefits of increased choice and lower prices.

These reforms allowed the Australian economy to step up to a new level of productivity growth, achieving what has since been described as a new golden era of productivity growth. The national competition policy reforms were, of course, part of a much broader Labor agenda for economic reform which also included floating the dollar, reforming the tax system, phasing down tariffs, industry deregulation, targeting welfare far more effectively and establishing a modern, flexible, productivity-based industrial relations system. But there is more work to do. The most substantial benefits of the national competition policy reform process have already flowed through to the economy. While those reforms have created lasting improvements in the competitive structure and operation of our economy, there is much more work to do. The policy agenda of 2005 is different from that of 1995. Now, while some aspects of the national competition policy still need to be finalised, the focus of the competition policy agenda needs to shift to the private sector.

Professor Allan Fels, who for 12 years served as chairman for the Australian Competition and Consumer Commission and its predecessor, the Trade Practices Commission, made some significant remarks on his retirement about the fact that several sectors of the Australian economy were still not open to adequate competitive forces. Of course, Professor Fels shepherded many of the 1995 reforms into place in his role at the ACCC, and in that role he had a closer view of the competitive conduct of Australian industry than just about anyone else. After his long innings in charge, he remarked on the ABC radio program PM:

I am worried about the high degree of concentration in telecommunications. I’m pretty worried about energy, post, media, airlines...

He also highlighted concerns about the dominance of a small number of market participants in the pay TV and grocery industries. Obviously there are complex economic issues involved in specific industry sectors, and it is arguable whether some of those sectors can support more than a very small number of market participants in a small country like ours. But what is so disappointing for Australia is the failure of this government to develop a true economic reform agenda. A genuine commitment to competition reform needs to be revived. Many businesses in Australia now struggle to compete.
against large dominant players who use their substantial market power to snuff out competition. We cannot afford to allow our economy to return to being dominated by industry cartels. If we are to take the Australian economy to the next level of prosperity, we need to pursue a vigorous and ambitious competition policy agenda. But that is not what this bill achieves. This bill is as significant for what it does not contain as for what it does.

We support elements of the bill, including its steps to strengthen the ACCC’s enforcement powers. But there is a substantial reform agenda left out of this bill, a reform agenda that would provide real help in giving small businesses a better chance to compete—and I will address some of those issues in a moment. The bill does not just fail to address needed reforms in some areas, it restricts choice and weakens competition protections, such as with the third line forcing provisions. Labor has proposed an alternative model to the changes that this bill proposes to the process for approval of mergers. We do not support the proposal to allow applicants to completely bypass the ACCC and go straight to the Australian Competition Tribunal. Under these amendments the tribunal will only consider whether a merger for which applicants seek authorisation is in the public interest. It will not consider whether the merger is anticompetitive.

Of course the consequence of this measure is that for large-scale mergers the applicants will appeal directly to the tribunal and will ignore the ACCC altogether. We believe that the ACCC’s review process is important. The process of determining whether a merger is anticompetitive is important. The ACCC has expertise in this matter, and making that determination involves careful and complex considerations. Our proposed model is not inflexible—it also allows the ACCC to waive the right to review applications and direct the authorisation application to the ACT. In addition, it allows the ACCC to be a party to the tribunal hearing. We believe in a stronger ACCC and will oppose measures that weaken its role in the competition process.

We support streamlining the approval process for collective bargaining by small businesses. But the proposed section 93AB(9) amendment proposes to limit the ability of small businesses to choose their own bargaining agents when dealing with larger businesses in negotiation. The provision is typical of a government that likes to talk the talk of choice but does not walk the walk. It cannot abide the idea that small business people might choose to use a trade union as their bargaining agent when they are negotiating with another business. That is despite the fact that trade unions obviously have business skills and experience around the negotiation process that few other bargaining agents could match. The government’s proposed measure permits small businesses to use industry associations to bargain on their behalf but not to use trade unions. The provision is typical of a government whose agenda is driven not by genuine economic reform criteria but by the personal obsession of Liberal Party politicians.

The provision is, of course, part of this government’s radical industrial relations agenda. The Prime Minister’s obsession with attacking unions is a throwback to the 1970s, not a response to the problems of today. It is a message to the growing army of small business people and independent contractors that when this government talks about choice it only means choices of which it approves. So there is no genuine choice for the self-employed owner-drivers, the truckies who might want to choose a union to help them in negotiating with large transport businesses. Labor believe that small business people and independent contractors should be able to make their own decisions for themselves. We believe that small businesses should be able
to bargain collectively and should be able to choose their bargaining agent. That is a fair measure that would create a better balance in the relations between larger and smaller businesses in our economy and it gives back freedom of choice to small business.

Before the last election Labor presented a package of reforms to the Trade Practices Act that would have re-ignited competition reform. Labor committed to implementing the recommendations of the 2003 Senate inquiry into the effectiveness of the Trade Practices Act in protecting small business. Labor’s package of TPA reforms includes measures to strengthen section 46 abuse of market power, including explicitly banning predatory pricing and replacing the market dominance test with a substantial market power test. We would give the ACCC more powers to deal with large businesses, including the implementation of cease and desist orders, the interim administrative orders that would stop anticompetitive conduct without costly litigation. We would give courts the power to order divestiture of assets in cases of repeated abuse of market power and to order dissolution of hard-core cartels under section 81. We would introduce criminal sanctions for hard-core cartels. We would allow the ACCC to treat a series of cumulative acquisitions as a single event under section 50. We would allow the ACCC to treat franchisee complaints as a single common complaint, amend the franchising code to impose a duty of good faith on franchisors and amend the franchising code to ensure complaints were resolved within 12 months of lodgment. We would also establish a formal statutory review of the act.

Labor also committed to the 10 reforms to the Trade Practices Act that were advocated by the Fair Trading Coalition and the Small Business Charter of Fairness. The Fair Trading Coalition grouped together small business associations representing farmers, automotive dealers and manufacturers, newsagents, service stations, private hospitals, drycleaners, horticulture businesses, pharmacies, motor traders and peak small business organisations. This package was a response to the competitive issues facing Australian businesses in 2004. We hope that we see this government embracing these reforms. Either way, I can assure you that in 2007 Labor will take to the election a package of reforms that addresses the areas where we find that markets are not functioning competitively. In the meantime we will continue to speak up for a fair deal for small business because we recognise the crucial role that small businesses play in our economy and in communities across the nation.

This government has had nine long years in office. For much of that time it has coasted along on the momentum created by the progressive reform agenda that Labor introduced during the years of the Hawke and Keating governments. Despite these years of prosperity, instead of building on those reforms it has squandered the opportunity presented by this extended period of growth. Just look at our current economic conditions. At a time when the world economy is growing at its fastest rate in 30 years our exports are going backwards. Despite extraordinary improvements in our terms of trade we have a current account deficit reaching seven per cent of GDP. Productivity has actually declined over the past year. From years of growth under the Labor Party’s reforms we have actually seen productivity go backwards this year. For a third year in a row household savings are negative. Meanwhile, with inflationary pressures rising, the Reserve Bank began tightening interest rates last week—an interest rate increase that was clearly very surprising to many Australians after the Prime Minister’s election undertakings to keep rates low.
Their surprise is reflected in the Westpac-Melbourne Institute index of consumer sentiment, which today recorded its largest ever fall in its 31-year history, and the Reserve Bank governor is warning us that we now need to get used to a period in which our growth rate will have a ‘2’ or ‘3’ in front of it, not a ‘3’ or ‘4’. These are great challenges and serious risks are ahead. What we do not need are smugness and complacency. The Howard government has created an economy that over recent years has been characterised by poor economic performance and only modest growth in production. Meanwhile we have seen rapid growth in imports, consumption and debt. In the face of all this the Treasurer literally dances jigs on the floor of the Parliament of Australia. I have never seen a performance like that—it was so undignified—from such a high public official. There was not even macarena music behind it; there was no excuse at all.

The solid foundations for long-term prosperity that we in the Australian Labor Party built in the 1980s and 1990s have been rotting away. We have an unsustainable economy, an economy that no longer has the same strong foundations that we put in place. They are frayed and beginning to fracture. We urgently need a reform agenda that addresses the real problems of our economy: our declining international competitiveness and the skills and infrastructure crises that are a legacy of years of policy neglect. Reform of the Trade Practices Act is an important part of that reform agenda. Unfortunately, I doubt that we will see those reforms from this government. It took a Labor government to introduce the Trade Practices Act in 1974. It took a Labor government to extend it and introduce national competition policy in 1995, and it will take a Labor government to initiate the next wave of competition reforms after 2007. But in the meantime Labor will continue to advocate robust competition reforms as a vitally important element of a strategy to put Australian economic policy back on track.

Mrs HULL (Riverina) (1.24 p.m.)—I rise today to speak about the Trade Practices Legislation Amendment Bill (No. 1) 2005 and the amendments within it that will certainly have a positive impact on my region. Far from being negative, as previous speakers from the opposition have been on this issue, I see this legislation as a very positive thing. I say that on behalf of businesses and producers in my electorate of Riverina. There are two areas in this bill that are of great interest to me and the constituents that I represent. For many years now I have expressed my concern at the power of big business being much to the detriment of small and medium size businesses in my local community. Because of the buying power of large companies, many of my small businesses are often put at a competitive disadvantage. They are currently unable to form agreements with other local businesses to increase their buying power and make substantial savings when purchasing products and services, agreements which would enable them to stay in business and facilitate opportunities of choice for many of the people in my electorate. These amendments will go a long way to assist small business to compete with big business and contribute to the growth of local economies. They will not go the entire way in many of the areas that we will require in the future, but they are a major leap forward. I say that on behalf of the people who have constantly lobbied me over the years to ensure that they have some semblance of equity in this whole association.

It has been possible for small business groups to obtain authorisation for collective bargaining arrangements, but this process can be extremely expensive and time consuming for small business. Why would you
go into the process when you have to pay for a determination of whether you can actually collective bargain? That has been one of the greatest deterrents to the people I represent who are not just in the production field but in the medical field as well. When you are looking to provide services rather than withdraw services, there is still a significant amount of expense involved in being able to do that. The collective bargaining elements in this bill will assist to reduce the regulatory burden on small and medium size enterprises by making the process much simpler and far speedier. This will be made possible by introducing a notification process for collective bargaining by small business dealing with large business, as an alternative to an authorisation process.

The proposed collective bargaining arrangements allow for third parties to make a bargaining notification on behalf of a group of small businesses. So I come to my citrus and horticultural producers, as well as local small to medium enterprises, who are encountering the impact of the power of large supermarket companies like Woolworths and Coles. It has been a constant source of concern to me for a long time just exactly how they can engage as community citizens when they hold the balance of market power. I remember having a major debate over a number of years as to how I could get bigger and better dollars for the citrus industry. At times I was seeing my fellows getting a very limited amount per tonne for their bins of oranges and then, when I went into a supermarket, I would see the very same oranges on the shelf for $2.99 a kilo. At any given time I would find there was pretty much an amazing exploitation of either the general public or the growers that I represent. A transaction value has now been included in the amendments to determine eligibility to ensure the process is simple with no intrusive investigation. I believe that is one of the significant elements in the bill.

The bill provides that collective bargaining arrangements will receive immunity at the end of 14 days. The regulations will extend this period to 28 days in the first year and last up to three years in the absence of objection by the commission at any time during this period. The onus will be on the Australian Competition and Consumer Commission to provide notice that the public benefit from the arrangement does not outweigh the detriment resulting from the arrangement. The commission already authorises collective bargaining arrangements, including those by chicken growers, dairy farmers, sugarcane growers and small private hospitals. The extension of these collective bargaining arrangements to other industries will now contribute greatly to the growth of small to medium enterprises in the Riverina. I certainly welcome this and I congratulate the Treasurer for this decisive action.

A number of industry associations may represent small businesses in the collective bargaining process, including the National Farmers Federation, which is an ideal organisation that really knows first-hand the interests of growers and producers and will be able to negotiate in their interests. Other representatives include the Australian Private Hospitals Association, the Australian Hotels Association and the Motor Trades Association of Australia, which I have a keen interest in. The Australian Private Hospitals Association, for example, assisted eight small private hospitals in Sydney and regional New South Wales to collectively bargain with large health funds or groups of health funds. I have an intense interest in the Motor Trades Association of Australia because over many years I had business interests in the motor vehicle repair industry, and my family still do.
The Motor Trades Association of Australia and its affiliates have an opportunity to represent the hundreds and hundreds of small businesses such as smash repairers, mechanical workshops and a whole host of others—for example, in potential collective bargaining arrangements with large motor vehicle insurers. We have just seen a Productivity Commission report on motor vehicle insurance issues. This area definitely needs action. I urge the MTA to look at the benefits that this legislation is providing and to take up the cudgel for their members, because if nobody is willing to take up the cudgel for members it will be to the detriment of the people of Australia. You will lose small businesses and you will lose the people who are out there at the moment creating wealth and employing people. They are responsible for their own employment and they are paying rent. They are contributing to local economies. But if organisations do not utilise the value of this legislation to ensure that small and medium businesses can continue to operate in an increasingly difficult competitive regime, then it is certainly a waste of those opportunities.

The second amendment which is of interest to my electorate relates to the exclusionary provisions, price fixing and joint ventures. In recent months an enormous amount of attention has been brought to the ongoing disparity of fuel prices that exists between the regional centre of Wagga Wagga and other regional communities throughout New South Wales and Victoria. Our local residents are concerned about the significant difference in price. They have now formed the Wagga Wagga Fuel Watchdog Committee to monitor this issue, seek out ways to address this disparity and ensure fuel prices in Wagga Wagga are fair. We cannot understand why, on any given day of the week, Wagga Wagga people are paying 10c or more a litre higher than any surrounding district or equivalent centre in New South Wales and Victoria or anywhere across Australia. It has baffled us for a long time: why are our fuel prices artificially higher than in any other area? We can take into consideration all of the issues associated with the ever-increasing cost of crude oil, but that is not what we are talking about. Over and above all of that, we are talking about the fact that there is still, at best, a 10c difference in fuel price in one town.

The residents in the local community and the business community are of course feeling that there must be something wrong. The watchdog group includes representatives from the Wagga Wagga Chamber of Commerce and the Wagga Wagga Ratepayers and Citizens Association, as well as concerned citizens and business owners. Representatives of the local fuel industry were invited to attend a meeting with members of the committee and address the issues around the high fuel price in Wagga Wagga. When I talk about the local fuel industry, by no means do we believe that the artificial inflation of fuel prices in Wagga Wagga is due to the small business proprietors who lease franchises and are licensed to run service stations owned by oil companies. They are certainly entitled to get every dollar that they can out of petrol pricing, but I believe this is well and truly out of their hands. These people are genuine operators of fuel retail outlets who basically have no control over what happens. That is quite clearly a problem for these people because they are inadvertently dragged into disrepute. It is not the small business owners or operators of fuel retail outlets who are the cause of this disparity in fuel prices.

The committee requested a meeting with the fuel industry to discuss possible reasons and get an understanding—a grip, a grasp—of why we might have such unreasonable petrol prices when all things have been taken into consideration, such as the distance tankers have to travel and the number of fuel out-
lets in Wagga Wagga. We weighed those factors up and measured them against other communities of around the same size and smaller than Wagga Wagga and still found we were up to 10c a litre worse off. Of course, it was very difficult for fuel representatives to attend this meeting—the two who attended were independents. They have to be congratulated for trying to face the onslaught of competing petrol prices which are to their detriment.

Most of these independents have been talking to me for a number of years. I clearly remember one man, Mr Bill McMaster from the Silvalite service station, who came to me in despair. He said that he could not buy fuel for what it was being sold for. He was buying fuel at terminal gate entry price, but that price was far higher than the price at which his competitors down the road were selling their fuel. He was in major difficulty. I remember another man who started up a fuel outlet, the Jolly Roger, in Wagga Wagga. He was discounting fuel and he had a line of people from everywhere. But it was not too long before he was no longer in business.

We now have a piece of legislation that primarily can strengthen negotiations and give some real teeth to determining why some of our communities across Australia are being discriminated against. As I said, it is not about the people who own the retail fuel outlets. This is far greater than them. They pay no role in price fixing. I believe that there are and have been orchestrated attempts to ensure that prices are inflated in the city of Wagga Wagga, because there is no other logical explanation. Due to the Treasurer’s actions in this area, we now have an ability to strengthen ACCC negotiations so that this issue can be investigated. An official complaint has been lodged by the Wagga Fuel Watchdog Committee with the ACCC, requesting that it investigate fuel prices in the city of Wagga Wagga. The Mayor of Wagga Wagga has also written to oil companies seeking an explanation as to why Wagga Wagga motorists are paying so much extra for their fuel. As the local member, I am concerned about these differences in price, because it impacts on all of the businesses. It is a catastrophe. As if fuel prices were not high enough, to levy Wagga Wagga people with even higher fuel prices is particularly unfair. As I said, the region suffers from unusually high fuel prices, but in Wagga Wagga they are absolutely extraordinary.

Higher fuel prices impact on local families and businesses and on expansion and employment opportunities. When you are looking at business expansion and employment opportunities, you are required to do quite a bit of travelling in and around regional areas—and fuel prices certainly have to be considered when a business is looking to expand. The costs associated with running a business are influenced always by higher fuel prices, which are an extreme hindrance to a business remaining competitive.

Unleaded petrol currently retails in Wagga Wagga for about 106.9c per litre. That is 10c per litre more expensive than other regional centres such as Orange, Bathurst and Albury. Wagga Wagga is located halfway between Sydney and Melbourne and is an ideal hub for a transport industry, yet the high pricing of fuel is impacting severely on local businesses involved in this industry. Wagga Wagga has 26 petrol stations—it has been said to me, ‘Maybe you haven’t got enough petrol stations to be competitive’—yet smaller centres around the city with less competition are able to offer far cheaper prices. This, as I said, is raising many questions as to how smaller centres with far less competition can charge less for fuel.

On 19 January 2005, the price of petrol in Wagga Wagga was 108.5c per litre, Dubbo was 98.7c per litre, Orange was 98.9c per
litre, Albury—the price is coming up a little bit—was 102.6c per litre and Broken Hill was 108c per litre. We are now considered to be the same as Broken Hill. At the time, Wagga motorists were paying around 11.3c per litre more than the state average and about 7c per litre more than the regional New South Wales average for unleaded petrol.

According to the *Daily Advertiser*, when Woolworths entered the fuel market in 2002 they said that they would be able to sell fuel at lower prices, yet currently their fuel is no cheaper than other service stations in the city, unless customers use the discount docket available to them when they spend more than $30 at a Woolworths store.

The Trade Practices Act prohibits exclusionary and price-fixing provisions. This is where I am very keen to see some real action on these issues greatly affecting my community. The Dawson review found that the act was too narrow to allow newer forms of joint ventures. Under the amendments, clear cartel behaviour will continue to be prohibited outright, but genuine joint ventures will be examined according to a competition test. By supporting this bill, we will be supporting small business and ensuring the Trade Practices Act is not misused.

Just before I rose to speak in this debate, the member for Brand spoke of the exclusion of trade unions in the area of collective bargaining arrangements. In considering public benefit and detriment arising from proposed collective bargaining arrangements, the ACCC will have particular regard to the government’s intention that the collective-bargaining provisions not be used to pursue matters affecting employment relationships. The Trade Practices Act is for the promotion of competition and fair trading and provision of consumer protection, not for the pursuit of employee entitlements. This is further reinforced by an amendment to the bill which makes a notification invalid if it is lodged on behalf of a small business by a trade union, its officers or a person acting on the direction of the trade union.

The ALP have a very clear choice today. They can choose to support small business and the protection of the Trade Practices Act from misuse or they can choose to support their unions who, since 1995-96, have provided the ALP with over $40 million in donations. Far from being concerned about the exclusion of unions, we should be supporting the amendments contained in this bill and commending them to the House for everyone to support.

Mr Rudd (Griffith) (1.44 p.m.)—The Trade Practices Legislation Amendment Bill (No. 1) 2005 seeks to amend the Trade Practices Act 1974 in the area of competition policy and specifically in relation to the scrutiny and regulation of corporate mergers and takeovers. The objective of competition policy is to maximise public welfare by maintaining and enhancing competition in markets, which is a fundamental principle of the operation of any free market economy. Competition means that producers of goods and services must act independently to secure sales and profits. It means they must compete with their rivals in the price, quality and standards of services they offer. As a result, consumers benefit from cheaper and better goods and services, and society and the economy as a whole benefit from the greater efficiency that competition secures. Experience has shown that although competition has its costs, it promotes economic growth and raises living standards more effectively than any other system of economic organisation. The enemy of competition policy is monopoly. A variation of this is the formation of cartels or oligoplies, in which a few producers collude to set prices and prevent the entry of new competitors. Cartels are, in
fact, a more common way of restricting competition than the formation of outright monopolies.

Some economists argue that a tendency towards monopoly is a natural characteristic of liberal capitalism, while others argue that it results from the distorting effects of government policies which restrict freedom of trade and commerce. The reality is that within Australia’s unique economic circumstances there has always been a tendency towards the formation of monopolies and cartels. In the early years of the Federation, Labor’s response to the problem of monopoly was the nationalisation of monopolistic companies. Early Labor leaders argued that state monopolies were better than private monopolies. The one attempt to carry out that particular approach was the bank nationalisation act of 1947. That was found by the High Court to be unconstitutional. Attempts to amend the Constitution by referendum to permit nationalisation were defeated.

In the 1960s and 1970s an alternative means of countering the tendency towards monopoly was found in greater regulation and scrutiny of corporate practices and competition practices. It was Labor that promoted a competition policy based on classical liberal economic theory while the coalition parties clung to a system of cartels and protectionism, fostered by Menzies and McEwen, of which the two airlines policy was just the best of many examples. For example, when Bill Snedden as Attorney-General of the Menzies government tried to tackle cartels and restrictive trade practices in 1965 he was forced by opposition from business and the coalition backbench to abandon his proposals.

The result of Labor’s policy rethink in the 1960s and 1970s was the Trade Practices Act 1974, one of the great legislative reforms of the then Labor government, which outlawed restrictive trade practices and ensured consumer protection and product and manufacturing liability. The effectiveness of the act in reducing monopoly, however, was limited by decisions of the Barwick High Court, which limited the act’s application to certain types of companies and also exempted state owned enterprises from its provisions. But more liberal interpretations by the court and later decisions have allowed successive governments to build on the foundations laid by the 1974 act.

The next great advance also came under a Labor government, a generation later. It appointed the Hilmer committee in 1993 to report on competition policy. Hilmer’s report led, in 1995, to the Competition Policy Reform Act, which implemented Hilmer’s proposals for national competition policy reform. Those national competition policy reforms were hard fought and hard negotiated. As the then representative of the Queensland government on the Council of Australian Governments steering committee and as a member of the Hilmer working group at the time, I remember those negotiations well. There was much horse trading between the states and the Commonwealth, but the product of all that horse trading and all that negotiation through the COAG machinery was, in fact, good public policy. It was also a good case study of how cooperative federalism could work, because the states at that time were of many different political persuasions.

Regrettably, in recent times COAG has ceased to be an effective vehicle for national economic reform. Instead, it seems that COAG and, more broadly, the states have become—for the purposes of the Howard government—principally vehicles for political blame shifting rather than vehicles for coherent national economic reform. The first half of the 1990s stands out in the history of this Federation as an example of how cooperative federalism could work. We have yet
to return to that period in terms of the many great challenges we face across the Federation today—whether they are in micro-economic reform or whether they are in key areas of social policy, including duplication and overlap in critical service delivery areas of health and education, which affect consumers across our country.

Taking advantage of the High Court’s more liberal policy on the question, the Competition Policy Reform Act opened up to competition fields such as telecommunications and electricity and gas supply, which previously had been considered natural monopolies. Again, the beneficiaries of these reforms were Australian consumers and Australian businesses. The Trade Practices Commission of the original Labor legislation was succeeded by the Australian Competition and Consumer Commission, which, first under Professor Allan Fels and recently under Graeme Samuel, has provided a formidable—and, as a consequence, controversial—watchdog against anti-competitive practices and a watchdog guarding the interests of consumers.

Competition policy in Australia has in large part been the creation of successive Labor governments. Taken together with Labor’s deregulation of the exchange rate and interest rates, the great reduction in tariffs and other forms of protectionism and our sweeping reform of the labour market, it amounted to a revolution in Australia’s economic life—a reversal of the insular, protected, inefficient and, therefore, declining economy of the Menzies era. That system was supported in its day by both sides of politics, but it was Labor over the last quarter of the last century which had the vision to begin the transformation of Australia’s economy, beginning with the shock therapy of Whitlam’s 25 per cent across-the-board tariff reduction in 1973. As a result of Labor’s innovations, the Australian economy has become more competitive both domestically and internationally and, as a consequence, more efficient and more productive. As a result, living standards have risen and unemployment has fallen as both production and consumption have increased.

The Howard government has been the great political beneficiary of Labor’s reforms from this period, and the Howard government, in its more honest of moments, admits the same. I have even heard something approaching admission of that at the dispatch box by the Prime Minister in earlier years. The coalition—

Mr Michael Ferguson—I haven’t heard that.

Mr Rudd—Read your Hansard, those of you who arrived in this place more recently than others. The coalition exploited at the time every grievance and discontent arising from the implementation of these reforms while happily pocketing the resultant political benefits. Since coming to office in 1996, the coalition has coasted on the back of 14 years of economic growth, rising prosperity and falling unemployment generated in large part by Labor’s reforms from this period. We did the hard work; they reap the benefits—and they have done little to further productivity reform since then.

The recent OECD report Economic policy reforms: going for growth identified as a priority for Australia the need to:

Strengthen competitive pressures in the economy via completion of the National Competition Policy Agenda and adoption of a new coordinated agenda to further advance reform in sectors such as electricity, rail, gas and water.

There have been multiple critiques by international economic bodies of the fact that the government’s economic reform agenda has gone not just to the backburner but off the stove altogether. Far from carrying forward the reform agenda of previous Labor gov-
ernments in the area of competition policy, the Howard government has been asleep at the wheel in the area of competition policy for nine years. The only reform agenda in which the Howard government has shown any interest has been changing the tax mix and attacking the trade union movement under the guise of labour market reform. It has done virtually nothing in the area of competition policy itself. But now the government’s inertia in office has begun to catch up with it. The anti-competitive forces in the Australian economy have not been asleep, however, like the government for the last nine years.

Mr McArthur interjecting—

Mr Rudd—Hang on to your hat there, Stewie. They have been pushing to undermine those sections of trade practices and competition policy which force business to compete. As Graeme Samuel said in an article in BRW last year, the BCA was lobbying as long ago as 1996 for the restrictions on mergers and takeovers in the Trade Practices Act to be liberalised. Some sections of the business community would like to go back to the good old days. Under Labor and the vigilance of the ACCC, they knew this was not possible. Under the current Prime Minister and current Treasurer, they think they now have a chance.

The result of this pressure was the appointment of Sir Daryl Dawson’s committee of review in 2002. Its subsequent report in June last year, the Senate inquiry and this bill, which embodies a modified version of the Dawson committee’s recommendations, were the result. There were a number of proposed changes in the bill, and I will refer to just one. The bill takes away from the ACCC the power to authorise corporate mergers and takeovers and transfers it to the Australian Competition Tribunal. If that occurs, and if the bill passes the parliament, the question which all policy makers must ask themselves is: what philosophy will the Australian Competition Tribunal apply to the question of authorisations in the future when it comes to the application of the public benefit test? We do not have any precedent on this yet. We have some indications as to how various members of the tribunal may treat such matters and whether in fact various members of the tribunal may conflate certain private interests—that is, private interests of corporations being the subject of investigation for the purposes of authorisation—as equating to a public interest. This is an open question and remains unanswered by the proponents of the legislative change which is before the parliament at present.

The logic behind the proposition to remove from the ACCC these competition policy powers as a watchdog are flawed. The BCA’s argument, which the government has uncritically accepted, is that mergers and takeovers unimpeded by any substantive considerations of the public interest by the ACCC are necessary to create Australian companies big enough to compete internationally. This is called the national champions argument model. It is widely followed in many countries, particularly France and Japan, but there is plenty of evidence to suggest that this model of corporate growth does not in fact produce more successful, more profitable or more competitive companies. As Ross Gittins pointed out at the time, the Dawson committee was appointed in 2002. There are many studies that show that mergers and takeovers do not result in creating more successful companies. Frequently they leave companies and shareholders worse off than they were before. He argued that often the motive for takeovers and mergers was not any kind of logic itself but the hubris of corporate executives who wanted to build bigger empires for themselves.

Professor Michael Porter has argued that very few companies with domestic monopo-
lies are internationally competitive, and this is the core of the argument to be addressed in this debate. Instead, Porter argued that most were uncompetitive, despite protection in their domestic markets and other forms of direct and indirect government subsidy and support. Over the past half-century, there have been attempts in Europe and elsewhere to foster national champions to compete with successful and, in the main, American corporations in the world market—and they have nearly always failed. It is curious that a government which champions the ideology of the free market should be legislating in a way that could lead Australia down the same path.

The BCA argues that corporate mergers produce more efficient companies through economies of scale—in other words, that big companies are more efficient than small companies and that having a market sector dominated by one giant company is more efficient than having competition between a number of smaller companies. More seriously, they adversely affect consumers by reducing the incentive to keep prices low and services sensitive to consumer needs.

Standing order 94(a) enables the occupant of the chair to direct a disorderly member to leave the chamber for an hour. The Manager of Opposition Business asked about the application of the standing order on 17 February, when the Chief Opposition Whip was directed to leave the chamber for an hour without warning, and on 7 March, when the Minister for Foreign Affairs and Trade was warned for interjecting during a speech by the Leader of the Opposition.

While warnings are usually given before standing order 94(a) is invoked, there is no requirement for a warning to be given. There is ample precedent for occupants of the chair from both sides of the House requiring a member to withdraw without a warning having been given. I also take this opportunity to reiterate the requirement that remarks be addressed through the chair. This serves to minimise personal provocation and interjection and the requirement for the chair to interrupt the debate.

The member for Canning asked me to consider preambles to questions without notice. There is a large body of precedent, with Speakers from all sides preventing preambles to questions without notice. It is my intention to facilitate the free flow of the proceedings of the House. However, if the practice continues, I will have no alternative but to give the call to the next questioner.

I repeat the comment I have made previously that I believe that standing order 103 should relate to administrative matters for which the Speaker is responsible. It should not be taken as an opportunity to revisit procedural matters that have occurred previously.
QUESTIONS WITHOUT NOTICE

Economy: Consumer Confidence

Mr BEAZLEY (2.02 p.m.)—My question is to the Prime Minister. Is the Prime Minister aware of the latest results from the consumer sentiment survey, showing the biggest fall in consumer confidence ever recorded in the 30-year history of the survey? Will the Prime Minister admit that record foreign debt, rising interest rates and low economic growth are the causes of this dramatic loss of confidence?

Mr HOWARD—Mr Speaker, through you to the Leader of the Opposition, yes, I am aware of the consumer sentiment figures that came out today. They do record the fall that the Leader of the Opposition described. I point out to the House that the fall comes off a very high level for the index. I would also remind the Leader of the Opposition that the index is still above the long-term average of the index. I have no doubt that this fall was due to the conjunction of three announcements: the interest rate rise, the current account deficit and the slowing in growth. That is a reminder of a self-evident truth—that is, good economic management is something that does not happen by chance or automatically; it is something that has to be worked at over a period of time. This is a reminder to everybody who can influence public opinion in this country that this is an occasion for talking commonsense about the economy and recognising the strengths of the economy—which include the lowest level of unemployment in 30 years, high levels of business investment and an extremely strong fiscal position. It also requires those who would seek to lead in the economic debate to show a bit of consistency—in other words, not to say one day that the government are spending too much, as the Leader of the Opposition has done, and then the next day say, through his Treasury spokesman, that we are not spending enough on a whole lot of areas.

This Leader of the Opposition not only walks both sides of the street when it comes to Iraq, he also walks both sides of the street when it comes to the Australian economy. You cannot attack the government for spending too much and then the very next day attack the government for spending too little. Maybe you can do that, I correct myself, but the longer you do it and the more frequently you do it the more you undermine your own credibility and the more you render yourself irrelevant in terms of influencing Australian public opinion on the great economic debate.

Economy: Consumer Confidence

Mr MICHAEL FERGUSON (2.05 p.m.)—My question is addressed to the Treasurer. Would the Treasurer outline to the House recent data on consumer sentiment? What is the financial situation of the household sector?

Mr COSTELLO—I thank the honourable member for Bass for his question. The Westpac-Melbourne Institute Consumer Sentiment Index figures which were released today show a 16.6 per cent fall. That was off the third-highest measure of consumer sentiment ever recorded. The consequence of that is that consumer sentiment is still 1.2 per cent above the long-term average. The Westpac-Melbourne Institute release noted that this followed the announcement of a 0.25 per cent increase in the official cash rate and said as follows:

It is an extraordinarily strong reaction by consumers to the rate hike.

And obviously it is. The reaction itself of course will come as no surprise to the Reserve Bank because one of the reasons that the Reserve Bank took the decisions that it did was, as it said:
Conditions prevailing in Australia and abroad are likely to continue to encourage spending growth in the period ahead.

It went on to observe the high levels of confidence in the household sector. In other words, one of the reasons the Reserve Bank made the decision that it did was the abnormally high consumer sentiment. One of the reactions is to move that indicator and nobody, least of all the Reserve Bank, would be surprised by that response.

Nothing in that survey means that there has been any marked shift in the underlying financial position of the household sector in Australia. Let me remind the House, household real disposable income has grown by 33 per cent since the government was elected in 1996. The real net wealth of households has doubled under this government, increasing at an annual average rate of 8.6 per cent since the election of this government. For every dollar of debt, households have around $2 in financial assets and more than $6 in total assets. Indeed, over the last nine years there has probably been the greatest build-up of wealth in this country—certainly this century and possibly since colonisation in Australia. So the sentiment does not affect the financial position of the household sector. The sentiment, as you would expect, changes. If we look very carefully at the Reserve Bank decision, it was probably one of the reasons that motivated it to take the decision that it did.

Economy: Interest Rates

Mr BEAZLEY (2.08 p.m.)—My question is to the Prime Minister. I draw the Prime Minister’s attention to the Treasurer’s suggestions last week that any interest rate less than 10 per cent was low, as opposed to the Treasurer’s latest version from last night’s Lateline program that any interest rate less than nine per cent was low. At what level of interest rate rise will the Prime Minister acknowledge his broken word on interest rates?

Does the Prime Minister agree with the latest definition of ‘low interest rates’ from the all-dancing, all-prancing, arrogant Treasurer?

The SPEAKER—I think the question will stand without the last part.

Mr HOWARD—The Leader of the Opposition asked me to nominate a rate. In fact, three rates come to my mind: 17 per cent for housing, 20 per cent for small business and 21 per cent if you happened to be an unfortunate farmer in the Hawke-Keating years. They are the three rates that most readily come to my mind. I saw the Treasurer’s interview last night, and I thought that he did an extremely good job of comparing the performance of this government with monetary policy and the performance of those who sat opposite.

The point the Treasurer has made—and I would repeat it—is that the interest rates we now have are historically low in the experience of this country. He has also made the point that in the time that we have been in government—and what counts is what you deliver in government, not the rhetorical exchanges that occur in public debate—we have delivered interest rates which have moved between six and eight per cent. In the time that the Hawke-Keating government was in office, it delivered rates that moved between 10 and 17 per cent. That is what the Australian people know, that is what the Australian people remember and that is what the Australian people had in mind when they factored interest rates into the calculations they made before they cast their vote on 9 October.

Middle East

Mr FAWCETT (2.11 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of the government’s reaction to the recent political developments in the Middle East? Are there any alternative views?
Mr DOWNER—I thank the honourable member for Wakefield for his question and for his interest. I know that, as a former member of the Australian Defence Force, he has a great deal of interest in these issues. I do not think there is any doubt that there has been a remarkable trend of events in recent times with the emergence of democracy in the Middle East, a part of the world where some had argued that democracy would not happen or that the people, in particular the Arab people, were not somehow suited to democracy. Recent events show how wrong that has been. In Afghanistan there were presidential elections in October last year—on the very same day, as a matter of fact, on which we had our own general election here in this country. It was a remarkably good day, 9 October 2004. In January 2005 there were presidential elections in the Palestinian territories. We see movements in the right direction towards democracy in Egypt and we see municipal elections in Saudi Arabia—the start of the emergence of democratic processes in that country. We have seen people power in Beirut, which has obliged the Syrians to at least begin to comply with United Nations Security Council resolution 1559. Maybe above all, from our perspective, we have seen the remarkable elections that took place in Iraq on 30 January, with nearly 60 per cent of people turning out to vote in the face of intimidation, oppression and terrorism.

Without any doubt, one of the key factors that has led to this emergence of democracy—and it should not be overstated that this is the beginning, not the end—has been the liberation of Iraq from the tyranny of Saddam Hussein. I know the Leader of the Opposition and the opposition want to downplay this, but those who live in the region understand this and understand it only too well. The Lebanese opposition leader, Walid Jumblatt, said the other day:

I was cynical about Iraq, but when I saw the Iraqi people voting three weeks ago, eight million of them, it was the start of a new Arab world ...

I notice that, on 8 March, Rupert Cornwell, who has been a constant critic of the Iraq war, wrote an article in the UK Independent newspaper with the headline, ‘Was Bush right after all?’ He said:

As Syria pulls out of Lebanon, and the winds of change blow through the Middle East, this is the difficult question that opponents of the Iraq war are having to face. This is from one of the significant opponents of the war. Then, of course, as I mentioned yesterday, we have the redoubtable Harry Barnes, the British Labour MP who set up Labour Friends of Iraq. I gave advice to the opposition leader yesterday: I hope that a Labor friends of Iraq group is being set up here in this country as an equivalent of the organisation that Harry Barnes has set up in the UK and I remind the House that Harry Barnes said:

I thought it was right to oppose the war. But history moves on and the Iraqi people now have a golden opportunity to take back their country and build a decent non-sectarian democracy ...

We on this side of the House are very proud of the role that we and our armed forces have played in contributing to the momentous change that is moving through the Middle East. We are proud that, despite the political difficulties involved, we did the right thing and contributed to that emerging trend.

Mr Howard interjecting—

Mr DOWNER—Let me pick up on what the Prime Minister has said. We applaud the courage of a lot of other people, and one of the people whose courage we applaud is Tony Blair. He had a Green Left sort of group in his party who opposed what he did, and he had the strength to stand up to them. I know the Leader of the Opposition reasonably well, and nobody would claim he is an
opponent of democracy; of course he is not. But the Leader of the Opposition should get off the fence and come out and strongly state his support for the emerging democracy of Iraq—not equivocate, not quibble, not start rambling on about emerging civil war in Iraq. He should be out there positively championing democracy in Iraq. A leader with courage, like Tony Blair, would do that. That unfortunately is not the case with the leader of our own Labor Party.

DISTINGUISHED VISITORS

The SPEAKER (2.16 p.m.)—I inform the House that we have present in the gallery this afternoon the Hon. Larry Anthony, a former minister, and also a former member for Lowe, Mary Easson. On behalf of the House, I extend both a very warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Skills Shortage

Ms MACKLIN (2.17 p.m.)—My question is to the Prime Minister. I refer to the Prime Minister’s claim yesterday that Australia is not suffering a skills crisis. Isn’t it a fact that since 1998 the Howard government’s New Apprenticeships scheme has provided millions of dollars in subsidies to corporations that have next to no traditional trade trainees, including $3.8 million to Hungry Jacks, which does not have a single trade apprentice? Prime Minister, isn’t it true that, at the same time as turning thousands of people away from studying plumbing, carpentry, motor mechanics and electrical trades, the Howard government is using taxpayer dollars to subsidise salaries in fast food outlets? Prime Minister, haven’t these warped priorities created a skills crisis?

Mr HOWARD—This is a very interesting question from the Deputy Leader of the Opposition. Let me get it right: what the Deputy Leader of the Opposition is saying is that there is something wrong with encouraging apprenticeships in the entertainment and food provision industries. That is what the Deputy Leader of the Opposition is saying. This is the new Labor snobbery: there is something shameful about a person who works for Hungry Jacks or McDonald’s. There is something shameful about that.

Honourable members interjecting—

The SPEAKER—Order! The House will come to order.

Mr HOWARD—Heavens above, Mr Speaker; this is the latest version of the new class to come from the Labor Party—this elite approach. What I said yesterday and what I would repeat is that, yes, there is a shortage of people in the traditional trades. That is something that was identified by me and by the coalition in the last election campaign, and we gave a greater priority to that issue in the last election campaign than did the Australian Labor Party.

Honourable members interjecting—

The SPEAKER—Order! There is far too much noise.

Mr HOWARD—If you look at the two policies, we had far more to say about addressing that issue than did the Australian Labor Party. I have never run away from the fact—and I would not—that there is a shortage of people in the traditional trades. But I said yesterday and I repeat again that I have absolutely no intention of embracing this absurd rhetoric—which is quite false, when you actually look at the increase that has occurred—that there is some kind of skills crisis. I certainly do not intend, as the Deputy Leader of the Opposition has done, to sneer at young Australians who work for Hungry Jacks.

Ms King interjecting—

The SPEAKER—The member for Ballarat is warned!
Mr HOWARD—To treat them as second-class citizens and say that there is something dishonourable about the service sector of the Australian economy shows the new snobbery of the old Australian Labor Party.

Honourable members interjecting—

The SPEAKER—Order! The House will come to order.

National Water Initiative

Mrs HULL (2.21 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 progress being made with the implementation of the National Water Initiative?

Mr ANDERSON—I thank the honourable member for her question. I would like to place on record the very great respect I have for the work that she has done, including with the private sector and the Pratt Foundation, in taking forward the policy framework for the management of Australia’s water. She has made a very great contribution indeed.

I am delighted to be able to inform the House that the states are returning to the fold and re-embracing the National Water Initiative. Victoria, South Australia, New South Wales and Queensland have all indicated that they have recommitted to the National Water Initiative. In that sense, it is good to be able to record that sound public policy and a world-leading legal framework for the management of our water have again started to win out over some politics, if I can put it that way. The National Water Initiative is a national policy. I trust that Western Australia and Tasmania will take the time to consider the many advantages of being partners and that it is only a matter of time before the ACT and the Northern Territory climb back on board as well.

One of the good aspects of this is that we can now press on with the Living Murray, which my colleagues the minister for agriculture and, in the Senate, the minister for the environment have both put so much leadership and so much work and effort into. It is a great national priority; there is no doubt about it. Again, we need to do it cooperatively given the nature of federalism in this country. It is very important that, over and above the national Water Fund of $2 billion, the Living Murray initiative, which is worth some $500 million initially, can now proceed.

The National Water Commission has been established. As I think is known, Ken Matthews is the chief executive officer. The remaining commissioners—three to be selected by the Australian government, three to be selected by the states and territories and a chair to be appointed in consultation with the other parties—are to be announced soon.

Excitingly, the commission is already discussing with state officials certain water project proposals in line for funding from the Australian water fund. They are projects which conform to the National Water Initiative principles and they will lead to very significant environmental advantages, greater prosperity in regional areas and a stronger export performance—something that we in this country are all focused on at the moment.

The $2 billion Australian water fund underpins infrastructure investments in water savings and efficiency projects—not only in regional areas, I want to stress, but in urban areas as well. This is an important point to make. I think it is true to say that the Australian people are seized with the importance of managing our water properly—as never before. They embrace the leadership that the Australian government has displayed in re-
recent months. They want it to work. They expect us to get on with it.

I trust that the remaining states and territories that are still considering their options will look at recent developments in a favourable light and get back on board as quickly as possible.

Workers’ Entitlements

Mr BEAZLEY (2.24 p.m.)—My question is to the Minister for Employment and Workplace Relations. I refer the minister to the recent collapse of Walter Construction which has left non-construction employees reliant on the government’s General Employee Entitlements and Redundancy Scheme in order to receive any redundancies. Why do employees under the scheme have their redundancies capped at eight weeks even though some employees—like those I met from Walter today—have worked for the company for over 40 years? Why does the government not give Australian workers full protection when a business like Walter Construction goes under?

Mr ANDREWS—Can I make a few points in response to the question from the Leader of the Opposition. Firstly, the scheme that is in place in Australia today is a scheme that was put in place by this government. For 13 long years, the Australian Labor Party did nothing about workers’ entitlements in Australia. Secondly, this is a scheme which has paid out, to over 30,000 people, in the order of $280 million—$280 million provided by this government, in contrast to absolutely nothing provided by the Labor Party when it had the opportunity. The Labor Party talks about being a party of the workers. What a joke!

So far as the community standard that the Leader of the Opposition asks about is concerned, the community standard was one which was established—

Mr Albanese interjecting—

The SPEAKER—Order! The member for Grayndler is warned!

Mr ANDREWS—essentially by the rulings of the Industrial Relations Commission. So far as the Walter workers are concerned, my department has written to the administrators, KordaMentha, asking them to set out an approach so that an early payment can be made to these workers. My department has received in the order of 200 claims from former employees of Walter. If the administrators actually provide the information which is required by the department—

Mr Bevis—What about the Stan Howard deal?

The SPEAKER—Order!

Mr ANDREWS—then we would be in a position—

Mr Bevis—What about Stan Howard?

The SPEAKER—The member for Brisbane!

Mr ANDREWS—to actually move with the payments under the GEER Scheme. As for the interjections coming from the other side, I take it that that is an indication from the Australian Labor Party—

Mr Bevis interjecting—

The SPEAKER—The member for Brisbane is warned!

Mr ANDREWS—that the Leader of the Opposition will write to the Premier of New South Wales and ask him to do what he has done in only one case before, and that is for the state to contribute as well. Of course, that will not happen.

BHP Billiton: Proposed Investment in Australia

Mr WAKELIN (2.24 p.m.)—My question is addressed to the Treasurer. Would the Treasurer update the House on developments surrounding the acquisition of WMC Re-
sources? Are bids subject to the Foreign Acquisitions and Takeovers Act?

Mr COSTELLO—I thank the honourable member for Grey for his question and acknowledge the good work that he does representing the area of South Australia which includes Olympic Dam, which has the largest provable reserve of uranium in the world and which is owned by WMC Resources. Members would be aware that, in the last 24 hours, BHP Billiton has made an offer for WMC Resources at $7.85 a share, which has been recommended by the board of WMC Resources. BHP Billiton is the world’s largest diversified resources company, created through a dual listing between BHP and Billiton.

Members of the House would be aware that an offer was also made to WMC Resources by Xstrata, a foreign corporation, which required a consideration by me under the Foreign Acquisitions and Takeovers Act. On 11 February 2005, I announced a decision in relation to that which gave conditional approval. BHP Billiton is also a foreign corporation, so the application will also require approval under the Foreign Acquisitions and Takeovers Act before it can proceed.

The government has put in place a number of conditions in relation to BHP Billiton which were put in place at the time of the dual listing, conditions which related to the headquarters to be retained in Australia; the chief executive officer and chief financial officer to have their principal place of residence in Australia; a majority of board meetings to be held in Australia—and other conditions—to ensure the BHP company had a strong domestic residence. These conditions remain in place in relation to the dual listed company. The application that would be made in relation to WMC Resources would not change those conditions. They are conditions, in fact, of the dual listing.

Members of the House—certainly on this side and I hope on both sides—would welcome the possibility that any new owner of WMC Resources would have the capacity to develop the wonderful Olympic Dam resource—Australia’s largest uranium resource and, in fact, the largest proven uranium deposit in the world. Certainly, on this side of the House we would like to see new investment and a lift in the capacity of that mine, subject to all Australia’s nuclear safeguards, to increase exports and to earn more income for Australia. If that were to occur through the outcome of either of these bids, once they have been passed, that would be a welcome thing for Australia and its export capacity.

Immigration: Bruderhof Christian Order

Mr WINDSOR (2.31 p.m.)—My question is to the Prime Minister. Prime Minister, you would be aware that the Bruderhof Christian Order established a community near Inverell in my electorate in 1999. You would also be aware that they are currently experiencing visa difficulties with a number of their members. Prime Minister, they have proven themselves to be valuable contributors to the region, establishing a high-quality, internationally recognised three-dimensional sign-making business, 50 per cent of which are exported. They inject approximately $140,000 a month into the local economy. Prime Minister, will you support moves currently before the minister for immigration to have the Procedures Advice Manual of the immigration department modified with the appropriate conditions which would allow bona fide members of the Bruderhof community to be appropriately admitted to Australia and thereby enable them to grow?

Mr HOWARD—In reply to the honourable member for Windsor, I am broadly aware of the circumstances to which he has
referred. What I will do is convey to the minister what he has put to me in this question. I might also point out to the House that I understand this matter has been the subject of discussion between the minister and the Deputy Prime minister, and I am sure the minister will reach a fair and just conclusion.

Law Enforcement Agencies

Mr TICEHURST (2.33 p.m.)—My question is addressed to the Attorney-General. Would the Attorney-General advise the House what the government has done to equip our intelligence and law enforcement agencies to protect the Australian community?

Mr RUDDOCK—I thank the honourable member for Dobell for his question because today I have seen some suggestions that there is little to show for the additional $4 billion that Australia has spent on national security since 11 September. Apparently, this is on the basis of only six terrorism arrests being made.

If the member for Barton, who is normally known to not propagate nonsense of this sort, has any doubts about the effectiveness of our agencies, I would simply refer him to the available ASIO annual report and comments by the director-general of security. In the past three years, our agencies have been instrumental in the disruption in late 2001 of planning for an attack on Singapore, including against the Australian High Commission; the bringing to justice of those involved in the Bali bombing in October 2002; and the disruption in late 2003 of what we consider was planning for an attack here in Australia involving Willie Brigitte. ASIO has sought to identify Australians worldwide connected to terrorism. That work has taken our agencies from Indonesia to inside the Arctic Circle—to every continent except Antarctica.

As the director-general has noted, the number of Australians confirmed or assessed to have undertaken terrorist training continues to grow. The ASIO annual report states that, since 11 September, 10 people have been refused entry to Australia because of their assessed involvement in terrorist activities. The same report says 20 Australian passports have been cancelled or denied by my colleague the Minister for Foreign Affairs following adverse security assessments. Obviously, investigations are continuing. I would have to say that, if there is only one line of inquiry that leads to the disruption of a single terrorist activity here or abroad, then I am satisfied that every dollar spent on our agencies in Australia’s interest has been money well spent.

Regional Services: Program Funding

Mr KELVIN THOMSON (2.35 p.m.)—My question is to the Minister for Veterans’ Affairs and relates to answers to questions she has previously given to the parliament. Can the minister confirm that in August last year she was briefed by her department on concerns held by the Central Coast Area Consultative Committee about her decision to fund the dredging of Tumbi Creek instead of the mouth of the nearby Kincumber Creek? Can the minister confirm she was told the allocation of funding—

Mrs Bronwyn Bishop—Mr Speaker, I rise on a point of order. I know this has been a contentious issue and I know there have been rulings made, but standing order 98(b) says that only a minister may be asked a question. Standing order 98(c) says, in the present tense:

A Minister can only be questioned on the following matters, for which he or she is responsible or is officially connected.

It does not say ‘was’. If you allow ‘was’ to be interpreted as being the case there is nothing to prevent a question being asked of any minister of a previous portfolio that is clearly
against the intention of the standing orders. Clearly that question is out of order.

The Speaker—Before ruling I will hear the full question by the member for Wills. I ask him to complete his question and I will consider it.

Mr Kelvin Thomson—As I indicated previously, my question to the Minister for Veterans’ Affairs relates to answers she has previously given to this parliament in response to questions we have asked her. Can the minister confirm that in August last year she was briefed by her department on concerns held by the Central Coast Area Consultative Committee about her decision to fund the dredging of Tumbi Creek instead of the mouth of the nearby Kincumber Creek? Can the minister confirm she was told the allocation of funding for the dredging of Kincumber Creek—

Mrs Bronwyn Bishop—Mr Speaker, I rise on a point of order. You did not rule on my previous point of order. You asked for the member opposite to continue with his question. In every ounce and every sentence he is in further breach of the standing orders. I would ask you to rule him out of order.

The Speaker—I told the member for Mackellar that I would rule when I had heard the full extent of the question, and I have not heard the full question. I ask the member for Wills to finish his question.

Mr Kelvin Thomson—As I was saying before I was interrupted, can the minister confirm she was told the allocation of funding for the dredging of Kincumber Creek would save 120 jobs at a local boatbuilding company? Why did the minister take no action following this briefing from her department?

The Speaker—From my recollection, the Minister for Veterans’ Affairs has answered questions on this already, so I will call the Minister for Veterans’ Affairs.

Mrs DE-Anne Kelly—Yes, I was aware that the area consultative committee had raised some concerns about this project. But the area consultative committees have an advisory role. Yes, some weight is given to the comments they make. However, there is a very strong process of seeking consultation with the local community, and they strongly supported this project. I would also like to say this with regard to Kincumber Creek: if there is any community in this country that has a good project, put it up to the department and get it assessed. If you think your project is worth while, make a submission. A Kincumber Creek application was never put in. I am advised that to this date they have never submitted an application. If you think you have got a good case, put in an application—it is really as simple as that—and have it assessed through the process.

My decision to fund this project was vindicated fully. Let me read out the vindication for that:

The health of the local environment is critically important.

As the local people put forward.

People want to know that they can enjoy the area ... they also need to be reassured that the danger of flooding to homes at the mouth of the creek will be reduced.

That sort of strong local support was one of the things that prompted me to realise this was a vital project to the community. Do you know who supported it? The Labor candidate. There was funding from Labor. That is who vindicated my decision. The Labor Party are attacking us for implementing their policy. It was your policy to fund Tumbi Creek. We are implementing it. It is a good project. The local people support it fully. It was the right decision and supported by the Labor candidate for that seat.
Workplace Relations: Building Industry

Mr WOOD (2.41 p.m.)—My question is addressed to the Minister for Employment and Workplace Relations. Would the minister inform the House of the obstacles to expanding the number of apprentices in the building and construction industry?

Mr ANDREWS—I thank the member for La Trobe for his question and his keen interest in ensuring that there are adequate apprentice positions, for young people in particular, in his electorate. The reality is that in recent years it has been almost impossible to employ school based apprentices at large commercial building sites. The reason for this is that if a contractor or a subcontractor employs an apprentice then they are required to pay the full union imposed rate of pay for ordinary workers over and above what the apprentice’s productivity is actually worth. The consequence of this is that apprentices get priced out of jobs.

School based apprenticeships were a recommendation of the Cole royal commission into the building industry, a recommendation which this government accepted. But, as we know, the ALP has rejected the recommendations of the Cole royal commission. So it was surprising that last week the Leader of the Opposition came belatedly and said he supports school based apprentices. Last Monday he said in a doorstop:

Back them up when they devise the schemes that they’re … putting in place to ensure that there’s a stream in High School that give young people a start on apprenticeships. He also told the Derryn Hinch show that school based apprenticeships were ‘a much more modern way of going into an apprenticeship now’.

So we get this stream, this river of words flowing from the Leader of the Opposition, but has he bothered to tell the union movement last year. In August last year the Australian Industrial Relations Commission, in the face of clear resistance from the CFMEU, the CEPU and the AMWU, decided to amend the building industry award to allow employers in the building and construction industry to take on school based apprentices. Up until then the award had not allowed them to do so. This was done by the Australian Industrial Relations Commission in the face of overt and hostile opposition from three major unions, which of course have contributed $13.4 million to the Australian Labor Party since 1996. The commission’s decision stated that it was satisfied there was an overwhelming case to provide young people with as many pathways to sustainable employment as possible. It is all right for the Leader of the Opposition to tell people to back them up now, but where were the Leader of the Opposition and the Deputy Leader of the Opposition? What were they saying to the unions?

Mr Crean interjecting—

The SPEAKER—Order! The member for Hotham is warned!

Mr ANDREWS—What were they saying to the unions when they were standing in opposition?

Mr Howard—She was eating at Hungry Jacks.

Mr ANDREWS—Perhaps she was eating at Hungry Jacks, as the Prime Minister says. Once again, what we have here is the Leader of the Opposition reverting to type. We get this continual river of words from the Leader of the Opposition, but the test was there last year as to whether he was actually doing something about supporting a change. It is all right to come in now and carp on, as the Leader of the Opposition does, about what is wrong with the system. When he had a chance to do something and talk to his union mates, he did absolutely nothing.
Regional Services: Program Funding

Mr KELVIN THOMSON (2.45 p.m.)—My question is again to the Minister for Veterans’ Affairs and refers to her previous answer. Can the minister confirm that the executive officer of the Central Coast Area Consultative Committee described the Tumbi Creek funding application as the worst he had ever seen? Can she confirm that the Central Coast Area Consultative Committee assessed the project as a low priority? Can she also confirm that the Chair of the Central Coast Area Consultative Committee told her department that the funding decision would cause serious concern about the integrity of the Regional Partnerships program? Why did the minister ignore the advice of the area consultative committee when allocating $1.5 million of taxpayers’ money to this project?

Mrs DE-ANNE KELLY—I did not ignore their advice. The ACC recommended this project for funding, but did not rate it a high priority. But the local community did, and so did the Labor Party. The Labor Party said:

Labor’s candidate for Dobell says Labor will fund the dredging of Tumbi Creek.

So the decision was vindicated by the local community, the ACC and the Labor candidate.

Automotive Industry: Performance

Dr SOUTHCOTT (2.49 p.m.)—My question is addressed to the Minister for Industry, Tourism and Resources. Would the minister inform the House of the recent expansion in Australia’s automotive industry?

Mr IAN MACFARLANE—I thank the member for Boothby for his question. I understand that his confidence in the car industry in South Australia is so strong that he has just taken delivery of his second Mitsubishi. I share that confidence, particularly in that company. The Australian automotive sector is already racing away to another record year. New vehicle sales for the month of February hit a record of 81,009 vehicles—up almost seven per cent on the same month last year. Sales for the first two months of 2005 have reached more than 150,000, which is almost 10,000 more than by this time last year.

The news gets even better for the local industry. Under the stability and the long-term
program provided by the Howard government, exports of vehicles from Australia have almost doubled to the value of $4.7 billion. One-third of local production is now exported, including Toyota’s Camry, which is not only a vehicle of high quality but the cheapest Camry made by Toyota in the world. The Australian built Camry is the most cost-effective vehicle built by that company anywhere in the world. As part of that ongoing confidence, Toyota announced on Monday a $47 million investment in an R&D centre in Victoria.

All this good news is a far cry from when Labor was last in power. It is worth reflecting on the last seven years under Labor when 20,000 jobs in the automotive manufacturing industry were lost, new vehicle sales grew by only one per cent per annum between 1990 and 1996 and only 10 per cent of local production was exported.

Last night I had the pleasure to see two former industry ministers honoured for their contribution to the car industry. One of them, of course, was John Moore, the first industry minister under the current Howard government, who put in place the $3 billion plan which has led to these increases.

Opposition members interjecting—

The SPEAKER—Order!

Mr IAN MACFARLANE—Mr Speaker, they might want to hear this bit. The other industry minister was, of course, John Button—the last Labor minister to have the courage of his convictions to do what had to be done for the car industry in terms of tariff reduction and in terms of industry competitiveness. While this Labor Party flip-flops on its policies on tariffs, the car industry in Australia is getting on with building better cars, providing better jobs and contributing to a better economy.

Regional Services: Program Funding

Ms GILLARD (2.52 p.m.)—My question is to the Minister for Veterans’ Affairs and refers to her statements to this House on 7 December last year in which she claimed a letter signed by her to the member for Capricornia advising of a grant approval under the Regional Partnerships program was:

... mislaid and a departmental liaison officer found it last week, date stamped it and posted it last Thursday.

Minister, didn’t a deputy secretary of the Department of Transport and Regional Services tell a Senate committee on 18 February this year that the letter was never mislaid? Minister, who is telling the truth—you or the deputy secretary of the Department of Transport and Regional Services?

Mrs DE-ANNE KELLY—I approved those projects that the letter relates to when I was the Parliamentary Secretary to the Minister for Transport and Regional Services. Those applications were assessed by the department. I signed the approvals and I also signed the letters to those concerned with the projects, including local members. They were all handed, as they are, to the department. Plainly, in the interim period, the department had those letters. They would have had control of those letters. They went out sometime later—in fact, when I had been sworn in to another position. Quite plainly the department has the explanation for them—they certainly were not sent out; they were mislaid, as I said.

Opposition members interjecting—

The SPEAKER—Order! The minister has the call.

Mrs DE-ANNE KELLY—I hand them to the department. Let me go to the heart of this matter. What this is about is a good program that has hundreds and hundreds of excellent outcomes for rural and regional Australia. Programs like the one mentioned yesterday
in the Deputy Prime Minister’s electorate in Bourke—a lonely little town where they tried to upskill the people at the child-care centre, something the Labor Party is continuously going on about in this House. We were doing it first in Regional Partnerships with projects that upskill local communities. The Labor Party has nothing to stand on in this. They were good projects right across this nation to assist local communities.

Health and Ageing: Aged Care

Mr BARTLETT (2.55 p.m.)—My question is addressed to the Minister for Ageing. Would the minister advise the House how the Australian government is providing more aged care places for older Australians?

Ms JULIE BISHOP—I thank the member for Macquarie for his question. I know he is a strong advocate for aged care services in his electorate. I congratulate him on the 61 places his electorate was allocated in the recent aged care round. We have completed the 2004 aged care allocation round whereby 13,030 new aged care places were allocated across Australia. There were over 8,600 new residential care places and over 2,800 community places. That is a significant increase in the number of aged care places in this country. This government has now reached the benchmark of 100 operational aged care places per 1,000 of the population over the age of 70. This was a ratio introduced by Labor and not once did Labor meet its own benchmark. This government has met that benchmark and we have increased the ratio to 108 aged care places per 1,000 of the population over the age of 70. This means that over the next three years 27,900 more aged care places will be allocated for older people in this country.

New allocations mean more services for older people to receive at home and in the community. They mean more homes to people needing residential care. In the last two weeks alone since parliament sat I have had the opportunity to open new homes or extensions to homes in the electorates of the members for Macquarie, Mackellar, Macarthur, Boothby, Mayo, Ballarat, and Lyons and in my own electorate of Curtin. The other day the member for Cook and I launched the establishment of a 100-place village in Miranda and then last Friday we announced the establishment of a 100-place village in the electorate of the member for Fraser. The question has to be: what is Labor saying about aged care? Not a word. There has been a deafening silence from the Labor Party. During the last election, the Labor Party committed not one extra dollar to residential aged care places in Australia. This government is getting on with the job of delivering high-quality care places that are affordable and accessible for older Australians.

Regional Services: Program Funding

Ms GILLARD (2.58 p.m.)—My question is to the Minister for Veterans’ Affairs and relates to her last answer. Will the minister confirm that she is maintaining the position she put to this House on 7 December last year that her letter sent to the member for Capricornia was mislaid? If so, does the minister contend that the deputy secretary of the Department of Transport and Regional Services, having met with her department liaison officer in Parliament House to go through the circumstances that led to the problem, wilfully misled the Senate when he refuted the claim that the letter had been mislaid?

Government members interjecting—

Ms GILLARD—I am asking her.

Mrs DE-ANNE KELLY—I refer the House to the statement by the departmental liaison officer on 7 December 2004. He said: The grant application for “Horse Australia” was one of those dealt with by me during this period.
The Hon De-Anne Kelly MP as the relevant Parliamentary Secretary approved the application and signed the relevant papers for “Horse Australia” and letters to stakeholders on 31 August 2004.

It should be noted that after the election, while she was Parliamentary Secretary and before becoming Minister for Veterans’ Affairs a further batch of applications were dealt with on 20 and 22 October 2004.

During the period August to December there was an election, a new Ministry and a change in Parliamentary Secretary. During this period I had to make arrangements for the change-over of offices for the new Parliamentary Secretary, the Hon John Cobb MP.

A number of approved applications with accompanying letters to stakeholders already been signed by the Hon De-Anne Kelly when she was Parliamentary Secretary had not yet been dispatched. I date stamped them on the day of mailing from the Hon John Cobb’s office. Copies are on the file.

**Agriculture: Farm Business Improvement Program**

Mr SCHULTZ (3.01 p.m.)—My question is addressed to the Minister for Agriculture, Fisheries and Forestry. Would the minister advise the House how the Australian government is helping to improve the skills of Australian farmers through the FarmBis program? Are there any alternative policies?

Mr TRUSS—The Australian government certainly provides a great deal of assistance to Australian farmers, with training activities. The honourable member for Hume would be well aware of the large number of activities under the FarmBis program conducted in his own electorate. In fact, around 150,000 farmers have participated in FarmBis activities since the program began in 1997. Over recent months, the Australian government has been negotiating with the states, who provide half of the funds for these projects, to agree to the new FarmBis 3 program, the third version of FarmBis. We have committed $66.7 million over four years to this program, and we have been able to reach agreement with South Australia, Tasmania, Victoria, Western Australia and even Queensland to continue FarmBis activities in those states for the next four years. Those negotiations will help to ensure that farmers are able to have continuity in training programs in those states.

It is disappointing that New South Wales has not yet signed up to the FarmBis program. What is particularly extraordinary is that Minister Macdonald has been blaming the federal government for the fact that New South Wales has not signed up. We have signed with all the other states—all the other states are quite happy—but the New South Wales government declined the offer that was made to it for some interim funding while the new arrangements were being provided, as did Queensland. So for about 12 months now there have been no FarmBis activities to speak of in New South Wales. That is a pretty disgusting state of affairs. The reality is that the Commonwealth is ready to sign the agreement with New South Wales. I understand that there are no disagreements between the governments about the content, other than that New South Wales has not got around to yet committing the money that is necessary to ensure that this program can proceed.

FarmBis has done a great deal to upgrade the skills of Australian farmers. All other states in Australia have signed up to the program. New South Wales remains absent without leave, and it is high time that Mr Macdonald got on with the job and signed the documents so that New South Wales farmers can continue to benefit from this program.

**Regional Services: Program Funding**

Mr BEAZLEY (3.04 p.m.)—My question is to the Deputy Prime Minister, and it goes
to answers to previous questions by the Minister for Veterans’ Affairs as she persists with the view that the letters were mislaid, as opposed to withheld. Can the Deputy Prime Minister confirm that his deputy secretary, Mr Yuile, met with his parliamentary secretary’s departmental liaison officer, Mr Cerasani, before a statement about missing Regional Partnerships letters was tendered late last year? What action does he propose to take in response to the Minister for Veterans’ Affairs’ claim that her version of events is to be preferred to that of his department? Does he propose to take action on the Minister for Veterans’ Affairs’ effective claims that a deputy secretary of his department has misled the Senate?

Mr ANDERSON—I thank the Leader of the Opposition for his question. I have to say at the outset that I have very great confidence in the personal integrity of both of the individuals involved—in the minister and, indeed, in the deputy secretary, whom I met in my very early days as a minister in this place. They are both people of impeccable personal standards of integrity. The point of this exercise rather eludes me. It seems to me to be quite evident that there is no serious conflict between the positions of the two at all. I will consult with both. If there is anything further to report to the House, I will do so, but I frankly think it very unlikely that there will be.

Mr Howard—Mr Speaker, I ask that further questions be placed on the Notice Paper.

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Immigration: Bruderhof Christian Order

Mr HOWARD (Bennelong—Prime Minister) (3.06 p.m.)—Mr Speaker, I seek the indulgence of the chair to add to an answer.

The SPEAKER—The minister may proceed.

Mr HOWARD—The member for New England asked me a question about the Bruderhof group, and I have received the following additional advice from the minister’s office. Representations on behalf of the Bruderhofs were made last year by the Deputy Prime Minister. Since then, there have been ongoing discussions in relation to both their request for a special visa class for their order and a number of individual applications under various visa categories. These discussions have involved the Bruderhofs, their representatives, the minister’s office and DIMIA.

In recent weeks there have been requests for further meetings. Yesterday, the minister agreed to arrange a meeting next week with the leadership of the Bruderhofs to listen directly to all their concerns—that is, both the request for a special visa class and individual applications. This particular meeting has followed a request from New South Wales senator Senator Marise Payne. I am informed by the office that the member for New England was advised of this meeting last night, and he therefore agreed that a meeting which he had sought between the Bruderhofs and the minister was no longer necessary. It is apparent from that information that the minister is giving serious consideration to the issue. I do not convey any particular prediction thereby about the outcome, but the minister is focusing on it, and I am sure she will do the right thing.

QUESTIONS TO THE SPEAKER

Gallipoli

Mr QUICK (3.07 p.m.)—Mr Speaker, as you are aware, 25 April this year will see the 90th anniversary of the landing at Anzac Cove. For the 80th anniversary, some opportunities were given for members of this House to attend this important celebration. Are you cognisant of any plans to enable
members to join the Prime Minister at Anzac Cove this year?

The SPEAKER—I thank the member for Franklin for the question. I will make some inquiries and get back to him.

PERSONAL EXPLANATIONS

Mr BEAZLEY (Brand—Leader of the Opposition) (3.08 p.m.)—Mr Speaker, I wish to make a personal explanation.

The SPEAKER—Does the honourable member claim to have been misrepresented?

Mr BEAZLEY—Yes.

The SPEAKER—Please proceed.

Mr BEAZLEY—I claim to have been misrepresented by the Prime Minister earlier today in question time and by him and the Minister for Foreign Affairs yesterday, when they suggested that the position that I and the Labor Party have adopted on Iraq is a position that involves walking both sides of the street. The position we adopted on Iraq is simply to oppose the government’s breach of what they undertook before the Australian electorate on this matter at the last election and, having made that opposition, to say at the same time—

The SPEAKER—The Leader of the Opposition has to explain where he has been misrepresented.

Mr BEAZLEY—that we are prepared to ensure, in any way that an opposition can, that the troops there are properly supported. Those are not contradictory positions. They were identified as such by the government, and the position that they have adopted on this is absurd.

The SPEAKER—The Leader of the Opposition will resume his seat.

Ms ANNETTE ELLIS (Canberra) (3.09 p.m.)—Mr Speaker, I wish to make a personal explanation.

The SPEAKER—Does the honourable member claim to have been misrepresented?

Ms ANNETTE ELLIS—Yes, I do.

The SPEAKER—Please proceed.

Ms ANNETTE ELLIS—In question time today, the Minister for Ageing claimed that, in the last election, the Labor Party took no further funding forward in relation to aged care. As the shadow minister with responsibility for aged care issues at that time, I wish to correct that record. In fact, we undertook to meet the Hogan review commitment of $2.1 billion that the government was putting in, plus $100 million—

The SPEAKER—The member must explain where she personally has been misrepresented.

Ms ANNETTE ELLIS—As the relevant shadow minister at the time, I take it as a personal explanation of my role in that time. To correct the record: we did in fact have a commitment of $200 million for capital works, $100 million of which was for young people in nursing homes. The minister today was incorrect.

The SPEAKER—The member has made her correction.

Mr LAMING (Bowman) (3.10 p.m.)—Mr Speaker, I wish to make a personal explanation.

The SPEAKER—Does the honourable member claim to have been misrepresented?

Mr LAMING—Yes.

The SPEAKER—Please proceed.

Mr LAMING—On Tuesday, 8 March, in the Queensland state parliament, the state member for Redlands claimed that I do not support the construction of the new Redland Bay police station. That is despite the media release of the previous day—Monday, 7 March—stating that I do support the construction of the new police station. What I do
The Queensland government’s decision to pull community-based police out of Redland Bay for all of 2005 is not supported by the member for Bowman.

The Speaker—The member for Bowman has already made the point. The member for Bowman will resume his seat.

Mr. Price (3.10 p.m.)—Mr. Speaker, I asked you a question yesterday about restrictions on the public’s access to Parliament House. I wonder if you are in a position to report on the discussions that you indicated you were having.

The Speaker—I thank the Chief Opposition Whip for his question. Yes, I am in the process of ongoing discussions and I will get back to you.

Mr. Beazley (Brand—Leader of the Opposition) (3.11 p.m.)—I move:

That leave of absence for the remainder of the current period of sittings be given to the honourable member for Cowan, on the ground of ill health.

Question agreed to.

The Speaker—I present the Auditor-General’s Audit reports Nos 31 to 36 of 2004-05 entitled Audit report No. 31: Performance audit: Centrelink’s customer feedback systems: summary report covering audit reports Nos 32, 33, 34, 35 and 36; Audit report No. 32: Performance audit: Centrelink’s Customer Charter and Community Consultation Program; Audit report No. 33: Performance audit: Centrelink’s customer satisfaction surveys; Audit report No. 34: Performance audit: Centrelink’s complaints handling system; Audit report No. 35: Performance audit: Centrelink’s review and appeals system; and Audit report No. 36: Performance audit: Centrelink’s Value Creation program.

Ordered that the reports be made parliamentary papers.

Mr. Abbott (Warringah—Leader of the House) (3.12 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 and I move:

That the House take note of the following documents:


Debate (on motion by Ms Gillard) adjourned.

The Speaker (3.12 p.m.)—For the information of honourable members, I present a copy of the Memorandum of Understanding on the Execution of Search Warrants in the premises of Members of Parliament between the Attorney-General, the Minister for Justice and Customs, the Speaker of the House of Representatives and the President of the Senate. I also present a copy of the Australian Federal Police National Guideline for Execution of Search Warrants where Parliamentary Privilege may be involved.

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

Economy: Interest Rates
The failure of the Government to address the economic challenges facing Australia, causing higher interest rates and slower growth.

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

More than the number of members required by the standing orders having risen in their places—

Mr SWAN (Lilley) (3.13 p.m.)—This government has failed to address the significant economic challenges facing Australia which are causing higher interest rates, slower growth and lower confidence. It takes a special brand of complacency and a special brand of incompetence to get a combination of economic news such as that we had last week. We had an interest rate rise, we had skyrocketing record current account deficits and we had slowing growth. This was a damning trinity, and it is little wonder that consumer confidence has hit record lows.

This government was re-elected because people saw it as being a safe pair of hands. It was re-elected because it promised to confidently achieve record low rates of interest, and continued prosperity. But the truth is that today Australians are nervous. Australians are paying the price of this government’s economic mismanagement, and they are paying the price of its broken promises.

Let us look at what has happened in the last week. The average loan of $212,000 on the new interest rate of 7.3 per cent will cost an extra $34 a month. Add to that the increased cost of $21 a month for private health insurance. We all know that petrol is hitting a record high, so add another $20 a month. That is $75 a month for anyone in those circumstances. Think about what it would be like if interest rates were at 8.5 per cent, which is the new definition the Treasurer gives for ‘low interest rates’. The additional repayments would be $209 a month, on top of $21 a month for private health insurance and $20 for petrol. That brings the impact to $250 a month for a family with an average housing loan of $212,000. As we well know, the impact is far greater in many areas of Australia where an average housing loan is $300,000 or more.

Is it any wonder that yesterday the Treasurer was in the House doing the mad macarena with all his friends? He is clearly as nervous as the Australian consumer at the moment, which is one of the reasons he was out there trying to redefine a ‘low interest rate’. One of the reasons he was on Lateline last night was to convince people that interest rates would not get to nine per cent, when he had said 10 per cent two weeks earlier. I will come back to that, because the higher interest rates, record foreign debt, record current account deficit and very slow growth which were revealed last week must have had a real impact on the Treasurer. The figures reveal that the Treasurer is a bit like the Wizard of Oz. He has been exposed as an economic midget with a very big microphone. We hear a lot of great claims and there is a lot of patting himself on the back, but what outcomes are we getting as a country?

The truth is that the government are very nervous. They are as nervous as the Australian population because they understand—even if they will not admit it publicly—that there are problems with our record foreign debt and the record current account deficit, and other imbalances are rapidly developing in the economy. All of this has happened only five months since the election, when the government busily reassured us that things were fine. They told us, ‘Vote for the Liberal Party.’ They spent millions of dollars on television ads. What the campaign said was not what the fine print said. They spent their money on slogans such as ‘Keeping inflation
under control’ and ‘Keeping interest rates at record lows’.

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Lilley has got his point across.

Mr SWAN—That was the commitment, the promise and the guarantee given to the Australian people. That is why the Treasurer is so nervous. That is why he is in here dancing with all of his friends. He knows they have broken their word to the Australian people and that there is a political price to be paid.

We also know that one of the reasons there is such strong upward pressure on interest rates is that the Treasurer engaged in a $66 billion spending spree, which yesterday for the first time—you have to give them credit for this—they admitted to in this House, despite denying its existence since Access Economics published their calculations at the end of last year. What did Access Economics have to say about their spending spree? They said:

If the official view is that Canberra should be spending on raising productivity and lifting participation, then the $66 billion does not stack up terribly well against those yardsticks.

Access Economics said that the government spent all the money in the wrong places and that they had not made the necessary investments in the future productive capacity of our economy. It is not strange that earlier this year the OECD made the same point. It is no coincidence that the Reserve Bank made the points that this government has not made the investments necessary to ensure the prosperity of this country well into this century and that the government’s short-term political opportunism in spending this money had imperilled the future prosperity of this country. Access Economics said:

If we are right, and if recent spending has done little to further future growth, then Australian policy makers may have muffed a last chance to cement our current prosperity for some time. That is why the Treasurer is in here dancing the macarena with all his friends. He is a very nervous Treasurer, and so he should be. He did not stand up to the Prime Minister when he rammed that $66 billion figure through the cabinet. He did not stand up to the cabinet’s Expenditure Review Committee. He is an absolutely spineless, gutless Treasurer. The Prime Minister had his way with short-term political opportunism.

Mr Brough—Mr Speaker, I rise on a point of order. There is no place for unparliamentary language and abuse of people in this chamber.

The DEPUTY SPEAKER—It may have not been suitable, but it is not unparliamentary.

Mr SWAN—This Treasurer favours the trampoline option into the Lodge. This Treasurer thinks that he should be serenaded into the Lodge and should not have to do the hard work, that he does not have to stand up to his politically opportunist Prime Minister; that he can just go along with his Prime Minister and that, in the end, there will be some sort of seamless transition. The Treasurer did not stand up and fight for the country, and because of this a $66 billion spend is putting upward pressure on interest rates. Costello is to Howard like Smithers is to Burns.

The DEPUTY SPEAKER—The member for Lilley will refer to members by their proper positions.

Mr SWAN—I know we are all fans of the Simpsons in this House. The Treasurer’s subservience to the Prime Minister knows no bounds. The problem is that he will not stand up and fight for the national interest. The result of Peter Costello’s cowardice is higher interest rates.
The DEPUTY SPEAKER—The member for Lilley will refer to members by their seat or their title.

Mr SWAN—The Treasurer’s cowardice was there during the campaign, and we saw it. They made a commitment to keep interest rates at record lows. That is a promise they did nothing to keep and did everything to break. When you listen to them in the House this week, you can see why. Did they admit that there is a skills crisis? Here in the House today, the Prime Minister would not let the words pass his lips. His response to the Deputy Leader of the Opposition was completely negligent—more political opportunism from the Prime Minister.

The Treasurer is so out of touch that he said 1½ weeks ago that interest rates of 10 per cent or less were low. He said that before we had the first rate rise. There he was positioning the government, trying to change expectations and getting people ready for the rise that was announced last Wednesday. Then last night we again had the Treasurer on the TV saying, ‘Oh well, nine per cent is not desirable,’ meaning anything under nine per cent is a low interest rate. The Treasurer is not going to get away with that. He is not going to get away with that sort of deception because members in this House know what 8.5 per cent or nine per cent means in their electorates. They know that when people get that sort of hit to the bottom line of their budgets that is the time when they will be handing back the keys to their houses. In Kingston, for example, 8.5 per cent would mean an extra $204 in monthly mortgage repayments; in Herbert, $195 more per month; in Dobell, $335 more per month; in Greenway, $455 sliced out of the monthly family budget; and in Hasluck, $240 in extra repayments. It might be okay in Toorak but it is not okay in the outer suburbs of our great cities and regional centres of this country. That is why I will fight in this House to hold this Treasurer accountable, because he is not standing up for the living standards of Australian families.

The other great furphy is that the government pretend that interest rates are low in this country. In fact they are the second highest in the OECD. But if the government pretend that interest rates are low then they do not have to admit that it is their policies that are putting pressure on the rates. What is putting pressure on the rates? What is partially responsible for this? It is the big spending, high taxing government. It is not just the $66 billion they spent on getting re-elected; it is the $100 billion-plus from the last two budgets that they spent on getting re-elected. That is certainly putting tremendous pressure on our rates relative to the rest of the world. In fact, the ANZ put out a bulletin last week which said that the spending record of this government was almost at the levels of the Whitlam government. These people come in here day in, day out and week in, week out and year in, year out talking about the Labor Party being a big spending party. They have been the bigger spending party, and the problem is that they spent money in all the wrong places. They have not actually invested in the skills development of our workforce. They have not been concerned with solving the problems of infrastructure bottlenecks.

Most importantly, the government have not taken the bold step of putting some incentive into the tax system. That is something that we did during the last election campaign; there were people on our side of the House who had the guts to make the expenditure cuts and to fund some tax reform which would put incentive into the tax system. What they did was simply hand out cash as part of their $66 billion spend. Now they have the hide to come in here and accuse us of walking both sides of the street because, on the one hand, we are big spenders and, on the other hand, we criticise them for the way
they spend money. We criticise them for the fact that they have not invested in the future productive capacity of this country. The consequence of that is higher interest rates, and that is the price that is now being paid by families right across this country.

This is a clear message. It is not just the Labor Party saying this. This is coming from the OECD; it is coming from the Reserve Bank governor; it is even coming from the IMF. This is what the IMF had to say last year:

... the new package unveiled in the 2004 Budget could pose some risk to the medium-term outlook. The mission noted that the short-term stimulatory effect ... could complicate monetary policy formation if it comes into play when growth of domestic demand is still significantly above potential.

And that is exactly what has happened. They have pumped up this economy. Demand is surging. They cannot meet the supply. It is sucking in imports. They have pumped up the economy precisely at the wrong time, and that is exactly what the IMF was concerned about when it issued that bulletin last year. But of course we did not hear anything about this during the election campaign.

We do have problems of excessive demand and we do have problems of excessive domestic inflation. Those twin factors have expressed themselves a variety of ways. We are basically becoming less internationally competitive, and what does that mean? Imports are surging and exports are very flat. We have got a terrible export performance but we can never get the government or any minister on that side of the House to admit to that. Since 2000, strong export growth has collapsed in this country and, if it were not for the record terms of trade and the great prices we are getting for a narrow range of our commodities, we would be in even deeper trouble. If we had the average terms of trade for the last decade, our current account deficit would be nine per cent. So we have been saved. We have been the lucky country in the last couple of years because we have been saved by fortuitous international economic circumstances. But the IMF, and many other bodies, say that if they were to change then these problems in the economy would be more deeply entrenched and there would be an even higher price to be paid by families in this country. That is why we need to be concerned about the current account deficit and our foreign debt. The government had a lot to say about foreign debt when they were in opposition, and where has it got to now?

Ms George—Where is the debt truck?

Mr SWAN—The debt truck has just run over Peter Costello!

Mr Quick interjecting—

Mr SWAN—That is right. The dog has got the bone. The debt truck has run over the Treasurer. Debt has hit 50 per cent of GDP. It is now $21,000 per man, woman and child in this country, and they are going to hear a lot about it from us over the next little while. The OECD had this to say:

In the case of persistent external or government deficits, real long-term rates will come under upward pressure both compensating foreign investors for any exchange risk and acting to correct any domestic saving-investment imbalance. That is, rising interest rates are a direct consequence of the negligence of this government across a range of areas of policy. They have failed on exports; they have failed on macroeconomic management and they have failed because we have a weak Treasurer who will not stand up to the political opportunist who is the Prime Minister of this country. (Time expired)

Mr BROUGH (Longman—Minister for Revenue and Assistant Treasurer) (3.28
Once again we have an MPI and the member for Lilley comes in with his hyperbole, his rhetoric, his ranting and his raving. He goes red in the face and just screams into the microphone, desperately hoping that someone in Australia will be listening. Most of his backbenchers who were in here during his speech were asleep, so they were clearly not listening. The fact is that you can only cry wolf so many times. The member for Lilley has made a political career out of crying wolf. He has done this in his previous portfolios by trying to scare the weak and vulnerable in our community. Now here he is trying to scare Australian home owners, trying to scare the Australian monetary funds and the business community into believing that somehow the economy is about crash.

Rather than just return his rhetorical fire, I thought I would systematically put the case as to why Australians are enjoying rich economic times, why so many Australians have jobs, why we have higher real wages and why we have a very bright future under the Howard government. First of all, let us look at GDP. Real GDP grew by 0.1 per cent in December, but across the national accounts as stated for 2003-04 the economy grew by 4.1 per cent. Could it grow any faster? Is it sustainable? The fact is that if it were not for the obstructionist approach of the Labor Party, particularly in the Senate with our workplace relations policy, the Australian economy could have grown more rapidly and created more jobs. We could have had greater productivity, greater real wages growth and ultimately a stronger economy. But the Labor Party, with their union mates now representing less than 20 per cent of the private sector—in fact I think every member of the Labor Party is a member of the union so they are becoming a rather closeted little bunch—represent a very small part of the Australian community. They do not represent the wider Australian community. By looking at those narrow interests they are ignoring the interests of Australians who are trying to export, trying to make a way for themselves, buying their own homes, getting off welfare and getting ahead.

The government have a very proud record. We now see 1.5 million more Australians in work than there were when we came to government in March 1996. To put that into human terms, that means that under the Howard government people who otherwise would have been looking at picking up a dole check in order to sustain themselves—with the inevitable stigma and the lack of self-esteem associated with that, all of which is now a thing of the past—now have work. That is a very positive thing for those individual families. Having a job sets up positive role models for their families and their children, and also for the wider economy. It has led to the situation where there are employment opportunities going begging in some parts of Australia. What a dreadful problem to have—to have more jobs than there are people in some areas. That is a problem that the member for Hotham when he was employment minister and the member for Brand, the now opposition leader, when he was employment minister dreamt of having. That just was not something that entered into their psyche. It was not something even remotely possible under a Labor government. At that time we were talking about nearly 11 per cent unemployment—more than one million Australians were thrown on the scrap heap. That is something of the past. That is not what happens today. We are looking at having a four in front of the unemployment numbers. They are real Australians in real work adding to the wealth of their families, providing role models for the next generation, creating wealth for Australia and adding to our GDP.

Let us look at business investment, the real generator of jobs. I know the Labor Party believe that generating jobs means put-
ting on more public servants. I am afraid that is short-term folly. It is very expensive and at the end of the day it does not add to the productivity of our nation—in fact many business people would say that that would detract from it, given the bureaucracy that follows. Business investment has increased 10 per cent throughout this year. It is 10 per cent higher than it was 12 months ago. Non-dwelling construction investment is up. Machinery and equipment investment—things that drive the economy and create export opportunities—are up 14.3 per cent throughout the year. Business investment in this country is growing.

We often hear the member for Lilley harp on about the fact that this government is collecting more taxes. That is not because the tax rates are higher. In fact the rate of company tax under this government has gone down—from 36 per cent to 30 per cent. So how is it that we can collect greater receipts from the companies in this country? Surprise, surprise—it is because they are making bigger profits. That is a good thing, because they are employing more Australians, and in doing so they are growing our economy. This is not an economy on its knees; this is an economy that is built on strong fundamentals, on surplus budgets, and on people wanting to get off welfare and into work, an economy where government supports business by cutting their business taxation and giving them incentives so that they can go forward—and in doing so secures the future of the next generation.

Let us take motor vehicle sales as an example. They are a great indicator of whether the economy is going strongly. Year upon year we are seeing more and more motor vehicles sold in this country. Of course that is important, as was pointed out today in the House. We have Mitsubishi down in Adelaide and we have Ford and Holden exporting around the world. That is happening because we have a strong domestic economy because the government have taken the tough decisions when it comes to industrial relations and we have been forward-looking with our tariff reductions. Motor vehicle sales rose 8.9 per cent in January. I know none on the opposite side has actually been in retail or owned their own business—I stand to be corrected, there may be one; but I do not think there is—so they are not actually aware that an 8.9 per cent increase in your sales is something to crow about. That is an extraordinary increase in one month and to sustain that throughout the year means that motor vehicle sales are 9.3 per cent higher. Throughout the year to January motor vehicle sales have been 9.3 per cent higher than they were this time last year. That is a great outcome.

The member for Lilley quite regularly comes in here spitting, shouting and screaming—and he gets out there in the media—saying, ‘Interest rates are going up.’ When the Leader of the Opposition was finance minister, it would not have entered his mind for one second that the Labor Party could possibly get anything less than a one in front of the general interest rate charged for housing loans. It was 10.3 per cent, as I recall, and by 1996 it was 17 odd per cent. That inflicts pain on families in places like Katoomba and in places like the Mallee. The member for Aston knows this only too well, because he has had it hammered home by people in the suburbs of Melbourne. That figure of 17 per cent does resonate. My constituents remind me what 17 per cent interest rates were like. They could not even pay the interest on their own loans, let alone take a holiday. That was something that the Labor Party in government were good at—they could not pay the interest on what the government owed let alone what householders owed. We were paying $10 billion a year every year in interest simply to pay the re-
current cost of running government. Welfare bills went through the roof because they were having to find money for so many people on unemployment benefits. The disability support pension was running off the Richter scale under the previous government.

When did all this happen? It was when the member for Brand was the finance minister. This fellow has a great track record. He had the lowest number of apprenticeships in the traditional trades when he was looking after that portfolio and he oversaw the highest number of unemployed in this country when he was in the employment portfolio. He oversaw some of the biggest deficits and, in the last year, left this country with a $10 billion deficit which he did not declare to the people of Australia before he went to the election in 1996—and he stands up here and asks us to trust him! No wonder the former member for Werriwa and the member for Brand before him and the member for Hotham before him have all been rejected wholesale by the Australian public—because you cannot take Australians for fools. They actually know that when the Labor Party says it will deliver on something, it will not do so. The member for Lilley stood up here today and crowed about his tax reform. Many of the people of Deception Bay, just up the road from the member for Lilley’s electorate, were going to be asked to pay more tax under a Labor government, and that is why they rejected you. That is why there were 11, 12 and 13 per cent swings away from the Labor Party in those electorates.

Mr Bartlett—Deception Bay—a good name for it.

Mr BROUGH—What a good point. Well, they were not deceived by the member for Lilley, they were not deceived by the member for Werriwa and they are not being deceived today by the hyperbole and the rubbish that pours forth from the member for Lilley’s mouth, year after year.

But let us continue to look at the record and where we are going. Productivity is important. With productivity comes real wages growth and under the Liberal-National government real wages for the average worker in this country have continued to improve. That means that they are getting a productivity gain. They are getting more money not just for the sake of it but because they have earned it and something is happening in the country. Take the latest piece of folly from a Labor leader—Premier Beattie in this instance. He has a political problem with the electricity up there, so what does he do? He goes out and says. ‘Right, all the workers can have these unsustainable wage rises.’ What does he ask for in return as far as productivity is concerned? He asks for nothing. He says: ‘Just get this problem off my back. Stop the TV cameras being in here focused on me while the reporters are saying that the power’s out again, that businesses are crying because their computers are shutting down and that the retailers can’t get their EFTPOS working.’ Why is this happening? Because it has been neglected by a Labor government and they have put up wages again without productivity gains. That is the Labor way of doing it. We do the hard yards over on this side of the House. We ensure that workers get real wage increases. We make sure that more workers have jobs and that with that come productivity gains so we can grow our economy and, most importantly, ensure that it is sustainable. Real earnings have gone up another 1.4 per cent throughout the year to December of this year.

I turn now to the 0.25 per cent rise in interest rates. As I said, the fact is that under the Labor Party they went from 10.3 up to over 17 per cent, and people were being asked to pay 27 per cent on their overdrafts.
told that you are going to have to pay 27 per cent and your business does not grow—that is your nest egg for your superannuation—what happens is this: you keep pouring money into the banks. The Labor Party of the day were saying, ‘That is good for the economy; we have to cool it down.’ We think there is a better way. We say: ‘Let’s get more Australians into work. Let’s ensure their productivity is growing. Let’s ensure that they have stability and they understand that there are going to be jobs into the future in a low interest rate, low inflation environment, with productivity that continues to go up over the cycle.’

In doing so, we need to point to the other great failings of the state governments—that is, we need to remove some of the bottlenecks that are holding up the export opportunities of the country. When you get to the coalmines in Queensland, driving regional and rural communities, the last thing they want to know about is how a decision by a state government to privatise a port and then not provide any extra resources to allow that product to get off the ground damages the reputation of our great country’s export industry when countries that are driving the agenda for resources, such as China, are saying, ‘We need to have affordable, dependable sources of energy and we don’t want them blocked up because of inefficient ports.’ What do the Queensland and other state governments do? They say, ‘That’s not our problem; we’re here to take your GST but it is not our problem.’ Let me tell you: it is a problem for the nation, and it is about time these premiers stopped running away from it.

Let us turn to some independent surveys just to confirm that what the member for Lilley says day in and day out—trying to run down the Australian economy and scare the Australian population—is wrong. The recent St George-ACCI—Australian Chamber of Commerce and Industry—Business Expectations Survey released on 15 February this year, not a long time ago, stated that good outcomes are reported across all key business measures during the December quarter and businesses are confident about 2005. The NAB Quarterly Business Survey of 3 February indicated that the business conditions composite index strengthened further in the December quarter. There were significant improvements in all components of business conditions, including trading profitability and employment. Westpac-Melbourne Institute says similar things, as does the Sensis Business Index. It does not matter whether you talk to the people who actually deal with business or whether you talk to the mums and dads who have a mortgage. Both say, ‘I have confidence that I’m going to keep my job; I have confidence that the economy is going to grow, and I want to keep growing with it.’ That is why the Labor Party has missed the boat.

The member for Lilley has a real problem with credibility. During the last federal election he could not tell whether the $600 per child payment to those people receiving tax initiative part A was real money. Until he comes into this place and recognises that that payment is real and it is very important to Australian families at the micro level, he will never understand the macroeconomic proposals and policy settings that are required to manage this massive Australian economy. It is $800 billion a year. The task is not easy. It means that people like the Treasurer and the Prime Minister, who have driven this economy through the budget process and kept us in surplus for nine years, have the experience and the capacity to do it. That flies in the face of the record of the member for Brand, who has delivered us high unemployment, high interest rates and high debt. That is the future with a Labor government, if we are ever unlucky enough to have one inflicted
upon the Australian population. (Time expired)

Mr BOWEN (Prospect) (3.43 p.m.)—The government campaigned on their economic record. In their advertisements they told us two things. They told us that we should vote for the government that had delivered 8½ years of economic growth. We all remember their ads: they talked about 8½ years of economic growth, but there was nothing about 14 years of economic growth; it was as if the seven years of economic growth that came before that, under the Hawke and Keating governments, did not exist. It was as if in March 1996 economic growth miraculously started, on the day that the coalition government were elected.

The other thing they promised, as the member for Lilley has said, was that they would keep interest rates low. We all remember the Prime Minister’s lectern. It travelled around the country with him everywhere he went, from one state to another. It did not say, ‘Keeping interest rates lower than Labor’. It did not say, ‘Keeping interest rates low, all things considered’. It did not say, ‘Keeping interest rates low, maybe’. It said, ‘Keeping interest rates low’. And we remember the pamphlets that went to all the marginal seats. They were very expensive pamphlets, and they said, ‘Keep interest rates low’. They even had a little pull-out section where you could check how much more you would pay on your mortgage repayments if a Labor government happened to be elected and interest rates went up. I am glad they sent out those pamphlets because they are going to come in very handy for the people paying mortgages throughout the country. They are still going to need that chart to tell them how much more they are going to pay with higher interest rates. The only difference is that they are not paying them under a Labor government; they are paying them under this government, following this government’s deceit in the election campaign.

What we saw in the election campaign was something that the government are very good at: dog whistle politics. They went out there and said, ‘We’re going to keep your interest rates low.’ In the fine print they said, ‘We’ll keep interest rates lower than the Labor Party would if they were elected’—a promise that could never be tested, a promise they knew they could never be held to. But they sent the message very clearly. I can assure the House from my doorknocking that the message that was going through very clearly was that a Liberal government would keep interest rates low, while a Labor government would put interest rates up.

In the last few weeks we have seen that these claims were built on a foundation of straw. The Governor of the Reserve Bank appeared before the House of Representatives Standing Committee on Economics, Finance and Public Administration a few weeks ago, and he told us that Australia has to get used to lower economic growth. He told us that we have to get used to economic growth with a two or a three in front of it, not a four. But then we saw the release of the national accounts and we saw economic growth with a one in front of it—economic growth for the December quarter of 0.1 per cent. It does not get much closer to zero than 0.1 per cent. And economic growth across the year was just 1.5 per cent—economic growth with a one in front of it, a pathetic result.

The reason for this slowdown in economic growth is the same as the reason for the decline in our current account deficit and the increase in interest rates. It is about capacity constraints, a failure to invest and a failure of vision. In the lead-up to the 1996 election the then Leader of the Opposition, John Howard, said that reducing the current account deficit
would be the first priority of his government. He also said that a Liberal government would introduce policies to reduce foreign debt. What a good job they have done. We have a current account deficit of seven per cent of gross domestic product.

Some figures came out the other day. They are not Labor Party figures, and they are not even Access Economics figures. They are figures of the Australian Treasury, and they are very interesting figures. Between 1985 and 1993, 27 categories of manufactured exports rose by more than 10 per cent per annum and only one category fell. However, for the period of 2000 to 2004 under this government, only six categories of manufactured exports increased by more than 10 per cent. That is disappointing enough, but wait—it gets worse. Between 1985 and 1993, only one category of manufactured exports fell in volume, but, between 2000 and 2004, 17 categories of manufactured exports fell in volume. So we have seen the lack of investment and the lack of research and development pay off in an absolutely abysmal result for manufactured exports in this country. This has led to a current account deficit of seven per cent of gross domestic product.

This is a particularly disappointing result when you consider how good our terms of trade are at the moment. The world economy is strong and our terms of trade are as high as they have ever been. The last time we had a prominent current account deficit crisis was in 1986, and it is interesting to check what the terms of trade were in 1986 compared to what they are today. If we had today the terms of trade we had in 1986, the current account deficit would not be seven per cent of gross domestic product; it would be almost double that, at 13.9 per cent of gross domestic product—an unsustainable result and, just as importantly, a disastrous result.

This is the economic record of this government; this is what they have delivered. They claim 14 years of uninterrupted economic growth, and that is true, with half of those occurring under the previous government. But what they do not tell you is how other countries have performed in that time. Take, for example, the Irish economy, which is now celebrating its 19th year of uninterrupted economic growth. And what else have they achieved? They have a current account deficit that is almost in balance. It is not at seven per cent of gross domestic product; it is almost in balance. They have reduced their unemployment rate from 17 per cent to four per cent.

It is interesting to look at the policy explanations for that. In the 1980s and 1990s the histories of the economies of Australia and Ireland were very similar. We had very similar paths for microeconomic reform, fiscal reform and telecommunications reform. In the early nineties Australia and Ireland diverged. Ireland embraced research and development. They embraced labour force participation rates and labour force reform. In the earlier 1980s the labour force participation rate of both Australia and Ireland was 60 per cent. In Australia we have managed to get it up to 63 per cent, while in Ireland it is now over 70 per cent.

Even more importantly, the Irish government have embraced research and development. What have our government done for research and development? They got rid of a tax concession. That was their big contribution, their great idea, whereas the Irish government have developed some great institutions, including Enterprise Ireland, Science Foundation Ireland and the National Microelectronics Research Centre. Ireland now has more science graduates than any other country in Europe. That was the Irish response, and that was the sort of response that we have seen from the Labor Party. But our
government have sat on their hands and shown no vision.

The poor current account deficit leads into foreign debt. Foreign debt is now at more than 50 per cent of gross domestic product. It is interesting to see what the Prime Minister says about foreign debt and it is also interesting to see what he said about it when he was Leader of the Opposition. In 1995 on 21 September he said:

We have struck a raw nerve with the government as far as the linkage between foreign debt and domestic interest rates is concerned ...

There is nothing dishonest ... about the coalition going around the country in any form it chooses to do, blaming the level of our foreign debt for being in part responsible for the high level of our interest rates, and we will go on doing that quite unashamedly between now and the next election.

He made the link between foreign debt and interest rates. Under this government we have seen foreign debt up, the current account deficit up, interest rates up and productivity down. That is a pretty bad set of figures. From foreign debt to current account deficit to interest rates to economic growth, this government’s record is built on straw. It is an appalling record. The government deserves to be held to account for it. This opposition will continue to hold the government to account for its appalling economic record which is seeing the people of Australia pay and suffer through higher interest rates, lower economic growth and a higher current account deficit.

Mr PEARCE (Aston—Parliamentary Secretary to the Treasurer) (3.53 p.m.)—I appreciate the opportunity to rise in the House today to speak on this MPI. I am hoping that the effect of my contribution might be twofold—first, to bring some objectivity to this discussion and, secondly, to highlight some of the factual matters in and around this discussion.

One of the things that concern a lot of Australians about the Australian Labor Party is the absolute lack of credibility that it has in and around the area of economic policy. The lack of credibility is the result of a number of things, but one of the most significant reasons why the Australian Labor Party is the very last group of people who can talk about the economy with any sense of credibility is the incredible duplicity and lack of consistency that the Australian Labor Party brings to not just this argument but any argument. The whole issue of duplicity is a key issue in the discussion today—the duplicity between members of the Australian Labor Party, between the Leader of the Opposition and the member for Lilley. They are trying to walk on both sides of the street all the time. On one side of the street they say to us that we should spend more and tax less. But then they argue that the government’s fiscal policy is forcing up interest rates. For example, yesterday the member for Lilley was telling the government to spend more. This is what he said:

... we know we desperately need investment in skills development; we know we desperately need some incentive in the tax system. What these figures show today is that Peter Costello has the revenue flow to do it if he wants to.

Yet this morning the Leader of the Opposition claimed that government spending has pushed up interest rates. This is what he said this morning:

Yesterday in Parliament the Government was justifying the $66 billion they punched off the bottom line which is one of the factors putting pressure on interest rates.

The Leader of the Opposition, the member for Lilley and all of the socialists on the other side of the House are walking down the left-hand side of the street saying, ‘Spend more. Spend more. Tax less.’ When they get to the end of that side, they cross over and walk up the same street saying, ‘Stop spend-
ing. Stop spending. You’re spending too much. It’s forcing up interest rates.’ Labor cannot have it both ways. They cannot walk down one side saying one thing and straight up the other side saying another thing.

The most interesting thing about the claims of the Leader of the Opposition that our election priorities have been irresponsible and are driving interest rates is that implicit in that statement is the opposition’s resistance to our pledges and commitments to help Australians. Yesterday in question time the Prime Minister said that in effect what this means is that Labor does not support the initiatives that the government is putting in place. These are initiatives of $21 billion of current spending on Australian families. Of course, that $21 billion includes the supplement of $600 in payments. We all remember the supplement of $600 because the member for Lilley, during the election, did everything he possibly could to mislead the Australian people by saying that the $600 payments were not real. He went on radio; he went on television. He was saying that the $600 payment was not ongoing, that it was not continuing, that it was not real. We remember who set the record right. It was the member for Lalor—one of the member for Lilley’s own parliamentary colleagues. This is what she said, reported in the Age on 1 November last year:

I think we’ve got to be frank and say there were a lot of people who received $1200 or $1800 in a lump sum ... and were pretty keen to keep it—

(Quorum formed)

This is the sort of behaviour from the Australian Labor Party that upsets the Australian community: we sit and listen to their point of view but for some reason they do not want to sit and listen to our point of view. I think the main reason is that they do not want to hear the truth. All I am trying to present in the parliament today is the truth. As I was saying, it was the member for Lalor who in one single statement destroyed the whole credibility of the member for Lilley, the person who has raised this MPI today, by saying the truth. The truth is that those family payments are real, and there are many constituents in my electorate, and in all my colleagues’ electorates, who know they are real.

Mr Entsch—In mine.

Mr PEARCE—Yes, that includes in the member for Leichhardt’s electorate. This MPI talks about interest rates, so let us look at them. Let us remember that under the Labor government, for 13 years, the standard variable home loan rate averaged around 12.75 per cent. As you heard my colleague the Assistant Treasurer mention—and who could forget—all Australians remember that rates got to over 17 per cent. Mr Deputy Speaker Causley, can you imagine the impact that home loan interest rates of 17 per cent had on Australians back in the early 1990s? I remember it myself. I was one of the victims of the Hawke–Keating 17 per cent interest rates. What we have done as a government over the past nine years is work diligently on Australia’s economy to ensure that all of the variables are in place so that we have a low inflation and low home interest rate environment.

Look at employment. Unemployment is at a record low of 5.1 per cent. I can remember unemployment being 9.2 per cent, 10 per cent, under Labor. As I said at the beginning of my remarks, we do need to look at the facts. Economic conditions in Australia remain strong. The unemployment rate has fallen to a 30-year low. Interest rates and inflation are at very low levels by historic standards. Productivity growth in Australia has been particularly strong in the second half of the 1990s and it is among the best in the OECD. We have performed very well.
Labour productivity grew between 2001 and 2004 by 10.9 per cent. *(Time expired)*

The Deputy Speaker (Hon. I.R. Causley)—Order! The discussion is now concluded.

**NEW INTERNATIONAL TAX ARRANGEMENTS (MANAGED FUNDS AND OTHER MEASURES) BILL 2004**

**MEDICAL INDEMNITY LEGISLATION AMENDMENT BILL 2005**

**FARM HOUSEHOLD SUPPORT AMENDMENT BILL 2005**

Returned from the Senate

Message received from the Senate returning the bills without amendment or request.

**BANKRUPTCY AND FAMILY LAW LEGISLATION AMENDMENT BILL 2005**

Consideration of Senate Message

Messages received from the Senate informing the House that the Senate has agreed to the amendment made by the House.

**POSTAL INDUSTRY OMBUDSMAN BILL 2005**

First Reading

Bill received from the Senate, and read a first time.

Ordered that the second reading be made an order of the day at the next sitting.

**TRADE PRACTICES LEGISLATION AMENDMENT BILL (No. 1) 2005**

Second Reading

Debate resumed.

The Deputy Speaker (Hon. I.R. Causley)—The original question was that this bill be now read a second time. To this the honourable member for Hunter 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 Rudd (Griffith) (4.05 p.m.)—Prior to question time I was addressing the parliament on the prospective impact of the government’s amendments to the TPA on the overall competitive regime within the Australian economy. I was outlining how we could in this country, as a result of the passage of these amendments, find ourselves turning the clock back in terms of the competitive environment that has been created on the back of a series of competition policy reforms by Labor governments in the seventies and then subsequently in the nineties. We in the Labor Party regard ourselves legitimately as the party which brought competition policy into the mainstream of not just the Australian economic policy debate but of this country’s national economic performance. That is our proud legacy, a legacy we do not propose to see unravelled by the actions outlined in aspects of the bill before us, the Trade Practices Legislation Amendment Bill (No. 1) 2005.

The extent to which the Australian Competition and Consumer Commission blocks corporate mergers and takeovers has been considerably exaggerated by those seeking these particular amendments to the act. The ACCC itself says:

Mergers ... allow firms to achieve efficiencies such as economies of scale and scope, synergies and risk spreading. ... The threat of takeover imposes a competitive discipline on managers to perform, otherwise their companies will be vulnerable to takeover.

In other words, philosophically the ACCC is not exactly opposed to mergers. It is not exactly opposed to takeovers either. The point made by Graeme Samuel goes to the actual number of refusals made by the ACCC to proposed mergers, and it is quite small.
Graeme Samuel has told us that only two per cent of merger proposals submitted to the ACCC are rejected, although some of the remaining 98 per cent are allowed to proceed only with some conditions attached. This usually occurs as a consequence of the informal conferencing process which arises with the ACCC and on the part of the merger proponents. ACCC figures show that, over the past decade, the number of proposed mergers scrutinised by the ACCC has doubled from 117 in 1995-96 to 237 in 2001-02. The number of mergers opposed by the ACCC has actually declined over that period, from nine in 1995-96 to only three in 2001-02.

The ACCC is thus right to reject claims by some business groups that it arbitrarily blocks mergers and takeovers, as there is no real evidence that it does so. But it is likely that the provisions of the act and the powers of the ACCC deter some corporate executives from even attempting some mergers and takeovers which they would otherwise seriously consider. In other words, the current act has a deterrent effect as well as a policing one, as all good legislation of this kind should have. So reducing the jurisdiction of the ACCC and watering down the approval criteria could have the effect of opening the floodgates on takeovers and mergers.

I actually have a few friends in the mergers and acquisitions industry, but even they tell me that certain mergers unnecessarily divert the energies of management from the core business of the firm concerned to the disadvantage of shareholder interests. A mergers and acquisitions culture might be great for the mergers and acquisitions industry, but the interests of the mergers and acquisitions industry—or, more accurately, that small part of the industry that represents the small number of mergers that have been rejected by the ACCC—do not equate automatically with the competition policy interests of our national economy. Graeme Samuel also points out that companies which have a grievance with the ACCC’s rejection of a merger or takeover proposal have a remedy at hand: they can appeal the ACCC’s decision to the Federal Court, as AGL, for example, did recently in relation to its proposed purchase of a stake in Loy Yang B.

Labor are proud of our record as the pioneers of trade practices law and competition policy, a record now going back more than 30 years. Labor governments in the past took considerable political risks passing the TPA and the Competition Policy Reform Act, which in the short term had adverse consequences for some of our traditional supporters. The coalition parties were happy to exploit the resultant political grievances, which constituted one of the reasons that we lost office in 1996. But we took those risks because we believed they were necessary political risks to take in order to underpin the long-term efficiency, productivity and growth of the Australian economy. Our challenge to the Australian government today is to embrace again a genuine debate on the future productivity of the Australian economy. This bill does not constitute a part of such an endeavour. (Time expired)

Mr STEPHEN SMITH (Perth) (4.10 p.m.)—I wish to join the debate and make a few remarks on the Trade Practices Legislation Amendment Bill (No. 1) 2005, which presents significant and deep changes to the regulatory environment for business and industry in this country. In its current form the bill proposes to make some major changes to the Trade Practices Act, but the bill fails the key test of competition which the government itself has previously advocated elsewhere whenever it has suited its political purpose. It also fails to provide choice to Australian business and, as a result, choice to the Australian people. The bill in its current
form represents a wasted opportunity. It fails to uphold the principles of competition and of choice. It fails to pass the test we have on this side about competition policy reform. And that fails the Australian people, because it will in turn fail to drive necessary productivity growth and future prosperity for our nation.

Labor has long been committed to the principle of competition. Competition as a rule has driven productivity growth in our economy. It has driven growth in GDP. It has driven efficiencies in our economy. Labor believes in productivity through competition because it makes our market work better. Those opposite do not like it, but that is what Labor stands for. It was Labor who internationalised our economy when the Fraser-Howard government could not. It was Labor who reduced tariffs when the Fraser-Howard government could not. It was Labor who liberalised the financial sector when the Fraser-Howard government could not. It was Labor who liberalised the energy sector and the telecommunications sector. And it was Labor who pursued comprehensive trade reform through the Cairns Group, first with the GATT and then the WTO.

Our Liberal and National party opponents on the other side are not serious about real competition reform. They just talk about it, just like they talk about the importance of the market. But where they fail is in the implementation of those remarks. This government—with all the blameshifting, the smoke and mirrors and the duckshoving—is not serious about reform; it is in fact complacent about it, and this bill is yet another classic example of how it fails in this respect. If the government were serious about reform and if it were serious about competition, it would take on the difficult task of reforming the laws and institutions that protect, foster and enhance competition in this country. Such reform is hard. But, as it clearly illustrates time and time again, this government is not up to the task.

Let me firstly refer to the new merger processes the government is pursuing with this bill. Under the proposed arrangements, the bill will establish a voluntary formal merger clearance system to operate in parallel with the existing informal Australian Competition and Consumer Commission merger review system. This will provide for an authorisation process for mergers which will allow applicants to bypass the ACCC and go straight to the Australian Competition Tribunal. Currently, parties can seek an informal approval from the ACCC which will provide them with immunity from ACCC action but not from third-party action. This creates uncertainty for business because of threat of third-party appeal and the fact that that process has not produced any substantial body of precedent.

Parties do currently have an alternative. They can seek authorisation from the ACCC, based on the principle of public benefit. If the parties are denied, they have an appeal to the Australian Competition Tribunal. Importantly, under the current arrangements, if the ACCC grants authorisation third parties can appeal the authorisation decision. The bill’s proposed arrangements change this with a proposal to include a voluntary formal clearance to operate in parallel to the informal system. Third-party appeal in the event of an approval has been removed. In the event of major mergers, this bill particularly falls down. Under the bill the party can proceed straight to the Australian Competition Tribunal, completely bypassing the ACCC. Under this arrangement the threshold test is no longer a competition test but a test of whether the merger is either in or against the public interest. I do not think that this is either the appropriate or the desirable test on this occasion.
The ACCC should assess whether the proposed merger is anticompetitive. Sometimes that will be obvious; other times it will not be obvious. One of the strength of the ACCC process is that it allows for public submissions, and over the course of its deliberations it often facilitates or effects compromise. If the issue does find its way to the Australian Competition Tribunal then ACCC deliberations can be used as evidence. This is a major flaw of the bill’s proposed arrangements and one that runs the risk of anticompetitive outcomes which can only be bad for our economy and, as a consequence, bad for our nation.

The second issue I touch upon relates to collective bargaining for small business. The government has sought to introduce a new provision to the bill, one which was not in the comparable bill when it was presented to the House last year. This issue goes to the heart of the capacity of small businesses to make a choice and to the heart of the government’s ideological war against collective bargaining. The proposed measure requires that when small business chooses as its agent a trade union as defined under the Workplace Relations Act, the notification to the ACCC is invalid. But if a small business chooses to be represented by an employer association then the notification is valid and is allowed to go ahead. This deprives small businesses of choice. It limits small business owners in their choice as to who they want to represent them as their agent in collective bargaining processes.

In this House on 15 May 1991, during debate on the Industrial Relations Legislation Amendment Bill, the now Prime Minister proclaimed:

My argument very simply is that it should be purely and simply a matter of choice. We will never place a penalty on people who want to join a union … There will be no attempt by us to put a penalty on people who belong to unions …

Later in that same speech he said that it was his simple proposition:

... that in a nation that has always prided itself on its egalitarian principles it is surely not unreasonable to say that everybody should be equal before the law.

I put the same points to the government today. This amendment is not about providing choice; it is about removing it. Under this bill, if a small business voluntarily chooses an industry association to act for it in a collective bargaining process then that is a lawful process. But if a small business voluntarily chooses a union to act for it in a collective bargaining process then that is unlawful. That is a clear example of discrimination. Under this bill, employers can group together; employees cannot. Under this bill, employer associations have a legitimate role to play in the social and economic affairs of Australia but trade unions do not. I find that objectionable.

The current Prime Minister in a speech that he made on the Industrial Relations Legislation Amendment Bill on 24 June 1992 said:

I regard this as one of the most extraordinary double standards that this country has seen ... It is not about destroying trade unions; it is not about denying people the right, if they so choose, to have their employment relationship regulated by an award; it is not about saying that Australian trade unions do not have a legitimate role in Australian society; and it is not about asserting that employers are always right and unions are always wrong. I have never asserted that.

So I ask the very simple question: what has changed over that period? What has changed which would see the Prime Minister allow the introduction into this House of a provision in this bill—a provision which was not present in the comparable bill when it was introduced last year—which denies small business choice and which seeks to draw a distinction between the legitimate role that a
A trade union can have in the economic and social affairs of our nation and the legitimate role that an employer association can have in the economic and social affairs of our nation? I find that discrimination objectionable.

Trade unions do have an important role to play in the social and economic fabric of our country. There can be no clearer example or illustration of that than by asking this very simple question: where would the victims of James Hardie have been without the trade union movement? Where would the asbestos and mesothelioma victims of James Hardie have been unless we acknowledged and accepted the longstanding tradition that the trade union movement has a legitimate role to play in the social and economic fabric of our country? I did not see employer associations riding to the rescue of the victims of James Hardie. So this objectionable provision, the fact that this amendment so boldly discriminates against a movement that has a legitimate role to play in the social and economic affairs of Australian society, goes against the very grain of the Australian egalitarian ethos. And it demonstrates just how far this government will go to pursue its extreme ideological agenda to the detriment of the trade union movement and, in this case, to the detriment of small business and more effective competition in the Australian economy.

Mr MARTIN FERGUSON (Batman) (4.20 p.m.)—I rise this afternoon to address some remarks to the Trade Practices Legislation Amendment Bill (No. 1) 2005 and in doing so to specifically deal with my criticism of the changes related to collective bargaining. On that note I also refer to my support for the second reading amendment moved by the assistant shadow Treasurer and member for Hunter, Mr Fitzgibbon, and especially for parts 4 and 5 of that amendment. Those parts of the second reading amendment appropriately comment on the endeavours of the government through this bill to limit the ability of small business to make effective their choice in appointing agents in collective bargaining negotiations. The amendment also raises the danger this represents to small business in terms of its collective bargaining capacity, because this is vitally important for their capacity to operate in an efficient and competitive manner.

I contend to the House this afternoon that the changes related to collective bargaining are clearly driven by the Howard government’s hatred of any sense of community or collectivism in the Australian community. The problem for the government is that this hatred has unfortunately on this occasion blinkered its approach to the needs of small business. In its ideological hatred of the union movement the government has failed to recognise who the real victims of these provisions will be.

The truth is that if the government succeeds with these changes the end result will be that it will effectively punish ordinary Australians, in essence those ordinary Australians often engaged in small business operations—mums and dads in the suburbs and in regional, rural and remote Australia—who just want to earn an honest day’s pay for an honest day’s work. The truth is that many of these small business people are akin to PAYE employees throughout a range of industries in Australia. They are under intense pressure at the moment, struggling to make ends meet, and the capacity to negotiate in a collective is central to their capacity to survive into the future. It is important that we maintain the capacity for these small businesses to do the right thing by their families and the Australian community because we will be looking to them to accept increased responsibilities in the future to assist in lifting the apprenticeship numbers that have fallen so
I think the Australian community understands that collective bargaining in the context of this bill takes place not when a large union representing a significant work force is involved but when two or more small businesses group together to negotiate with a larger business. It is about effectively speaking with one voice and negotiating as one entity. Its purpose is not to undermine the operation of Australian industry; it is to achieve a sense of fairness in the operation of the Australian economy. Its purpose is to redress the imbalance in negotiating power that exists as a result of the relative size and market power of each business.

As I have already said to the House this afternoon, we are not dealing with medium and large size businesses; we are talking about small businesses, many of which are family based and struggle from week to week to actually make ends meet. I therefore believe that the objective of the government to exclude unions from any part of the collective bargaining process will simply, unfortunately, give more power to the big end of town, the big companies, and in doing so will reduce the ability of small business operators to achieve what they want to achieve. And I will tell you what that is. All they want to achieve is fair prices for their goods and services, and we, the Australian community, ought to be giving them that right. They are entitled to a fair price for a fair day’s work, and that is what collective bargaining under the Trade Practices Act has been about for a long time.

The bill will also—and this is interesting in view of the rhetoric we get from government from time to time—reduce freedom of choice for some small business operators. Thinking back over the last nine years of government, I note that time in and time out we on this side of the House have been lectured by those on the Treasury benches about the importance of freedom of choice. I actually believe small business should be entitled to choose their bargaining agent, because it is all about giving them the capacity to negotiate on an even playing field. If these small businesses choose to be represented by a union, then that is their right. They are not pressured or required to do so; they decide in their own best interests that a union has the skills and capacity to best represent them in their endeavours to achieve a fair price for the goods and services that they offer. It is for that reason that Labor supports the move in the bill to reduce the red tape and costs associated with collective bargaining and to provide more certainty to small business. I am not suggesting that all of the proposals in the bill are wrong. Some of these changes actually assist small business. But, having put those proposals on the table, the government is seeking to go one step too far because of its ideological hatred of a sense of collectivism or community in Australia.

Similarly, for example, the proposed notification process will streamline the process that allows small business operators to negotiate collectively. History shows that trade unions have been involved in collective bargaining on behalf of small business for decades. There were previously a number of small unions in Australia that conducted these negotiations effectively as their sole purpose in life. I think, for example, of the old roof slating and tiling unions, which were largely state based unions in a number of states and territories of Australia. They brought roof tilers, who were basically small family businesses, together under an umbrella, a trade union structure, to negotiate on an equal footing to achieve a fair day’s pay for a fair day’s work. Historically, that gave those employers some certainty in life about the rewards that they
could receive for their efforts. In turn, that certainty gave them a greater capacity to engage in an active apprenticeship scheme which guaranteed young people the opportunity to pursue a career in the roof slating and tiling game decade after decade.

So it is not right to say that trade unions have done the wrong thing by small businesses, given their collective representation of their interests. And historically for that reason it has been the Trade Practices Act itself that has operated to limit collective bargaining other than when an authorisation is in place. That is what it is about: a authorisation, a freedom of choice, to actually engage a collective bargaining unit—in this instance, a union—that best represents employers or small businesses in the conduct of those negotiations. There is no gun at their head. They actually choose to pursue such a negotiating agent because they believe they are best represented in negotiations with bigger business to achieve a fair outcome for the services and goods that they offer. The process for obtaining an authorisation has historically been onerous and time consuming, which in turn has presented difficulties for small businesses. They have enough difficulties making sure that they can survive in a very tough competitive world. Under the existing rules, which the bill does not seek to change, unions have been able to seek authorisation from the Trade Practices Commission. In more recent times they have also been able to seek authorisation from the ACCC for at least 25 years to negotiate industry-wide minimum recommended prices.

I refer to the example of the Transport Workers Union and the Australian Road Transport Federation. They have been involved, under authorisation, in negotiating minimum recommended rates for long-distance owner-drivers since the early 1980s. That has been important because, unless you can guarantee those operators a fair return for their work, they start to cut corners—to drive for too many hours and not properly maintain their vehicles. Unfortunately, in so doing, they potentially contribute to road accidents, which can affect the community at large. It is important for these people to be properly represented by unions such as the Transport Workers Union and it is also about making sure that we in the community are properly protected. Negotiations in a collective form by the Transport Workers Union on behalf of some of these drivers have been exceptionally important in their contribution to road safety, which is about what is in the best interests of the whole Australian community, especially given the huge growth in the freight task in recent times. History will also show that with respect to those examples no issues have been raised about this process. It has operated effectively and ensured that these small business operators were protected and did not suffer from the inherent inequality that exists when a small business negotiates with a large company.

I also note that in recent times the government established the Dawson inquiry to review the Trade Practices Act, including the issue of collective bargaining for small business. This inquiry, in its wisdom, recommended the introduction of a notification system under the Trade Practices Act to simplify the process for small businesses negotiating collectively with large companies. The difference between the authorisation process and the proposed notification process is that under the former the ACCC is entitled to determine whether collective bargaining should be permitted, and the collective bargaining process cannot commence until the ACCC has deemed it acceptable. Under the notification process the onus is reversed—the collective bargaining process can begin unless the ACCC objects within 14 days. The purpose of this process is correctly to eliminate lost time and reduce complexity in the
process. It was also considered appropriate by the Dawson committee of inquiry that provision be made for third parties to make collective bargaining notifications on behalf of small groups of businesses. No suggestion was made that unions be excluded from this process.

This is important because it is almost as if the Howard government has chosen to ignore the recommendations of the Dawson committee of inquiry, which held full consultations, to impose its own view on what is best for small business. That is why I find it strange—and I question the motives of the government—why the government therefore chose to include provisions in the bill to exclude the capacity of small businesses to choose a union to represent them in these negotiations. When you think about it, you realise that this has awful prospects for small business. It can potentially have a huge adverse impact on the very people that government claims to protect—small business operators.

We hear the rhetoric day in and day out—the Prime Minister standing up saying he represents the battlers in Western Sydney or Melbourne who are involved in small business. I urge him to consider the ramifications of the Trade Practices Act amendments. These amendments, in their effect on the capacity of small business to negotiate as a collective, seriously undermine their capacity to survive. For example, under the existing authorisation process, unions such as the Transport Workers Union will continue to negotiate rates in areas such as long-distance trucking. These negotiations will be industry wide and those owner-operators will continue to benefit from collective bargaining. However, as a result of these changes, the same union—the Transport Workers Union—would be unable to represent its members in company-specific negotiations, which, because of their smaller scale, would be undertaken without notification. In other words, if a group of, say, Boral or Patrick owner-drivers wished to negotiate with their respective companies, they would not be able to bring the TWU in on their behalf, even if they chose to be union members.

I can recall cases—historically related to this and over an extended period—on the movement of concrete and the owner-operator drivers engaged in that industry getting a fair rate for their work. Under this proposal, such operators would be required to engage an external negotiator or to go it alone. So what have we got here? We have government hatred of unions, which has blinded its consideration of how to assist small business through the operation of the Trade Practices Act. The end result is that small business can be seriously harmed by these changes. For that reason, I find it interesting that the bill makes no reference to the credentials, fitness for work or other qualifications of third party negotiators who could be brought in instead of unions. That is pretty important, because who is going to get the inside running? What accreditation process is going to exist to ensure that they are bona fide representatives and have the capacity to do a quality job for small business in these negotiations? It would be quite conceivable, under the terms of this bill, for a dodgy operator to bargain on behalf of small businesses.

That reminds me of some of the dodgy operators that exist because of the weaknesses of the government’s existing provisions on the operation of migration agents. How many desperate Australians looking for proper migration advice are ripped off by dodgy migration operators at this very time? Potentially, we are going to end up with the same type of operators representing small business in collective negotiations with big business. That could have dreadful social and financial results for small business in Austra-
lia. I suppose it is no different to the government’s attitude to student union fees in our higher education institutions. The government’s hatred drives them to try to abolish compulsory student union fees rather than facing up to the fact that those fees exist to provide services for students on our university campuses. Because of the Trade Practices Act and the government’s attitude to higher education, it is about time that they threw out the window their ideological hatred of a sense of collectivism and permit people to do what they think is right by themselves and the Australian community.

It really brings to a head the government’s so-called commitment to its rhetoric on supporting freedom of choice. Freedom of choice would require that small business, under the Trade Practices Act, have the right to engage unions to conduct their negotiations. If the bill inserted the words ‘law firm or accounting firm’ in the place of the word ‘union’ it would be thrown out immediately.

It is not only in the transport industry that unions have been representing small business in pursuit of fair rates of pay. I can throw up other examples. Let us, for example, have a look at the role of the Australian Workers Union. Guess who it has worked in alliance with? It has worked with the Victorian Farmers Federation Chicken Meat Group to ensure that chicken-growing businesses are able to negotiate a fair deal from big processing companies. Again, it is about small people looking for a fair day’s pay for a fair day’s work having the capacity to negotiate with big business. In November last year—and I ask you to take note of this—the ACCC handed down a landmark decision in relation to these negotiations in the chicken meat industry. That landmark decision allowed the growers to effectively strike against big businesses for the first time. At the time of the ACCC decision to allow chicken growers in Victoria to band together not only to negotiate but to boycott the big processors, a spokeswoman from the ACCC made the following comment:

Someone who grows chickens doesn’t have a lot of time to do the kind of legal analysis that’s required to negotiate with processors.

And that is what it is about: making sure that a sense of fairness exists in the Australian community and that the interests of small business are properly looked after. Now, only four months later, we see the government trying to limit the choice offered to some of these growers. Union members would no longer have the same rights as their non-union counterparts to choose who represents them in these price negotiations.

I simply say in conclusion that it is about time the Howard government’s ideological hatred of a sense of collectivism or community in Australia was thrown out the window. The second reading amendment moved by the member for Hunter correctly represents what is in the best interests of small business in terms of their capacity to negotiate collectively. I find it objectionable, as do small business generally, for the government to even propose a situation where employer groups can make collective bargaining notifications on behalf of small business but unions cannot. Let us be fair. Freedom of choice is about small business choosing their bargaining agent, rather than big business and the government crippling their capacity to choose the best bargaining agent to represent their interests. In Australia in the 21st century it is about saying: ‘Big government in Canberra is not going to decide who represents you in negotiations. We are going to give you the right to choose who represents you, who has the best capacity to negotiate on your behalf and who will do the best job to guarantee a fair outcome of those negotiations.’ I commend the second reading amendment to the House. (Time expired)
Mr TANNER (Melbourne) (4.40 p.m.)—
One of the secrets of Australian politics is that Labor has a strong history of being the party of competition. The legislation that is being amended in the House today by the Trade Practices Legislation Amendment Bill (No. 1) 2005, the Trade Practices Act, was actually put forward by a Labor government. Whether it is tariff reform, floating of the dollar, communications competition, national competition policy or the creation of the ACCC, there is a long history of reform by Labor governments to improve competition in Australian markets. Labor recognises that markets work. They do not work perfectly, they require regulation and there is a need for intervention to ensure fairness, but ultimately markets are the bedrock of economic wellbeing in our society. That is why we need a Trade Practices Act. That is why we need regulation to ensure that competition is genuine and that all participants or potential participants have the prospect of being able to be involved in those markets on an equal footing. That is what the government should be doing; that is what it is essentially failing to do with this legislation.

Command economies are able to function if you leave aside the issues of individual freedom and social equity that are also involved. Command economies in the fairly basic economic circumstances of the 1950s were able to function in a reasonable way compared with the market economies of those times. Since that time Western societies, developed societies, have become so much more economically sophisticated and complex that it is no longer feasible for a command economy to function. That is why throughout the 1980s the command economies in Eastern Europe gradually crumbled. The degree of sophistication and complexity of economic signalling required in the modern economy is simply beyond the scope of the kind of central planning that was involved with command economies.

That means that we live in a society where markets are essential and central to economic wellbeing and where competition is vital to ensuring that we have continued economic growth, greater economic opportunity and better wellbeing for all. That competition does not just happen. Markets have a propensity to produce unequal outcomes, excessive market power and unfair circumstances. It is crucial that governments intervene in order to ensure that markets can operate properly. Some of the more basic examples of government intervention that are often taken for granted and seen as, in a sense, part of the natural processes of markets, even though they are not, are things like limited liability for investors and patent protection. If we had genuinely free markets, there would be no limited liability, there would be no protection for investors and there would be no protection for patent holders. Our society would of course be worse off for it. So there are many kinds of government intervention designed to enhance the operations of markets. The Trade Practices Act is one particularly important example of legislation that is designed to entrench genuine competition and ensure that it can function.

Australia’s economic performance is now being widely recognised as substantially a result of the reforms that were put in place by the Hawke and Keating governments during the 1980s and the early 1990s. In fact, the Prime Minister, upon taking office, in an international forum described the economy that he inherited as more than good in parts. It is particularly important for Australia that we do have genuinely competitive markets, that we do not have the kinds of inefficiencies that tend to be incumbent upon ham-fisted intervention designed to favour particular kinds of economic activity over other kinds of economic activity, because—unlike
the major economies of the world, like the United States, the European Union, Japan and China—we do not have the scale, we do not have the size and we do not have the scope to accommodate the kinds of inefficiencies that can perhaps be accommodated in those larger economies.

One of the reasons there has been a significantly lower level of economic growth in Europe in recent times, in my view, is the common agricultural policy, which diverts otherwise productive investment into less productive areas of economic activity in order to favour particular kinds of producers. Similarly, one of the reasons Japan has languished with very low levels of growth over the course of the bulk of the nineties, particularly compared with previous eras, is the excessive diversion of capital in areas like the construction sector, with the infamous building of roads to nowhere, bridges that nobody drives over and things of that kind. Those economies are much larger than Australia’s. They can afford these kinds of misdirection of investment capital much more than we can. It is ultimately a choice that those countries make on their own accord, but Australia cannot afford these things. That is why vigorous competition policy, vigorous trade practices legislation and genuine protection for competition are crucial in Australia.

It is also why the much touted ‘national champions’ thesis of economic development is, in my view, completely wrong. Some argue that it is desirable for large companies in Australia to become much bigger, even if that means much less competition in the domestic market, because they will then be able to go on and metaphorically conquer the world. I do not believe this is accurate. I believe that genuine competition in the domestic market is much more important to begin with and is the only genuine basis on which such companies are likely to succeed internationally. If companies do not face vigorous competition in their domestic market, the prospect that they will be strong and competitive enough to tackle the rest of the world is remote. Michael Porter, in his book *The Competitive Advantage of Nations*, very clearly sets out the evidence to suggest that this view is absolute correct. This is particularly so for sectors like telecommunications and banking, which are really at the heart of all modern economic activity. The notion that we should allow a dominant player, or a couple of dominant players, on the principle that that will enable them to expand enormously overseas is completely fallacious. It would lead to a situation—and, in the case of Telstra, is leading to a situation—of inadequate domestic competition, which ultimately puts lead in the saddle for the entire Australian economy.

*Mr Hockey interjecting—*

**Mr TANNER**—As the voluble protest from the minister at the table indicates, the Howard government’s record on economic reform is very poor. There is very little in the way of runs on the board after nine years in office. Other than a couple of peculiar obsessions like putting a GST in place, there are very few runs on the board in the way of genuine economic reform for the Howard government—certainly not in telecommunications; certainly not in broadcasting; and certainly not in areas like single marketing, for example the Australian Wheat Board. There are many areas where reform is still required in the Australian economy and the Howard government has not been willing to step up and tackle these areas.

This legislation is yet another example of the unwillingness of the Howard government to be serious about competition. It establishes a right to collectively bargain on the part of small businesses, which is creating the rather amusing dichotomy of the businesses supplying Coles Myer and Wool-
worths being able to collectively bargain at the same time as the government is seeking to remove the right of the employees of those businesses to collectively bargain through its changes to industrial relations legislation.

To emphasise the point, to ram home the class war that this government is conducting against workers and against unions: it is legislating to ensure that small businesses have a choice about who will represent them in such collective bargaining, provided that it is not a trade union. In other words, the government that purports to be the representative of freedom of choice, of genuine competition and of open markets, is not only empowering small businesses to collectively bargain—which is an entirely reasonable thing, but totally contrary to its philosophy—but is also saying that they are not allowed to have trade unions represent them in that collective bargaining process. So much for choice, so much for freedom of association—that great buzzword that we hear so often from the Howard government. Freedom of association is fine, but in this case it wants to inhibit it because it does not like the trade union movement.

This legislation does not go far enough with respect to sanctions regarding cartel behaviour. It certainly does not follow through on the position of the ACCC. Most disturbingly, it waters down third line forcing provisions in the Trade Practices Act so that it would no longer be an offence automatically but only if an effects test is satisfied. Third line forcing is one of the characteristic means by which people with economic power, particularly larger businesses, misuse that power against consumers and against smaller businesses. It is vital that we have strict regulatory protection against third line forcing, because by definition it is clearly anticompetitive behaviour. The fact that the government is watering down the Trade Practices Act protection against third line forcing is a very clear indication that it is simply following instructions from the major business lobby to make it easier for big business to use its market power disadvantageously both to consumers and to smaller businesses.

It is also particularly significant that the proposed legislation is watering down the way that mergers are dealt with, by giving an alternative route for merger approval that effectively bypasses the ACCC and goes straight to the Australian Competition Tribunal. Why that is particularly important is that this government is proposing to abolish the cross-media ownership laws that have served Australia well and ensured that we have had a minimum of five or six major commercial media operators in this country at least providing some sort of underpinning, some sort of guarantee, of democratic diversity in public debate. If the Howard government legislation gets through, we face a very serious risk that we will end up in this country with only two totally dominant commercial media companies and a handful of very small players who are relatively inconsequential in public debate. That would be a disaster for democracy in Australia. It would massively concentrate power in the hands of a very small number of people. It would seriously inhibit public debate and diversity of opinion.

This legislation is going to add another layer to that by making it easier for mergers to get through the trade practices process. We have industry specific legislation with respect to media in the cross-media ownership laws, but the Trade Practices Act is also of course general across all industries. Any merger involving these media companies would have to meet both requirements. At the same time as the government is seeking to get rid of the cross-media ownership laws, it is also effectively taking some of the teeth out of the Trade Practices Act that otherwise
might protect the Australian people and ensure that they have genuine democratic debate and diversity of opinion.

This is typical of the Howard government. It is worth considering why this is important. Why does it matter? The reason it matters is that Australia is at an economic crossroads. We need another round of serious economic reform and we need a further strengthening of competition in our economy. We need stronger skills formation, and better investment in infrastructure, research and development, and innovation. We are on the verge of an emerging exports crisis in this country. The question of what we as a nation will be selling to the rest of the world in 10 to 15 years time should be the No. 1 question that this government is considering, because that is ultimately about our survival, our living standards and the quality of life for all Australians.

This government has drifted on the benefits of prosperity that are largely the product of the work of previous Labor governments. It has been happy to fiddle with some of its obscure ideological obsessions like selling Telstra while at the same time ignoring the fundamental challenges that face the Australian economy and the fact that our exports, particularly our non-commodity exports of manufacturing and services products, are effectively going backwards.

Our current account deficit is now 7.1 per cent for the December quarter and over six per cent for the previous year. That is an important issue. It has been close to that in previous times and it has moved, obviously—current account deficits fluctuate and Australia has had a current account deficit for a very long time. It may not be as threatening in certain respects as earlier current account deficits, because we have a more flexible, open economy courtesy of the Hawke and Keating governments. It may not be as threatening; nonetheless it is still a serious issue. To analyse a current account deficit you need to unpack it and look at where the weaknesses are.

Conservative economists tend to focus on savings and define a current account deficit as an inadequacy of savings on the part of the domestic economy. They therefore believe that the solution is to increase savings and reduce consumption. There is another way of looking at current account deficits, and that is to say that they are also a reflection of an inadequacy of earnings. In the same way that an individual who is spending more than they earn and not saving enough has two ways of dealing with that, you can either spend less and save more or you can earn more. The fundamental problem for Australia—the real weakness, the core problem at the heart of our current account deficit problem—is that we need to earn more; we need to export more.

The Hawke and Keating governments transformed the Australian economy. We saw from 1983 through to 2000—including, I concede, the early years of the Howard government—a steady marked improvement in manufacturing and services exports from this country. They were three per cent of GDP in 1983 and they peaked around the turn of the century at 9½ per cent of GDP. In the last four or five years they have gone backwards—back to about eight per cent of GDP, and that trend is strengthening.

Simultaneously we have seen Australia’s exports in total go below one per cent of world exports for the first time in living memory—probably for the first time since the Second World War. This is at a time when prices for commodities, our traditional strength, are at record levels. These figures show that we have an emerging exports crisis in this country. The government needs to take action quickly to lay the new founda-
tions for a resurgence of Australian export culture and action, because that will be the foundation of our economic wellbeing and our relative position compared with the rest of the world over the next decade or two. More drift, more lack of action, more money being wasted endlessly on regional rorts and pork-barrelling and helping National Party members get re-elected while neglecting infrastructure, skills, and research and development will be a recipe for national stagnation. That would be a recipe for a steady, genteel, slow decline for the Australian economy—fewer jobs and opportunities, less investment and ultimately lower living standards. That is the prospect we are faced with.

Australia is living beyond it means. We are borrowing to consume rather than saving to invest. There has to be a realignment. We are particularly vulnerable to the almost inevitable correction that is going to occur in the global economy as the US current account deficit ultimately washes through the system. There is going to be a day of reckoning for the US current account deficit at some point, and we will be economic small fry in those circumstances. We are enormously vulnerable to the impact and negative flow-on consequences of that correction. Our vulnerability lies in our poor export performance. We are going backwards and the prospects are that we will continue to deteriorate.

That is the issue that the government should be focusing on. That is why competition matters, it is why economic reform matters, it is why greater investment in skills matters, and it is why infrastructure matters. They should be the matters at the forefront of the government’s mind. Instead, we have a bit of ideological tinkering to further disadvantage the trade union movement and workers, and reduce living standards for some of the lowest paid people in Australia.

We have a refusal to tackle the fundamentally important issues of competition in telecommunications and broadcasting in spite of, funnily enough, the best efforts of the National Party, who do understand that Telstra is going to become a private monopoly under this government, which is a recipe for higher costs, higher prices and economic inefficiency that will flow through to all Australian businesses.

That is what we are getting from the Howard government at a time when we need genuine economic reform, which particularly means more competition, genuine competition, and a strong Trade Practices Act that does not protect cartel behaviour, that scrutinises mergers thoroughly to ensure that we have genuinely competitive markets and not undue market dominance that is disadvantageous to small businesses and to consumers, and that we have a genuine economic strategy that is about ensuring that in the next 10 to 15 years, when the rest of the world looks around and asks itself, ‘Where will we buy these particular goods and services?’ Australia is on the list—that Australia is there as a major source of at least some of the key products that the world is buying. At the moment we are clinging to global relevance, largely off the back of the reforms of the Hawke and Keating era. Now is the time for this government to confront the reality that we have an exports crisis and that we have to turn that around, stop fiddling, stop messing around, stop watering down the Trade Practices Act and take action.

Ms BIRD (Cunningham) (5.00 p.m.)—Once again, the government has fallen short on trade practices reforms. The ‘great friend of small business’ has yet again sold out to big business. While the role of small businesses and their contribution to the Australian economy is noted by the government, the government has failed to follow up this acknowledgment with the amendments to the
Trade Practices Act that small businesses need and want. As I have reported in this place on a number of occasions, the impact of legislative changes that will adversely impact on small businesses is particularly important to me. Many thousands of small, medium sized and home based businesses operate in my region, and it is estimated that these businesses account for 83 per cent of employment. Accordingly, I am always interested in changes that will directly impact on them.

In the past, I have spoken about my concerns that small businesses in Wollongong do not have ready access to federal government advisory services. I have spoken out about my concerns that, while mouthing platitudes about the need to increase exports—a topic that the previous speaker expounded on to great and good effect—the Export Market Development Grants Scheme is failing small business. And I have spoken about the absence of demand from small businesses for radical industrial relations reform.

Mr Hockey—That’s not right.

Ms BIRD—You are more than welcome to come to the seat of Cunningham and talk to them. I am quite sure that your side of the House has great difficulty identifying where we are, but I will provide a map if you want one.

Mr Hockey—I go there regularly, I can assure you.

Ms BIRD—To swim maybe, not to consult. I will continue to speak up for small businesses in my electorate, simply because their voices need to be heard. The government claims to understand the needs and desires of small and home based business operators, but I find it odd that its understanding seems to be based only on the statements of business lobby groups. I am sure that other members, both on this side and opposite, have found that in the main the business lobby groups that have the ear of this government do not seem to be particularly representative of small business operators. It is for this reason that I was keen to look at these long-awaited amendments to see if the government had got it right on their behalf.

Small businesses have been campaigning for stronger competition laws for many years and were heartened when the government announced its review of the Trade Practices Act, to be conducted by Sir Daryl Dawson. The recommendations of the Dawson inquiry did not in fact go far enough for many. Small business hopes were heightened again when the Senate Economics Committee unanimously called for tougher laws to stop big companies using anticompetitive practices to damage smaller players. Again, they had their hopes for reform dashed, as it took until late in the last term of the parliament for legislation to be introduced—legislation that lapsed due to the October election. Now we have the Trade Practices Legislation Amendment Bill (No. 1) 2005 before us, which seeks to implement the government’s response to the Dawson inquiry. This bill might well contain the government’s response to the Dawson inquiry. This bill might well contain the government’s response, but it certainly does not contain the response that small business wants to see from a review of the Trade Practices Act.

Before examining the amendments before the House, it is important that we are clear on what exactly we are trying to achieve with the Trade Practices Act. The essence of the Trade Practices Act is to outlaw various business practices that act to prevent competition in Australian markets for goods and services. In a relatively small economy, it is an important piece of legislation which affords a great degree of comfort to economic agents, be they business or consumers, that their economic welfare will be protected and ultimately enhanced through the operation of competitive markets. Greater competition and more competitive and productive busi-
nesses were what the Hawke and Keating governments set out to achieve, and the reforms of these governments set the platform on which much of the strength of today’s economy is founded. Labor governments set the platform for Australia’s economic strength. Labor governments introduced the structural reforms that allowed the economy to weather the financial storms of the 1990s, including the Asian financial crisis. It will be Labor governments in the future that will introduce the reforms necessary to keep the economy strong to overcome the ideological obsessions of this government.

Competition laws should be drafted not to protect any particular group from competition but to enhance the efficiency of product and service markets. The Trade Practices Act enshrines the primary purposes of maintaining a vigorous and competitive economy and protecting the interests of consumers. Starting with this in mind, I turn to the provisions of the bill. It seems that this bill was drafted with the government’s overriding principle of flexibility in mind. By this I mean that the government is willing to be completely flexible as long as you are willing to flex in the way that it determines. Take, for instance, the collective bargaining provisions. It has long been recognised that, when dealing with big business, small business is at a relative and real disadvantage. Small businesses, just like the labour market many years ago, have realised that their negotiating position would be strengthened by grouping together. The far from level playing field that small businesses face when dealing with big businesses might become a little more level. This form of bargaining is currently prohibited under the Trade Practices Act but is permissible through a process of authorisation—a long and expensive process that is generally agreed to but, let us face the reality, in practice is often well beyond the reach of most small business owners and operators.

The small and home based businesses that I am in regular contact with in Wollongong and its surrounding suburbs are far too busy working on and in their businesses to have the spare time and spare cash necessary to go through this authorisation process, so they soldier on and try and deal with bigger businesses as best they can. Indeed, it has been recorded in this House by earlier speakers that many of them have worked through the trade union movement, which has the expertise and long experience in such negotiations to provide that support to them.

I was pleased to see that the government had recognised the problems faced by such businesses and that this bill contains amendments to allow a streamlined approval process for collective bargaining. In essence, it allows small businesses to make a real attempt at grouping together to strengthen their bargaining position. Of course, as with this government’s approach to everything, a victory such as this for small businesses would not come without a price. The devil is in the detail of this important amendment. The sting in the tail is that the government will allow small businesses to collectively bargain, but only so long as they are not represented in the bargaining process by a trade union.

I have had many conversations with the Transport Workers Union. Again, there have been previous speakers who have outlined the excellent record that this union has in working cooperatively to represent the needs of small business owners in their industry. Unfortunately, the government does not recognise the fact that, as unions have gained much experience over many years in collective bargaining and can do an effective job on behalf of many small business operators, this is a legitimate form of collective representation. Yet again, the government wants to create a two-tiered system. It has already created two tiers in health, education, tele-
communications and industrial relations, and here we face another one. It might just be me, but I fail to grasp the logic behind the exemption from collective bargaining provisions for small businesses which have unions acting as their agents. It simply does not make sense.

Clearly, the government has been promoting the view that the principle underlying improving collective bargaining provisions is that it will give small businesses in every industry that have less bargaining strength a greater capacity to deal with the big businesses that they are trying to negotiate with. Accordingly, the Trade Practices Act is to be amended to allow them to group together, to assist them to overcome some of the difficulties they face. So, if every small business faces the same problems, why single out small businesses that may choose—another favourite word of the government—to be represented in their collective bargaining by a union? Of course, then you realise that this is where the government’s ‘flexibility test’ comes into action.

This is where logic and sound, rational decision making are abandoned and replaced by an ideological obsession. This is the point where the legitimate concerns of one group of small businesses are sacrificed to satisfy backbench and lobby groups. That is the rationale behind the exclusion. No sound policy principle dictates it. It is dictated by ideology, nothing more and nothing less. The effective exclusion of so many small businesses and so many home based businesses, particularly those in highly unionised industries, from the benefits of small business collective bargaining provisions is nothing short of offensive.

Small business owners and operators who thought that they were on a winner with these amendments, who thought that some of the pressures they faced would be eased, who thought they might be able to get a fair go, are being dumped by this government. This, on the back of the government-induced interest rate rise of last week, will add to their business costs—a double whammy for small businesses, who want nothing more than to get ahead and get on with their businesses, and for no other reason than to continue this government’s obsession with anti-unionism.

I support Labor’s amendments to the bill, and I know that I will have the backing of small business people in my electorate who, through this union exclusion, will not benefit from the collective bargaining amendments. I will have the backing of builders, bricklayers, painters, electricians—

Mr Hockey interjecting—

The DEPUTY SPEAKER (Mr Jenkins)—Order! The Minister for Human Services! I know that as a former minister for small business he has an interest, but he will sit there quietly.

Ms BIRD—truck drivers, consultants and others who would be better off if they were represented in their negotiations by their industry representatives, the union movement—or who, at the very least, wish to obtain the option of union representation. That is simply allowing these people—as all should have the right—to make a choice about who they wish to represent them in this negotiating process.

This bill is interesting for the amendments that it does contain but is even more interesting for the amendments that it does not contain. I have looked and looked but cannot find some of the amendments that small businesses have been discussing with me at the electorate level. I have looked for the provisions on misleading and deceptive conduct that small businesses are crying out for, but they are nowhere to be seen. I have looked for the provisions on the misuse of
market power and predatory pricing. They too are absent.

A key desire of small business in my electorate and throughout the country was to have section 46 amended. After an initial setback with the findings of the Dawson review, small business and the ACCC were successful in having the Senate Economics Committee recognise the need to amend section 46. The biggest concern of small businesses in the community—working hard, trying to recover their costs and at the end of the day generate a profit—is that they are being crushed by the unfair practices of big businesses who are misusing their relative market strength to increase their own market share. The fact that this bill does not contain amendments to section 46 is nothing short of an abandonment of the small business community.

Once again the government has lost sight of the real problems it was trying to overcome, the problems that small businesses wanted it to overcome, in its rush to legislate this piece of ideology. It dipped its toe in the water of reform of section 46. I guess small businesses, like so many other sections of the community, can only hope to see the reforms they had hoped for introduced at some other time.

Mr Hockey interjecting—

Ms BIRD—You are swimming in the electorate. It staggers me that, at a time when we have such a high current account deficit and the government is pushing businesses to export more and to expand their markets, it will not act to clean up things at home. I feel sorry for small business operators—and there are so many who are willing to take the risks associated with growing their businesses. Instead of trying to develop their potential, the government continues to force them to beat off the wolf from their doors, by not amending section 46 and clearly defining the meaning of ‘taking advantage’ when it comes to big businesses. Effective provisions on the misuse of market power are an important part of any competition law. They are important to small businesses because small businesses could be the potential targets of a misuse of market power by a larger business.

Laws should never be developed merely to protect small businesses; they should also protect competition where small businesses are being targeted, for anticompetitive reasons, by a more powerful firm. The theory is easy to state but it is clear from this bill that the government does not find it as easy to enact. It is more than willing to introduce its ideology into law but unwilling to go the extra few yards and really do something about this issue for small business. Just like all the other groups in our community that this government has targeted over its nine years in office, small businesses are now getting short-changed. Home buyers, mortgagees and credit card holders got short-changed last week when the election spending spree came home to roost and interest rates were forced to rise. Trainees and apprentices were short-changed this week when it was finally revealed that almost half of the people completing a new apprenticeship said their skills had remained the same. Now small businesses are being short-changed because this government is unwilling to introduce meaningful reforms to the Trade Practices Act.

The government have sent a clear message to all those people who have set out on their own, who work hard every day to keep their businesses growing and who work long hours, seven days a week, to grow their businesses. The government’s message is simple: we will introduce the flexibility you have sought, and we will introduce changes that you support, but the sting in the tail is that you have to do it our way or not at all. This bill finally introduces the government’s
response to the Dawson inquiry, which was promised in the 2001 election. Small businesses have had to wait an entire parliamentary term to see the proposed changes. Let us hope that small businesses will not have to wait another parliamentary term to see some changes to the misuse of market power provisions. But, then again, given small businesses did not get what they really wanted this time, they may prefer to wait out this term and wait for the election of a Labor government, which would take the real and legitimate concerns of small businesses seriously and would give the minister opposite the opportunity to do more swimming.

I am sure that small businesses in my electorate will be disappointed by these amendments. So many small businesses will be outraged by the fact that this government continues to pick and choose who and how it will assist. As I have said, the exclusion of unions, union representatives or those acting at the direction of a union from representing small businesses—by their choice—in collective bargaining is nothing short of offensive. It was the union movement that first recognised and formalised the strength-in-numbers approach to levelling the playing field on bargaining, an approach recognised as necessary for small business.

**Mr Hockey**—Don’t forget Stanwell Park.

**Ms Bird**—I will be watching for you there. Those businesses that will benefit from representation by a union in their collective bargaining negotiations will continue to be at a competitive disadvantage. As ridiculous as it would seem, this bill does nothing more than introduce a competition law that is not guided by economics. As is increasingly becoming the modus operandi of this government, it will introduce a two-tiered competition law that allows some small businesses to claw back some of their competitive advantage but not others.

A number of small businesses had already cottoned on to this government prior to the last election and voted accordingly. I look forward to the growing wave of small businesses that will be behind Labor at the next election as they realise that Labor take their concerns more seriously than this government. We understand their concerns, having spent over a century fighting for these very issues. Labor will not remove choice from some. We will not legislate to say that you can only use a union and no-one else. We are interested in providing a system that allows people to seek the best negotiator and to use that person. The government prides itself on giving people choice but these amendments remove the choice of representation for many thousands of small and home based business. The amendments do retain one choice for these businesses—they can choose to do things the government’s way or not at all.

**Mr Price** (Chifley) (5.19 p.m.)—I commend the honourable member for Cunningham for her contribution to the debate on the Trade Practices Legislation Amendment Bill (No. 1) 2005, and I find myself in total support of the remarks that she has made. I am really pleased that the former minister for small business is at the table. I respect the fact that he now has a very senior cabinet portfolio, and I wish him well in it. But, Mr Deputy Speaker Jenkins, like your good self and the member for Corio, who is at the table, we fondly remember last year when, question time after question time, he would be rolled out as the last speaker to remind the people of Australia and the members of parliament what a great friend he was to small business and how good the government was for small business.

**Mr Hockey**—And Barney Cooney too.

**Mr Price**—He mentioned Barney Cooney. The minister knows he is trying to
lead me into error here, especially following International Women’s Day yesterday, and I am going to resist. I want to make the serious point that in this parliament a lot of good work has been done for small business. The test of a government is to ask: what have they done? I remember the former member for Bendigo, Bruce Reid, was instrumental in a very important report—a bipartisan report, I might say—into small business and in particular those small businesses that happen to rent space in shopping centres. The member for Cook took over that committee and also raised some issues about that. Mr Deputy Speaker Jenkins, perhaps you are not aware of the difficulty small businesses face in the environment of shopping centres and the competition they face.

The DEPUTY SPEAKER (Mr Jenkins)—Order! I am not usually provoked into entering the debate. As a member of the Reid committee and the deputy chair of the Baird committee, I rest my case.

Mr PRICE—You would be aware in your own electorate, Mr Deputy Speaker, as I am in mine, that small businesses lease premises in a shopping centre. They have no security of tenure in that spot. They can pay $50,000 or $100,000 for a fit-out and 12 months later they can be told to move to another aisle. They are not compensated for the new fit-out or for the disruption to their business. It is a case of: ‘You do it or you are out.’

I certainly hold the view that it is appropriate to try to maximise returns out of shopping centres, but I do not believe that treating small business shopkeepers in this way does anything for competition. It certainly does nothing for them; it just makes their whole survival that much tougher. We have to get the balance right. I thought that that was what the Reid report was all about, Mr Deputy Speaker Jenkins, but I will defer to your superior knowledge of these matters. I do not believe that we have got the balance right. So when people stand up in this parliament and say, ‘We are the champions of small business’, I say to them, ‘I have a number of shopping centres in my electorate. I talk to the proprietors of those small businesses, and I find them to be in a most precarious position vis-a-vis the power of the shopping centre owners or, more particularly, the shopping centre owners and managers.’ We need to get the balance right. We are handicapping the economy in the way in which they are forced to respond to that situation with no redress. The only redress is to opt out and say, ‘I am not going to put up with it; I am going to close my business.’ But how many can do that?

Labor does support these measures to improve small businesses’ access to immunity from collective bargaining arrangements. The two other measures in the bill are of great concern. The new merger application process as proposed in this bill will allow parties to bypass the ACCC. They will be able to avoid any scrutiny from the competition watchdog and head straight to the Australian Competition Tribunal. This is not going to assist small business, but it will certainly be an advantage to proponents of major mergers because the threshold for approval will no longer be the all important competition test. I have a slightly different view. Our geography in Australia, I think, presents certain challenges to us. Whilst I adhere very strongly to principles of competition, I think it is important that we have businesses of a certain size in this country. I also think that being able to successfully perform in the export market is a way of defining whether or not a business is competitive. So I do have a belief that just a straight competition test in the domestic economy can sometimes need to be varied. The point is that small businesses are not able to take advantage of this.

CHAMBER
Small business has a particular interest in ensuring that firms are not created that have dominant market power because they can use that power quite ruthlessly. For example, on our side of the chamber we have raised the issue against the Australian Competition and Consumer Commission of the market dominance of, say, Woolworths and Coles. In other countries competition is such that some of the dominant players are forced to divest of stores and to reduce the percentage of the market they hold. This is an area that this government has never explored. Increasingly Coles and Woolworths want to incorporate activities into their stores that provide greater services to customers. That of itself is not a bad thing, I guess. We are currently all aware that Woolworths would very much like to stock the full range of chemist shops. We have seen the impact of a similar situation in relation to butcher shops, for example. It does not mean that there are not self-contained butcher shops in a street mall anymore, but certainly their numbers have reduced dramatically. Whilst Woolworths would no doubt argue that their quality control and a variety of other things are superior and that they are operating with competitive prices, I do believe that there are important social tests that such dominance needs to meet.

I think it is really interesting that there is one group of small businesses that this government does not want to recognise or it feels are just second class. These are people like owner-drivers who have completed an apprenticeship, got their licence, got some experience in the trade and become self-employed, starting a small business. The building industry is full of such people. Plumbers do their apprenticeship, get their trade, get some experience, become self-employed and often employ others.

The new provisions that exclude unions from representing certain groups also include farmers. My goodness! What is wrong with these people? Why is it that the government says they should be discriminated against by not allowing trade unions to represent them should those individuals seek such representation? We are talking about people like electricians, plasterers, carpenters, truck owner-drivers, and those who have small handyman businesses. Why are these people being precluded from having a choice of representation? If there is one obsession this government has, it is the trade union movement. If there is one idea that this government objects to violently, it is the proposition that there is something terribly wrong when ordinary workers combine and join a union to seek better conditions such as having a safer workplace or perhaps taking a few more bob home for their families. The government sees that as something intrinsically evil and wrong.

Question time after question time we are told about the evils of trade unions and how evil it is that the Labor Party should actually have amongst its ranks those who have sought to serve their fellow workers in some position of authority in the trade union movement. I have never been employed by a trade union, but I have never been shy of saying that I am proud of the fact that I have joined a number of trade unions in my time. When I worked as a labourer with the water board I belonged to the relevant union. When I worked as a labourer on the railway I also belonged to the relevant union. I even joined the AWU. When I was in the public service I also joined that union. I had honorary positions in those unions. I have never apologised for that. In fact I thought that we lived in an era of volunteerism—that is in an era where, notwithstanding the fact that life has got so busy and so much harder and there are more demands being placed upon us, people volunteering their services for the betterment of others was seen as a good thing. That is
true as far as this government is concerned, except if the voluntary nature of the enterprise involves trying to get better conditions for workers or for apprentices or fighting for a little bit of extra money to bring home and put on family tables. Apparently that is utterly evil.

I think it is true to say that the competition framework which Labor actually introduced but which has been built upon by this government has worked well in the nation’s interest. I cannot say that everything has been uniformly perfect or that I have not disagreed from time to time with some of the decisions taken, but thanks to that framework—together with other measures that were taken—we have an economy today that is infinitely superior to the one we had 20 years ago. The challenge for any government is to actually build on that and make it better. There are some aspects of this bill that do build on it, but there are other aspects of this bill that in fact go in quite the reverse direction. I deplore those; I do not support them.

Ms GRIERSON (Newcastle) (5.32 p.m.)—I rise to speak on the Trade Practices Legislation Amendment Bill (No. 1) 2005. This bill has been brought forward as part of the government’s economic reform agenda. Of course they wish to suggest that they are into maintaining economic growth. As the big spenders—the $66 billion spenders—on election promises and bribes, they certainly take the prize for expanding demand. Today we will be getting a fair review of just what the reform agenda of this government is. We have heard backbenchers from the government call for tax cuts for the wealthiest. We have heard backbenchers from the government call for tax cuts for the wealthiest. We have heard that workplace reform is needed, Business Council of Australia style. We know that we are going to see work force participation increase and, so that that can happen, we are going to see an attempt to force people with disabilities, sole parents and unskilled people back into the work force, with minimal support. We have been told by the Prime Minister and the Treasurer that the budget will be tight this year, but now we know that competition reform is also going to happen as part of this economic reform agenda.

We have not heard much about the other economic reform agenda items we would like to see—things like: skills and training, which have been neglected for over nine years; infrastructure improvements, such as the port of Newcastle, which has also been neglected; and knowledge investments like research and development. All of those things would have maintained our competitiveness at the moment. They would have meant that our services, our manufacturing and our resources were competitive—and we could certainly improve our export performance. What we have today instead of that reform agenda is the trade practices amendment bill. When we talk about competition, we are looking at deregulation, an environment of global trade agreements and the course this government has taken of shifting service delivery costs more and more to the private sector. The winners from this new approach to competition will be the multinationals and really big business, those more able to exercise increased market domination. We know that the losers will be the new small businesses. The losers will be SMEs all over Australia—sole consultants, micro businesses and subcontractors. The losers will be people like cleaners, security guards and tradesmen. They are all now expected to have their own ABN and to take on all the costs of being in the work force, without any representation or advocates.

This bill, which will amend the Trade Practices Act 1974, is apparently consistent with the government’s response to the Dawson review. It is worth noting that it has been more than two years since the Dawson re-
view reported but only now has the Howard government decided to pass on some of its recommendations. I am sure our constraints on supply would have been advanced had we had a proper competition reform agenda. Labor welcomes many of the long overdue proposals from the government—like the provisions to curb cartel behaviour, for example—but these have been a very long time coming. It has taken nine years for this government to move on any substantial reform and in that time cartel behaviour and associated corporate greed has gone largely unchecked. At last the parliament gets to debate some actual legislation.

I am reminded today that 10 years ago Labor embarked on a successful competition reform agenda—one based on collaboration and consultation with the states; one that benefits flowed from, of course, in the early term of this government. The report and recommendations of the Dawson review are now two years old. Other elements of trade practices reform are also long overdue, including reforms to curb abuse of market power. Labor would have preferred the government to put forward a comprehensive package of competition reform and comprehensive trade practices reform, but the legislation before us today makes it clear that the government has no intention of providing a holistic approach to trade practices and competition reform. This is another opportunity missed by this Howard government.

The bill is the most significant change to competition policy in Australia for many years. It allows for a new regime for approving mergers and the removal of some per se prohibitions of anti-competitive conduct, and it allows these to be permitted subject to a competition test. It also allows for a new notification process for small business to engage in collective bargaining—with conditions, of course—and new powers and penalties for enforcement given to the ACCC. Whilst Labor supports the new powers and penalties for enforcement that have been given to the ACCC, there are three highly controversial aspects in this bill. They are: the proposed new merger approvals process; the introduction of an effective ban on unions to participate in collective bargaining for small business; and the removal of prohibitions on third line forcing. Labor’s proposed amendments deal with these three controversial aspects of the bill.

The new merger processes in this bill will be established through a voluntary formal merger clearance system, to operate in parallel with the existing informal ACCC merger review system and to provide for a merger authorisations process which will allow applicants to go straight to the Australian Competition Tribunal—ACT—bypassing the ACCC. This is a very attractive model for the proponents of major mergers as the threshold for approval is not the competition test but whether the merger is in the public interest—and many crimes, many sins, have been performed in the name of the public interest. In other words, where parties are certain to breach the competition test, they will appeal directly to the Australian Competition Tribunal and therefore avoid going to the ACCC and having a more rigorous appraisal. An example is the case of the proposed Qantas-Air New Zealand merger. This means that the ACCC will not assess whether the proposed merger is anti-competitive. In some cases this may be obvious, but not in all. The ACCC process also allows for public submissions and often becomes a vehicle for compromise. If the issue proceeds to the tribunal, the ACCC’s work would—and should—be available as evidence. Of course, we are not assured that that will be the case.

To improve this bill, Labor has proposed an alternative model for the new merger approval process. Labor’s model would provide
that authorisations must proceed to the ACCC in the first instance but that, for the sake of expediency, the ACCC could waive this right and direct the authorisation application to the Australian Competition Tribunal. Further, Labor’s model would allow the ACCC to be a party to the tribunal hearing and allow third party appeal against a formal clearance approval. I know that the Deputy Speaker (Mr Somlyay) is a supporter of independent bodies like the ACCC, and that independence is regarded very highly by us here in parliament. To ensure that this parliament gets the new merger approval process right, Labor will move in the Senate that schedule 1 of the bill be sent to the Senate Economics Legislation Committee for detailed examination. This committee will seek input from the ACCC and, indeed, from the Business Council of Australia.

Collective bargaining is currently prohibited as a form of exclusionary dealing under the Trade Practices Act but can occur through a process of ACCC authorisation. This process is both time consuming and expensive and very few proposals are in fact rejected. This legislation delivers what small business has been seeking—namely, a streamlined approval process by which a small business can notify the ACCC of the action and gain immunity for three years from any sanctions under the act unless the ACCC intervenes in 14 days. Labor would support this streamlined approval process. True to form, however, the Howard government has sought to wedge Labor by introducing a new provision to the bill—and this one was not there last year when this bill was presented to parliament; it was not there before the election. This measure states that when a union, as defined by the Workplace Relations Act, acts as an agent for a small business, the notification is invalid and the small business is thus subject to penalties under the Trade Practices Act. This measure was apparently sought by the Housing Industry Association. One wonders!

Importantly, this means that some small businesses with union ties—and the construction and trucking industries are good examples—will not be able to use the current union processes, which are, essentially, a form of pattern bargaining. However, industry associations, like primary producers’ associations, can act for small business in this regard. We are approaching a time when individuals will need more and more advocacy in an environment that has become deregulated and favours big business more and more. Individuals—who, as I said before, will be forced to take out their own ABNs, to act as their own employers and to provide their own entitlements and security for the future—will have no advocate such as a union, which, of course, has particular expertise. In this regard the clause is unfair and objectionable. It is discriminatory and offensive; it offends principles of freedom of association and is completely unnecessary. Under current law, the ACCC can stop a union acting anti-competitively by refusing authorisation, so why insist on this new anti-union measure? I guess we are used to it: might it be just another attempt by this ideologically driven government to attack trade unions at every opportunity, stripping them bit by bit of their rights to represent workers and small businesses?

Labor’s amendment addresses this gross imbalance by ensuring that a union can validly make a collective bargaining notification on behalf of small business. In commenting on the ACCC’s decision earlier this month to give collective bargaining rights to Victoria’s small chicken growing businesses, the Australian Workers Union noted:

It is important that imbalances in bargaining power like those between small chicken growers and the few big business processors can be overcome by a legal collective bargaining process...
However, the ACCC decision demonstrates the hypocrisy of the Howard Government in its treatment of business compared with workers and trade unions. While the Government is supporting efforts to improve the conditions of small business through collective bargaining, it is trying to abolish collective bargaining rights for ordinary workers, [... fearing that ...] the Government’s legislation could stop the AWU and other unions from supporting small business facing unfair treatment like the chicken growers who will benefit from today’s decision. The Government should remove the ban on unions ...

That, of course, is what we are suggesting.

Third line forcing also appears in this bill, fairly controversially. It is the practice of offering for sale one good or service, or a discount on a good or service, on condition that another good or service is purchased from a third person. An example is where a financial institution lends money only on the condition that the lender purchases an insurance policy from a particular insurer. Third line forcing is currently prohibited by the act. The commission may, however, grant an authorisation to a party or parties to engage in conduct that would otherwise be a breach of the third line forcing provisions. The commission cannot grant such an authorisation unless satisfied that there are or are likely to be benefits to the public justifying the grant.

Small business has been vocal in seeking to maintain the current per se prohibition on third line forcing. This bill, however, removes that per se prohibition and only requires that third line forcing be subject to a competition test. This means that the ACCC can only reject a notification if there is a substantial lessening of competition. In practice the ACCC would have to begin Federal Court action to stop this conduct and that is unlikely in anything but the most significant case, so the level of protection for small business or consumers would be seriously diminished. Labor proposes to protect consumers and small business by retaining the current per se prohibition on third line forcing for transactions between a corporation and a consumer, which are defined under the Trade Practices Act as involving a transaction of less than $40,000. So some small businesses would also be protected.

On 1 March 2004, the Senate Economics Reference Committee tabled its report Effectiveness of the Trade Practices Act 1974 in protecting small business. One of the significant issues examined in the report is the effectiveness of the provision which deals with misuse of market power and which, in particular, addresses matters such as predatory pricing. The unanimous finding of the economics committee was that small business and the ACCC have now demonstrated that section 46 has not achieved what parliament intended. A legislative revision of section 46 is recommended. The key focus of the revision would be to clarify what is meant by ‘a substantial degree of market power’.

Many people out in the business world understand what market power is. I would like to share an example from my electorate of Newcastle which very much illustrates the difficulties that are ahead for SMEs around Australia. I quote from a constituent’s email:

I operate a successful small dental supply business in Newcastle, and have done so since 1978. We have won a number of enterprise awards during that period.

Recently I received what I consider a completely unreasonable directive from 3M Australia, a company that I have held a wholesale account with for over twenty years advising me that unless I increase my purchases from them by 1,580%, from approximately $12,000 per annum to a minimum of $200,000 per annum that they will close my account.

I am very upset that a multinational company can consider doing this to a small business, and I am not the only company involved.

Let me digress. Having spoken to the ACCC this week, I know that they are not the only
company involved. Many companies are experiencing this restriction on their operation in the market.

My constituent goes on to say that the company:

... are obviously favouring other large multinational companies and the small company's clients will suffer and ultimately the large companies will increase their prices and then the general public will suffer.

He asks:
Is there anything that can be done about this situation?

Well, not through this legislation. This is an astounding situation, and I thank my constituent for bringing it to my attention. It certainly seems to have some 'restraint of trade and competition' implications, as well as almost 'push pricing' elements. A great number of the businesses contributing to our economy are very small businesses. Should this be perpetuated all around Australia, their market power is going to be severely reduced.

This legislation does not tackle that. This legislation certainly favours bigger enterprises. But my constituent's experience suggests that our globalised economy and new patterns of trade agreements have a real down side for small business. This irks, because we have seen the other side of the House—the government—boast so much that they are the champions of small business and that they are the people who represent small business, yet what we are seeing is small business being abandoned in favour of the survival of the biggest and the fittest. Many small businesses will now have increased costs and more limits on choice and opportunities delivered to them from a government that always said they were the party of choice.

We need to protect our small businesses and contractors from predatory and bullying behaviour by large companies. Unfortunately the Trade Practices Legislation Amendment Bill (No. 1) 2005 falls short. I call on the Howard government to support the alternative model, which will improve competitiveness and, in doing so, will improve the merger approvals process and allow collective bargaining, in its true spirit, to be incorporated. It will certainly also stop third line forcing provisions. I also direct the government to Labor's success in aiding economic growth, its success in competition laws and its success in restraint of wages in the past—through the introduction of superannuation, enterprise bargaining and the accord that we all remember as the start of some of those processes. Economic reform is not just a little bag of tricks—like this one—that will keep some people happy. Economic reform goes to every activity of business, of the market and of the people who participate in it. Unfortunately some people who participate in this market, SMEs, will be seriously abandoned and certainly disadvantaged by this legislation.

Mr JENKINS (Scullin) (5.51 p.m.)—I am pleased to have the opportunity to enter the debate on the Trade Practices Legislation Amendment Bill (No. 1) 2005. The act that this legislation amends, the Trade Practices Act 1974, is one of the great lasting legacies of the Whitlam government, and so it is with a sense of pride that people on this side of the House can enter this debate on a subject which, as something that arose out of those years, has been lost in history. At a time when people wish to question the economic credentials of the Australian Labor Party, I think it is appropriate that we make sure that that legacy is placed well and truly on the record. The Leader of the Opposition, in his contribution to this debate, went to other economic reforms in this general area that are of great importance, including national competition policy.
Coming from me, that is a fairly big statement. As with a lot of the reforms of the Hawke-Keating years, I and the people I associate with within the Australian Labor Party and the labour movement more generally were much more cautious than the senior ministers of the Hawke and Keating governments. But, having said that, the fact that the present government has been able to preside over an economy and an economic situation that has had so much ‘economic sunshine’, as the Treasurer often says, is the result of the work that was done through those years. There were critical changes made to the fabric of Australian society through the legislation that influenced the way in which our economy operates. In a debate like this, it is appropriate that we should remember that. The Trade Practices Act has as its objective:

... to enhance the welfare of Australians through the promotion of competition and fair trading and provision for consumer protection.

The act achieves that through a variety of measures. This amendment is the present government’s attempt to build on that body of law. In their words, it is an attempt to ‘improve’ that body of law. As can be seen by the second reading amendment that the member for Hunter has moved on behalf of the opposition, whilst not wishing to decline to give this bill a second reading, we highlight some of the deficiencies that we see in this piece of legislation. It is appropriate that that be done. The first part of the motion goes to the constraints on the economy’s productive capacity in the context of failing to build on the competition reforms that were made by Labor. I have touched on that.

Another aspect that our second reading amendment goes to is the failure of the government to adopt all of the recommendations of the report of the Senate inquiry into the effectiveness of the Trade Practices Act by the Economics References Committee in March last year. One has to say that in its 30-odd years this piece of legislation has had plenty of reviews and has been the subject of assessment.

I have been involved in two reviews that touched upon aspects of the Trade Practices Act. The first was in 1997, by the House of Representatives Standing Committee on Industry, Science and Technology, the so-called Reid committee. Its report was entitled Finding a balance: towards fair trading in Australia. In that inquiry, we looked at many issues but concentrated on the area of retail tenancy. We touched upon the issue of franchisees. It was at a time when franchisors and franchisees were in great dispute. I am pleased to see that, over time, many of those issues have been better resolved. In going to the last election, we indicated that we thought that in some respects the way in which the ACCC treated things under the Franchising Code of Conduct could be strengthened and improved, but the approach that has been adopted in the franchising sector that has led to such improvement is a pleasant surprise to me, and I have admitted that in debate on other pieces of trade practices legislation. The other committee that I was involved in was the Joint Select Committee on the Retailing Sector, the Baird committee. In August 1999, it published its report, entitled Fair market or market failure?

Some of my interest in entering into this debate arises from those experiences. A number of the issues that were presented to the committees still continue. I heard my colleague the member for Chifley mention continuing disquiet and concern about issues to do with retail tenancy. In the federation that is the Commonwealth of Australia, this is an interesting area because it comes up against an area where the states have primacy. The influence of a national government is restricted because of that. We have to
continue to see movement, because there is still great disquiet about a position where there is such unequal market power and because of the way in which tenants feel they are under the microscope all the time and that they are limited in the way in which they can seek redress. It is important that we have that national approach. Because of the way the economy has moved and the way in which retail throughout Australia has moved, there will continue to be a dominance of the large shopping malls that seem to have an insatiable appetite to get even bigger and therefore the control over the smaller businesses that are retail tenants of those centres will always be a prime aspect of a successful and competitive Australian economy.

Another aspect has also been touched upon, but I wish to dwell on it for a little while in this debate. It concerns the type of phenomenon that cannot be classified as a straight-out merger, because it is unclear, and that is the aspect of creeping acquisitions. The classic example of that is in the supermarket sector and those parts of the retail sector that have similarities in the products that they sell with what is sold through supermarkets.

It is clear that there has been no reversal in a phenomenon that was of great concern, especially to the Joint Select Committee on the Retailing Sector. That concern is about the way in which the two major players continue to capture a greater share of the market. We have to decide whether that is something that is good for the economy and consumers or whether there is a problem and we are going to make sure, through the Trade Practices Act, that we are able to deal with these concerns. This is a great deficiency of this amending legislation, because it has skirted this issue. In part, I acknowledge that arises by the way in which the Dawson inquiry treated this issue. But, even when we see a tendency for the big players to try to hide from public view the amount or percentage of the market that they actually control—to throw shadows across their path and make it difficult for people to really ascertain their market control—the one thing that underlines our understanding is that we know, by the way in which the industry is developing, that there is a concentration of market share. That is because we see the independent supermarkets falling by the wayside—we saw the need for the ACCC to intervene when Franklins fell over to ensure that the resulting level of market concentration was minimised to a certain extent.

The other phenomenon—and this has been touched upon in this debate already—is that the nature of supermarkets and parent companies, such as Woolworths and Coles Myer, is changing. If we look at the sale of liquor and the way in which there has been a concentration of market share in that sector, we see a clear phenomenon happening—that is, because of the market power of the big players, accrued through their activities in the sale of other goods, they are able to move in to markets on a regional or community basis and exert that power. These are some of the issues that the provisions of the present act do not cater for. There may be the need for us to look at section 50, which deals with mergers, because the way in which creeping acquisitions operate cannot be covered by those provisions. We could end up having the same results if similar triggers and tests are used for the purposes of section 50. Unless we are able to come up with a suitable solution by looking at this phenomenon and then making a decision whether it is in the best interests of competition, in the best interests of not putting too much power in the hands of too few and in the best interests of consumers, we are failing on something that is crucial to suppliers. The complaints continue about the relationships between large retail players and suppliers—that is, about the re-
tailers’ use of market power when dealing with suppliers.

At the other end of the chain—and these are things that the Labor Party indicated needed to be addressed going towards the last election—is the pricing of those with the dominant market power that is a concern. That goes to the way in which section 46 applies. Why has there been the debate about the ‘present purposes’ test as against the ‘effects’ test? It is because people are concerned about whether section 46 operates in a proper way. I know that through all of the inquiries that have gone before they have flagged how hard it is to move to an ‘effects’ test. I understand that. In Labor Party terms, it is a bit like branch stacking: some people believe it is branch stacking and others believe it is a creative and innovative way of getting new blood into the party. Some would say that it is the same with competition policy: that activities which could be considered to be predatory pricing could simply be seen as robust and aggressive discounting that may, in the end, have the effect of putting another business out of action. Under the present legislation, unless one can prove that the purpose of the reduction in prices was to put the person out of business, it is seen to be competitive behaviour. I used the above analogy to show that it is all in the eyes of the perceiver. Some would see this as anti-competitive behaviour because it knocks people out of the market; in fact, it may just be aggressive marketing that leads to a weak or inefficient player dropping out of the market and leading, of course, to what we hope to get out of a properly operating Trade Practices Act—a competitive and efficient market. We have to have that in our consideration.

I believe the greatest flaw in this amending legislation relates to collective bargaining. Nobody decries that this is the step that should be taken, that we should underscore the right of, typically in this case, small business people to come together to act collectively so that they have greater strength and greater power against those that dominate and affect the markets in which they are competing. Why do we have to put up with this government’s ideological obsession against the trade union movement? The only change in this bill to the one that was presented last year is a new amendment at 93AB(9). Because of this government’s obsession, the new section indicates:

A notice given by a corporation under subsection (1) is not a valid collective bargaining notice if it is given, on behalf of the corporation, by:

(a) a trade union; or
(b) an officer of a trade union; or
(c) a person acting on the direction of a trade union.

How ideologically driven can you get? There are current cases which are being assisted by the involvement of unions. My colleagues on this side have highlighted the chicken farmers who are going forward with an action with not only the Victoria Farmers Federation but also the AWU. Why do the government suddenly believe this is something they have to address? They did not do it last year. They were not hyped-up about it last year. They did not suggest last year that that is where they were going. But with this year’s changes they could not help themselves.

This is the flow: this morning we had the industrial relations legislation that really bells the cat on what they intend to do. It will all break out for sure after 1 July. When the Parliamentary Secretary to the Treasurer actually got to this piece in his second reading speech, he said that they do not want collective bargaining going to employee conditions, so to reinforce it they are not going to allow the trade unions to be involved. What a nonsense. Why is there a need to reinforce it by banning trade unions from acting collec-
tively? Why are they going to ban small business people from having the choice of deciding that trade unions will act on their behalf? It is a nonsense. It is nothing to do with reinforcing the purposes of the Trade Practices Act. It is just blind ideology. At the same time they are against employees themselves acting collectively. (Time expired)

Mr SWAN (Lilley) (6.11 p.m.)—I welcome the opportunity to speak today on the Trade Practices Legislation Amendment Bill (No. 1) 2005. The bill we are debating represents a significant amendment of the Trade Practices Act. The Trade Practices Act is of course the central legislative instrument in Australia’s competition policy framework. This framework has played a central role in creating the economic prosperity we have enjoyed in recent years—the deep structural reforms breaking down rigidities in the market, cutting costs for business, and boosting productivity, economic growth and real incomes for Australians.

The competition policy reforms that ushered in these benefits were initiated by the Hawke Labor government, which embraced the power of market forces to reshape and modernise the Australian economy. The OECD identified the central contribution of Labor’s reforms in its most recent economic review of the Australian economy. It should be obvious to anyone who reads the OECD survey that the reform legacy of the Hawke and Keating Labor governments not only contributed to the strength of the Australian economy today but was central to it. It led the OECD to say:

In the last decade of the 20th century, Australia became a model for other OECD countries ... the tenacity and thoroughness with which deep structural reforms were proposed, discussed, legislated, implemented and followed-up in virtually all markets, creating a deep-seated “competition culture” ...

The competition policy reforms which the OECD was referring to stemmed from Prime Minister Bob Hawke’s March 1991 statement ‘A more competitive Australia’. This agenda was tirelessly pursued by Labor, which set in train the establishment of the Hilmer review and the Council of Australian Government’s vigorous implementation of national competition policy. The OECD noted these structural reforms were central in:

... a thirteen year long economic expansion accompanied by low inflation, high resilience to external and domestic shocks ...

I note the 13-year-long expansion because the Treasurer has several times since the election claimed the expansion has only been nine years long. At least his own advisers can bell the cat on that untruth. It is a 13-year-long economic expansion.

Labor has had an enduring interest in harnessing competition to drive efficiencies and to lower costs in the economy. Combined with extensive microeconomic reforms, some remarkable changes in the economy have been achieved. As chair of the caucus economics committee from 1993 to 1996, I dealt first-hand with the implementation of the national competition policy framework and related microeconomic reforms. An aspect which I am particularly proud of was Labor’s reforms to deregulate financial services and disperse bank ownership to lower the cost of finance and credit in this country. I am sure, Mr Deputy Speaker Somlyay, that is something you would agree with me on.

If the Howard government were honest it would acknowledge that a fundamental reason for our lower interest rate base today, compared to the 1970s, eighties and early nineties, is Labor’s success in reining in inflation and Labor’s reforms to allow foreign bank entry to massively boost competition. This competition in particular has been a
significant compression in the interest rate differential between the cash and indicator lending rates offered to home buyers. These and other reforms took some time to work their way through the economy, but home buyers are paying lower interest rates today because of Labor. They are of course not as low as they could be, due to the Howard government’s fiscal irresponsibility and complacency with respect to the economy—something families are now paying the price for, with upward pressure on interest rates, which are already among the highest in the Western world.

We should never rest when it comes to ensuring our economy remains internationally competitive. We do not need to be reminded of this at this time, when we have a record current account deficit and such a poor export performance. Unfortunately, as the OECD, IMF and our own Reserve Bank have pointed out, reform efforts have been flagging. The bill we are dealing with today is the government’s very long overdue response to the Dawson committee’s review of the Trade Practices Act. The bill takes up a number of recommendations of the Dawson committee; however, I note that a later bill will be introduced at some stage to take up further substantive issues recommended by Dawson.

Labor supports many of the aspects of the legislation but has concerns about the proposed mergers approvals process, collective bargaining provisions and third line forcing. It is these aspects which I intend to address in my remaining remarks. To begin with, I would like to deal with mergers and authorisation. The Dawson committee found that the current merger authorisation process imposed commercially unrealistic time frames for business and proposed that the Australian Competition Tribunal decide merger authorisation cases on public benefit grounds without prior consideration of those issues by the ACCC. So the new merger authorisation is to be undertaken only by the Australian Competition Tribunal, bypassing the ACCC. Approval is to be based on public benefit, not on a competition test, without third parties being able to be heard. This aspect of the proposed model troubles Labor deeply. It effectively denies third party appeal to an authorisation decision that currently exists by way of the ACCC.

The Australian Competition Tribunal is very formal and very legalistic. It may be difficult for consumers and small business to have their views heard in this forum. It is worth noting that very few mergers are opposed by the ACCC. In 2003-04, for example, the ACCC rejected only nine out 191 merger proposals. Two of those proceeded following enforceable undertakings. Labor acknowledges that there are aspects of the new mergers approval process which will be welcomed by business, particularly the new time limits for consideration of mergers. This will create more certainty for business, but it must not be at the expense of thoroughness and transparency. In Labor’s view the propositions put forward by the government are significant changes to the way the merger provisions operate. It is worth noting that both the former and current chairs of the ACCC have expressed reservations about the proposed authorisation process. Both the current and previous chairs of the ACCC have aired their views. In evidence to an estimates committee in 2003 the former ACCC chair, Allan Fels, made the following comments about access for third parties to merger applications:

It is a fact also that one of the most fundamental problems in the analysis of competition matters is that the applicant has a great deal of information and people assessing it. The people on the receiving end do not have a great deal of information. The best processes tend to work in favour of powerful applicants who have all the information.
The commission’s own experience over the years is that the most valuable information that it gets, the most valuable understanding of the likely consequences of a merger, is obtained from talking to, hearing from or having as witnesses other parties—often small businesses, customers or whatever. If this is to be proceeded with as a tribunal matter, there would have to be some pretty revolutionary change to make sure that that all-important source of information is properly harnessed—the customer view. Typically, if there is a merger, we would go and interview customers. Many of them do not want to speak on the record. Clearly, from this evidence there is considerable concern that other market players and consumers could be sidelined from the process with the applicants allowed to tell the tribunal what they want to hear, with the absence of alternative viewpoint. That is a very big concern.

Labor does not oppose the merger changes proposed by Dawson outright; however, we do wish to closely explore their impact and hear from all sides by referring this bill to a committee. It would be grossly unfair to describe this approach as anti-business. The merger provisions were not considered by last year’s Senate references inquiry. The Dawson inquiry was not an open forum. Labor believe it should not be a long inquiry, but should have a reporting back date of just under a week from now. Labor has an alternative model in mind that would allow the ACCC to waive its right to consider an application allowing it to proceed directly to the ACT. Labor will be keen to receive feedback during the committee process on this alternative proposition.

Labor is also interested in the provisions set out in the bill dealing with collective bargaining. The new collective bargaining provisions mean small businesses and their representative bodies are automatically permitted to engage in collective bargaining 14 days after they notify the ACCC, unless the ACCC objects. Labor certainly welcomes this aspect as it streamlines collective bargaining processes and will have positive consequences for public interest considerations. However, Labor notes the recommendation of the majority of the Senate committee that the $3 million threshold for the definition of small business be removed or increased further to $10 million. Labor believes such an increase is justified as it would enable a greater range of small businesses to participate in collective bargaining.

Labor does, however, take issue to a new subsection 93AB(9), newly inserted into this bill, that was absent in the previous bill that lapsed in the last parliament. The subsection seeks to exclude unions—as defined under the Workplace Relations Act—from notifying on behalf of members for a collective bargaining arrangement. This is yet another example of this government at its ideological worst. It likes to talk about personal freedom and choice, but it does not walk the walk. There is simply no justification or rational argument that could be framed for this exclusion. As a result the new collective bargaining arrangements may be accessed by industry and agricultural representative bodies but not unions. This is utterly incomprehensible. The only justification advanced by the government is that the collective bargaining arrangements should not be used to pursue industrial matters such as wage claims. But what on earth is the consequence of industry or agricultural representative bodies who utilise collective bargaining if not to achieve the fairest conditions and price for their member’s products—thus bolstering their member’s wellbeing and income? I would urge those opposite, particularly National Party members, to think about that.

If this clause were successfully introduced we would see a two-tier arrangement for small business largely split upon industry boundaries. An example relates to the transport industry, where there are literally thou-
sands of owner-drivers across the nation. Owner-drivers are really a cross between employees with expensive tools of trade and small business people. Like employees, owner-drivers are at a significant disadvantage in terms of bargaining power when compared with the large transport companies for whom they perform work.

In denying owner-drivers effective and established representation, large transport operators and freight forwarders could be in a position to abuse their significant bargaining advantage in the market and force owner-drivers into unsafe, low levels of remuneration and other inadequate contractual obligations that would either force them out of business or kill or injure them—or other members of the general public—in the process of working too long or too fast in order to make a living for themselves and their families. That is the reality of the situation, and I do not believe any fair-minded person would view this as an outcome in the public interest.

In the transport industry the primary objective of collective arrangements is the payment of rates which adequately compensate owner-drivers for the functions they perform. The rates are based on the concept of cost recovery. While owner-drivers have some characteristics of small businesses, especially in that they assume often huge amounts of risk in the investments that they make in vehicles and goodwill, they do not perform work for profit. Rather, they recover the cost of running the vehicle, including the cost of their own labour. Cost recovery is vital in ensuring that public interest in the form of road safety is protected.

In New South Wales there has been judicial and coronial recognition that low rates of pay and poor conditions lead to speeding, other unsafe practices and fatigue and therefore contribute to road fatalities. This recognition has been supported by government-commissioned inquiries at both state and federal levels. The effect of extinguishing this system, which has promoted arrangements securing agreed cost recovery rates and conditions, would be to add an additional incentive to have the work performed in an unsafe manner. The clause is, therefore, objectionable. Under current law the ACCC can stop a union acting anticompetitively by refusing authorisation—so the power the government says it wants is already there. Labor is going to strongly insist on removing this clause to ensure small business have the freedom to choose a bargaining agent of their choice.

The other aspect of the bill which Labor holds concerns about relates to the new third line forcing provisions. The bill proposes that the per se prohibition on third line forcing be removed and replaced with a competition test. Currently the TPA prohibits contracts, arrangements or understandings which have the purpose or effect of substantially lessening competition. It is worth bearing in mind that very few of the third line forcing notifications which go to the ACCC are opposed. Nevertheless, there is potential in the government’s new arrangements for uncompetitive third line forcing to slip through the net. In such an instance the losers out of the process are rival businesses, particularly small businesses, and consumers.

There are instances where third line forcing has been beneficial for consumers, however—a recent example being petrol shop-a-dockets, where significant savings are currently to be had for consumers and where the resulting gains in market share for participants have almost certainly enabled economies of scale to underpin reduced prices. Nevertheless, we need to be vigilant in the interests of consumers. It is important that market concentrations do not drive rival competitors, particularly independent opera-
tors, to the wall. Labor will have amendments which will be advanced in the Senate to address such concerns for consumers.

Despite this bill there remains further scope for the reform of the TPA. Dawson recommended no change to section 46, which relates to the misuse of market power. Small business and the ACCC expressed great concern about this after a range of court decisions, especially ACCC v Boral, suggested that the section was of limited use. The Senate committee advanced possible amendments that sought to clarify the meaning given to terms such as ‘market power’ and ‘take advantage’, with the aim of restoring the interpretation intended by parliament in 1986. Also suggested were a strengthening of the unconscionable conduct provisions of the TPA so that the courts could take into account whether a contract permitted a unilateral variation of terms by one of the parties; the introduction of a cease and desist power to enable the ACCC to promptly put a stop to anticompetitive conduct; an amendment to the mergers provisions to ensure that the ACCC would be able to prevent creeping acquisitions which substantially lessen competition; and, finally, the introduction of a penalty of divestiture in cases where companies abuse their market power.

There is in my view much more that must be done to drive the next round of competition reform. The need is undisputed, as outlined by the OECD in its recent assessment of the Australian economy. They found that productivity growth had slipped from an average growth rate of 3.2 per cent between 1993 and 1999 to just 1.8 per cent since. The decline in multifactor productivity is even starker. This government has been complacent and simply dropped the ball. The OECD was scathing in its criticism of the coalition’s performance on legislative review to remove anticompetitive provisions, 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 and is not commensurate with its leadership role in promoting enhanced product market competition.

You would never know the OECD was saying that if you were listening to the Treasurer, who wants to blame everybody else. The truth is that his own backyard is not performing. Who says that? The OECD. Who writes the OECD report? Partly the Treasurer’s own officials from the Department of the Treasury. That is their verdict on this government’s record when it comes to competition policy.

Given this criticism, it is no wonder the Treasurer is now keen to place undue emphasis on the government’s narrow industrial relations agenda, but when it comes to boosting productivity, the OECD does not rate further industrial reforms as pre-eminent. Rather, it sees that a broad range of measures are required, with a priority on further product market reform to boost competition. It identifies areas where reforms are yet to be completed, including infrastructure services, agricultural marketing arrangements, compulsory insurance schemes and health. I am not necessarily convinced of the merits of all of those areas that have been identified by the OECD, but they are significant and ought to be involved in the public debate. Let us see the government play a leadership role and drive the process forward. Labor will certainly be doing that.

Mr Murphy (Lowe) (6.29 p.m.)—I endorse the contribution by the member for Lilley and shadow Treasurer. The Trade Practices Legislation Amendment Bill (No. 1) 2005 marks the most significant amendments to trade practices law in the last four terms of the Commonwealth parliament. As members of this House can see, the amendments involve changes to a large number of
the existing provisions of the Trade Practices Act. Many of these amendments are accepted by the opposition. However, there are a large number of provisions which are anathema to the very essence of the spirit of the Trade Practices Act. Indeed, a reading of the provisions of this bill is more than unsettling once their policy impact is understood. In particular, a general theme of this bill is to skew statutory amendments in favour of business entities, particularly big business, whilst excluding public interest stakeholders.

This evening I draw to the attention of members of the House three issues of concern to this side of the House. The first is the bill’s new merger approval process, the second is the collective bargaining provisions for small business and the third is third line forcing. I want to first turn to the new merger approval process. This process will create a voluntary formal merger clearing procedure which will operate in parallel with the current Australian Competition and Consumer Commission system of review. What is disturbing about the new merger approval provisions is that third parties are denied appeal against a decision authorising the merger. Approvals will be based on what is called ‘public benefit’ and not on the competition test.

The new merger approval process is an example of the denying of social and other policy impacts by the government in an increasing amount of legislation in this House. This government and the coalition governments of the 38th, 39th and 40th parliaments have systematically neglected—or turned a blind eye to—policy impacts. A term used in assessing policy and environmental impacts is ‘gap analysis’. Gap analysis is that analysis which identifies what policy protections and safeguards a law has in place. Critically, gap analysis identifies what protections are lost, disappear or are otherwise erased, to the detriment of the public interest. Examples from amongst the multitude in which this government has applied discrete losses in public interest rights include the appalling industrial relations amendments and the removal of compulsory unionisation. Another example is the lapsing of pricing surveillance regulations over Australia’s major airports, which have now been privatised.

By turning a blind eye, this government has participated in a systematic dismemberment of their moral and social obligations—in a spirit of subsidiarity—to those public interest stakeholders who suffer harm as a result of the enactment of these laws. In the case of industrial law, it is the worker who is by far the unequal partner in the industrial contractual relationship. The worker does not have access to the legal and other resources necessary to advocate in his or her own cause. In the case of Sydney’s major airports, the unequal partners are those who whenever they use a major airport must pay literally sky-high prices for services sold under monopolistic bargaining positions. I have said a lot about the airport in the time that I have been the federal member for Lowe. Quite frankly, as an airport, Sydney airport operates very well as a shopping centre and a car park. If you are there for 31 minutes, you pay $18. If you go into the so-called duty-free liquor store out there, you can pay 100 per cent more than what I pay at my local liquor store for a bottle of Jamiesons Run red wine. Out there, duty free, it is $19.95, and in my local store it is $9.95—or even less when it is on special.

In the case of merger legislation, it is a case of the public interest being trammelled by laws that favour big merger acquisitions, thus narrowing the choice of products and competitors and ultimately leading to supernormal profits by corporations that have monopolistic control over particular markets. It is one thing to make a law that confers benefits on a discrete group—in this case, merger
applicants. It is another thing to deny the social impacts and social costs of that merger by effectively removing rights from the hands of the public interest stakeholders. In this case, it is acknowledged that the major beneficiaries of the new merger process will be the major mergerers. The major losers from this legislation will be other competitors and, ultimately, the consumer.

Australia is a highly oligopolistic market. Market concentration has increased in Australia only as a direct result of the Howard government since 1996. I have spoken in this House repeatedly about my grave concerns at the level of concentration of commercial media ownership in Australia. In particular, I have spoken on numerous occasions about the vast amount of Australia’s print and television media owned and controlled by our two biggest media moguls—Mr Kerry Packer and Mr Rupert Murdoch. We have an environment going on at the moment, including the sale of Telstra, where the government is quite happy to allow Mr Packer and Mr Murdoch to own more of Australia’s media. I think that is the greatest threat to the public interest and the future of this democracy, and I will continue to speak out on it at every opportunity. It is appalling that this continues. I wrote a letter to the Financial Review the other day—fortunately it was published—and I just hope that the chairman of the ACCC—

Ms Julie Bishop—I read it.

Mr Murphy—I am pleased about that. I hope you take what I said seriously, because I feel passionately about this. We know the way the media proprietors in this country play with each side of politics as it suits them, in the interest of gaining more influence and control over our democracy. I think it is a serious threat to the public interest and the future of our democracy to allow this to continue, so we should bear this sort of legislation in mind. When the Broadcasting Services Amendment (Media Ownership) Bill comes back into the House in its recast version, I hope Graeme Samuel gives scrutiny to that bill, because I do not want to see—as I think most fair-minded Australians do not want to see—a further concentration of media ownership in Australia.

It does not matter what your politics are, it is not good—it is very unhealthy—to allow such control. To have such significant media proprietors controlling our democracy is unthinkable as far as I am concerned, and I want to see a greater diversity of media ownership. After the moratorium on free-to-air networks expires at the end of 2006, the government should think seriously about allowing other people to compete with our media moguls and have a fourth television network in Australia. That would be in the public interest, and it would be good for the future of our democracy. In the time I have been a member, I have also been compelled to vigorously defend the Australian Broadcasting Corporation, the public broadcaster, in circumstances where this government would desire nothing more than to shut down the ABC and so reduce the competition to commercial television networks.

I do not intend tonight to remind this House of the oligopolistic markets in Australian airlines, banking, superannuation and utilities, as just some examples. I will not go into any details here, but essentially Australia’s major industries are controlled in market share by a handful of large corporations. True competition in many key industries in Australia is a commercial fiction.

In substitution for the government’s proposed new merger process, I support the shadow Treasurer and member for Lilley’s comments in the House a moment ago about his alternative model, requiring that authorisations first proceed to the ACCC. A discre-
tionary power in the hands of the ACCC would then permit that body to waive the right and give orders that the authorisation application proceed to the Australian Competition Tribunal. In this model, third-party appeals could be heard in the ACCC against a formal clearance approval. In so doing, the public interest would be preserved, and that would afford the third-party stakeholders a say in how their interests are being tram-melled. By comparison, the government’s bill is nothing more than caving in to the interests of big business who desire to become even bigger, with the substantial policy impact of reducing the number of competitors in a market, thus galvanising monopolistic control over prices, distribution and other market aspects. All this is being done against the common good and the public interest.

All this debate leads to the critically important issue of ethics within the government’s current law-making, particularly with respect to economics. I will therefore elaborate on the impacts of this bill on the common good and the concepts of true and spurious competition, followed by the principle of subsidiarity and its corollary, solidarity. It is clear, in the provisions of this and other bills moved by successive coalition governments, that this government has no demonstrated knowledge of the principles of solidarity, subsidiarity and the common good and of the definitions of true and spurious competition.

For the benefit of the Treasurer, I want to bring to the attention of the House tonight a text by John Young entitled The Natural Economy, which explains these issues in simple yet comprehensive detail. I believe it will benefit the Treasurer if he familiarises himself with this text. Terms such as ‘natural economics’, the ‘natural law’ and ‘natural capitalism’ all share the word ‘natural’, derived from the Latin natura, meaning ‘of reason’. Hence, natural law is the law of reason; natural economics is the economics of reason, and natural justice is those intrinsic rights in the human being founded upon reasoned observations of the rights and duties of the person with respect to other persons and society as a whole.

Natural economics, in turn, leads to the principles of subsidiarity and solidarity. ‘Subsidiarity’ is defined by BJH Tierney as a social right. It states that ‘society exists for the sake of persons, and persons not for the sake of society, so society must help persons and smaller societies to function and not usurp them, so that they enjoy freedoms and rights and share in the common good’. ‘Solidarity’ is also defined as a social duty—that ‘every person and smaller society has a duty to make society workable by accepting its authority and so contribute to the common good’. It follows that, without an effective policy of subsidiarity in place, solidarity will not be encouraged and vice versa. Bad law is that law which denies government’s responsibilities under the principle of subsidiarity. The result of this denial is that a person’s social duties will equally not be followed.

It is a criterion of a well-functioning economy that true competition and not spurious competition be encouraged by the passage of laws that support this end. True competition is defined by Young in his text at page 20 as competition founded upon true freedom of use of private property; rights, including rights of association and unionisation; and education, including the industrial knowledge necessary to advocate one’s own cause. Without true freedom, there can be no true competition. Spurious competition, on the other hand, lacks diversity of opportunity. It is this market constraint that is evident in this bill, in that the effect of permitting large mergers without due regard to the public interest means that the economic freedom of those third-party public interest stakeholders is narrowed. Thus, economic
injustice is caused by a restriction of the freedoms of the third-party public interest holders.

Why should a citizen follow the rules if the government makes laws that lock the citizen out of participation? If government denies a citizen the right to express his or her public interest, why then should that citizen be bound by these new merger rules? The injustice in this bill becomes clear. This is what the member for Lilley is referring to: the denial of third-party interests, having no avenues to be heard. This is the gap analysis that requires urgent redress.

I will now address two other aspects of this bill, found in schedules 3 and 7, which deal respectively with collective bargaining for small business and what is called ‘third line forcing’. I turn to the provisions of this bill on collective bargaining for small business. The provisions are too complex to summarise here tonight, but I will say that it is an inalienable right of an employee of a small business to be represented by a trade union in a collective-bargaining position, and this side of politics will not abandon those people. However, this government seeks in these amendments to ensure that current union processes of collective bargaining for certain small businesses are invalid. The government should ensure that industrial and economic freedoms are preserved in the mutual interests of worker and employer, so that a union can make a legitimate collective bargaining notification on behalf of small business.

Finally, I turn to the issue found in schedule 7 on third line forcing. As members of the House are aware, third line forcing is where a company sells goods or services on the condition that the purchaser buys another product or service from a third party. This bill removes that prohibition, subject only to a competition test. This means that the ACCC can reject third line forcing only if it fails the competition test. This provision in the bill violates the economic freedom of the purchaser and in my view is bad law. The opposition opposes elements of this legislation and supports retaining the current regulations governing third line forcing for transactions under $40,000.

So far I have focused on the provisions in this bill on which the government and the opposition disagree. Much in the bill has bipartisan support—and I am happy to record that—including those provisions that deal with non-merger authorisations, exclusionary provisions, price-fixing provisions, dual listed company provisions, enforcement and penalty amendments, the application of the Trade Practices Act to local government agencies, and functions and powers of the competition code, amongst others. However, the three provisions I have spoken on this evening relating to merger provisions, collective bargaining and third line forcing are an affront to government’s responsibilities under the principle of subsidiarity. In particular, these provisions will regulate that area and force third parties to put up and shut up about larger mergers that will slaughter the economic interests of those third parties.

Ultimately, it is the purchaser who will pay the price, in real dollars and cents, for the failure of this policy. These three provisions will effectively reduce true competition and create an artificial and spurious competition where affected third parties and the Australian consumer will be locked out. Their voices will not be heard when it comes to monopolistic mergers. This will reduce, not increase, the market choices and competition available to them. The bottom line to these policies will be fewer competitors and increased prices. That is what we are seeing, and that is why I am in such fear for the future of our media laws in our country.
All this is a violation of the fundamental principle of economic freedom. Freedom means the freedom to choose, the freedom to utilise one’s own private property and the freedom to make an informed, educated choice of products. That is why we oppose this bill in respect of those three main contentious areas which I have spoken about tonight. For this reason, I hold that the bill is an affront to the principles of good social economics. In particular this bill in part denies those freedoms necessary for true competition to operate.

I commend to the Treasurer John Young’s excellent text on the principles of natural economics. I would hope from this evening’s debate that the Treasurer more fully appreciates the term ‘natural economics’ to mean something more than the delimiting and reductionist use in the narrow context of what may be called ‘green’ or environmental economics. Natural economics is not ‘green’ economics but the economics of reason and the intrinsic freedoms of the individual in their rightful use of private property and access to education to strive competitively towards obtaining the necessities of life that we are all entitled to for our own personal good and, most importantly, the common good. The three issues in contention do not serve the common good, for they do not conform to the principle of subsidiarity nor do they encourage the Australian consumer and competitor to act in a spirit of solidarity with the law. For this reason, I fear the policy impacts of this bill and urge the Treasurer to pay careful attention to the proposed amendments by the member for Lilley.

Mr KATTER (Kennedy) (6.49 p.m.)—In rising to speak on the Trade Practices Legislation Amendment Bill (No. 1) 2005, I wish I had crawled out of bed a little earlier to do a little more research. Let me go through the detail of the second reading speech. The previous bill lapsed as a result of the federal election. The current bill contains a number of minor amendments that enhance and clarify the provisions in the previous legislation. These minor amendments do not alter the broad substance of reform found in the previous bill.

Senator Boswell, from the National Party, went up to my area before the last federal election and informed the people there that there would be legislation that would provide them with some real muscle power to enable them to stand up to the giant retail chains and get a decent price for their products. They are a little mystified as to how they can sell pumpkins, potatoes or bananas at one price and then find them on the shelves at the local supermarkets in Mareeba or Innisfail, for example, for six or seven times the price they were paid for the same product. They find this extraordinary.

These people work so hard. During the election campaign, I saw a couple who had a two-acre field full of lettuces. The husband and wife were out there in the field in the dreadfully hot northern sun picking those lettuces, and they were going to be there for two or three days bending over and picking those lettuces out of the ground. I quickly costed their work, and they were working for about $1.15 an hour. I counted how many lettuces they picked, how far they had gone and how many rows they had done. Those people were going to be working for about $1.15 an hour. I counted how many lettuces they picked, how far they had gone and how many rows they had done. Those people were going to be working for about $1.15 an hour yet, if they were getting even 50 per cent of the price in the supermarket, they would not have been rich. They would have had an average weekly earnings income at six or seven times the figure they were picking for. Perhaps it was not quite that good but it was one hell of a lot better than they were getting.

On the first page of the second reading speech it says this current bill does not contain amendments to the previous bill. The
people in the electorate of Kennedy were promised before the election that there would be a radical change in the approach by the government. This bill specifies that there will not be any change, and I quote the relevant part of the second reading speech:

This current bill contains a number of minor amendments that enhance and clarify the operation of the provisions in the previous legislation. These minor amendments do not alter the broad substance of reform—

I would say ‘no reform’—

found in the previous bill.

I will be making other statements in due course that will show the dreadful deceit that was perpetrated upon these people prior to the last election. And they are going to very mad—and rightly so. They were told what now appear to be flagrant lies.

In relation to collective bargaining, the second reading speech states:

In the absence of objection by the ACCC, the bill provides that collective bargaining arrangements will receive immunity—

and that is a very good thing—

at the end of 14 days for a period of three years.

One of the major industries of the Australian economy that precipitated this bill was the newsagents. They have tried, as they have traditionally done, to have orderly marketing arrangements with newspaper producers and journalists et cetera. This suited both sides of the argument. There was never a push by the newspaper proprietors to move in this direction. But if the only guarantee of life expectancy a newsagency has is three years, whereupon the government can step in once again and take away your bargaining rights, then I dare say that the value of your newsagency will drop through the floor.

As many of the newsagents in my electorate have said to me—and it is not mentioned in the second reading speech but certainly my understanding was that newsagents were to be given some exclusions at the discretion of the ACCC—they will have nothing to sell. They will have absolutely nothing to sell because they have no guarantee that they will have the exclusive rights to sell newspapers. If those rights are given to the giant supermarket chains of Woolworths and Coles then newsagents will have absolutely nothing to sell, and they would be out of business in three seconds. Of course, the delivery system in Australia would then collapse. The reason the newspapers are being so agreeable is that they want the delivery system. Clearly Woolworths and Coles would not provide any delivery system.

When we deregulated the milk delivery systems in Australia, there were certain so-called leaders of the milk industry—and I will disclose in due course their 30 pieces of silver because they were a party to the deregulation of the dairy industry as well—who got rid of their delivery men first. I cannot speak about other places, but in our area we just received a little note from our milk delivery man saying, ‘It has been nice knowing you but we cannot deliver anymore.’ The reason for this was that they were being paid to deliver milk to Woolworths, Coles and other supermarkets but under the new arrangements they were not being paid so there was no money to subsidise delivery systems. This did not worry us a lot; we have a car and we can drive into town. But some of our neighbours are on the pension, some of them are single mothers with three kids and some of them have only one car and the husband has to take it to work during the day. So what is the wife going to do? Is she going to walk three kilometres into town to go to the supermarket to get milk for her little kids? It was an ugly outcome. The next sentence in the second reading speech states:

The government proposes that the period be initially set at 28 days by regulation, with a further assessment at the end of 12 months.
That seems to be contradicting the three-year guarantee. I have not had time to go through the bill in detail but it would seem that the second sentence in that paragraph contradicts the first sentence. The next paragraph in the second reading speech states:

Subject to meeting the appropriate tests and procedural requirements, the ACCC will be able to issue an objection notice at any time ... regardless of whether the 14- or 28-day period has elapsed and immunity applies.

What that says is that you have got three years but at any time the ACCC can intervene and knock you out! So I would say the first sentence is contradicted by the following sentences. The first sentence talks about having some sort of guarantee for three years but then it goes on to say that the ACCC can issue an objection notice at any time regardless of whether or not the 14- or 28-day period has elapsed and whether or not immunity applies. So it would seem to me that the first sentence which contains a guarantee by the government, and the substance of this act, is just a prologue to a catalogue of exceptions. The next paragraph in the second reading speech states:

The onus will be on the ACCC to provide notice that the small business collective bargaining arrangement does not, or is unlikely to, generate public benefits ...

Let us be blunt about this. My lettuce farmers, my potato farmers, my banana farmers and my dairy farmers do not want collective bargaining to benefit the public; they want it to stay alive. They need some money to feed their kids. This is not for the public benefit; this is for their own benefit—for their survival. So the second sentence I quoted negates the three-year guarantee that the government is supposed to give in this legislation. The second paragraph I quoted completely negates that undertaking by the government. If there was any doubt in your mind, the third paragraph I quoted makes a farce of the whole thing.

I have not had time, and I must emphasise that, to look at this legislation in detail. But I have had plenty of time to see the pain and misery imposed by the so-called free market system. I want to disclose to the House that I failed my first economics exam at university. I said to Mr Gunton, my lecturer, ‘Hey, Mr Gunton, that was a good paper.’ He said, ‘Katter, that was a brilliant paper.’ It was on price being determined by the interplay of supply and demand. He said, ‘But you just forgot one little thing, Mr Katter: supply and demand only determines price when there is an infinite number of buyers and sellers and certain other assumptions.’ It is a pity that Mr Gunton has not educated some of the people who are giving us this rubbish in this parliament. Every single thing that I was ever taught at school or university, learnt through reading books or heard in my life indicates to me that where you have 50,000 sellers and two buyers—Woolworth and Coles—you sure are going to get screwed through the floor.

I do not come into this place and make generalisations; I come into this place and bring documentation with me. What I say I can back up. Mr Deputy Speaker Causley, you would certainly be one of the great advocates for the sugar industry, both in this place and outside of this place, so you would be familiar with the figures I am going to cite. The government of the day, Mr Keating’s government, decided in their wisdom that they were going to take the tariff protection away from the sugar industry and take other deregulatory measures. This is very interesting indeed: when they took that $112 a tonne tariff protection away from us—which hurt your own area very badly, Mr Deputy Speaker—the world price also slipped. Prior to the removal of the tariff, the industry was receiving $358 a tonne plus the
tariff of $112 a tonne. So growers were receiving $470 a tonne. The world price slipped between 1994-95 and 2000-01. I am working on the average price per tonne here. I do not want to talk about the top of a spike in the market or the bottom of a trough in the market; I want to give average prices. The average price between 2000 and 2002 was $279 a tonne. So the price paid to the farmers dropped from $470 a tonne to $279 a tonne. It dropped by 40 per cent. So the sugar farmers lost $191 a tonne.

Those great people in the Treasury and on the government benches for the last 15 years have been telling the farmers of Australia, ‘Our major responsibility is to the consumers. We want cheap prices for the consumers.’ Was this 40 per cent price reduction to the farmers passed on to the consumers? The average price paid by consumers in 1994, 1995 and 1996 was 209c per kilogram, and—surprise, surprise—in 2000 to 2002 it had risen to 232c a kilo. The price paid to the farmers went down by 40 per cent and the price paid by the consumers went up by $115 a tonne. The consumers are cheated out of $115 a tonne and the farmers are cheated out of $191 a tonne. So the boys in the middle are collecting $306 a tonne extra profit. Since there are a million tonnes of sugar being consumed in Australia, somebody is making extra profits each year of $306 million. Over the broken backs of your and my sugar farmers, Mr Deputy Speaker, these people made an extra profit of $306 million, which also came out of the purse of poor little Mrs Housewife.

Do not think that only sugar copped it. Let us have a look at dairy deregulation and see how that worked out—whether it was good for farmers, good for consumers and good for Australia. I submit to you that it was very good for the people in retail and wholesale in Australia—very good indeed. I will come back to the actual figures once again—I do not want people to have to trust my figures; I will cite the figures from the official government agency, the ABS. Before dairy deregulation, the price of milk in Brisbane was 159c a litre and the price in New South Wales was 154c a litre. I am limiting my remarks to those two states because Melbourne had a rolling deregulation over a very long period of time, and also the figures were messed up a bit because of exports. In actual fact Victoria suffered more than any other state. So, if I had the time to do the figures for Victoria, they would be worse. I will just deal with Queensland and New South Wales. The price per litre was 154c in Sydney and 159c in Brisbane. After deregulation—and these are average prices; they are not spikes or troughs—the average price was 115c a litre in Sydney and 116c a litre in Brisbane. Consumers had an average price rise in a few short years of 41c a litre—we have been taken to the cleaners to the tune of 41c a litre.

Did the farmers get a benefit out of this? Not likely. They went from 53c a litre average price in the two states down to 34c a litre. They lost 19c a litre. So the consumers got cheated out of 41c a litre, and the farmers got cheated out of 19c a litre. Once again the boys in the middle picked up an extra 60c a litre. If you multiply that by the litreage, you find out that the boys in the middle—the retailers and the wholesalers—picked up $1,130 million of extra profit each and every year. So we are talking about $1,400 million a year of extra profit over the emptying pockets of Mrs Housewife and over the broken backs of the farmers.

I have another case. I am not going to go through every industry, but I would like to bring the egg industry to the attention of the House. To date, this government—and the previous government; Mr Keating is probably the architect of all this but this government has continued it—has failed to do any-
thing about the egg industry, despite the promises that were given in the election campaign. In 1992, pre deregulation, egg farmers were getting 117c a dozen. After deregulation—surprise, surprise—they were getting 105c. So they were being taken to the cleaners to the tune of 12c a dozen. Did this help the consumers? Did the price to the consumers go down? No: the price to the consumers rose from 185c to 293c—108c a dozen. So, on every dozen eggs, the deregulation of the egg industry delivered to the boys in the middle—again—120c a dozen, and since there are 240 million dozens being sold in Australia every year, the boys in the middle got another $288 million that they were not entitled to. A very wise old man who was in parliament said to me, ‘With every piece of legislation, son, look at who is going to profit and who is going to lose out.’

We have now had 12 or 15 years of deregulation, and we know who is going to win. We know that the giant retail corporations are going to benefit, and we know that the farmers and the consumers are going to lose. (Time expired)

Mr BEVIS (Brisbane) (7.09 p.m.)—It is always entertaining to be in the chamber when the member for Kennedy is in full flight. It is a good thing and reminds us that the old style Country Party is alive and well while Bob is around—and that is not a bad thing, it seems to me. It stands in contrast to the new-look Nationals, who tend to parade more as Liberals in gumboots these days. But it was interesting to listen to the contribution from the member for Kennedy in this debate on the Trade Practices Legislation Amendment Bill (No. 1) 2005. I must say that some of the arguments he put in respect of the plight of people on the land and the lack of return they get for their labours were points well made, and anybody who has had even a passing contact with primary producers, particularly small crop farmers of the kind he spoke of, will know that that is absolutely the case.

At the outset, I want to support the comments of the shadow minister, Joel Fitzgibbon, and the second reading amendment which he moved. There are aspects of this bill which Labor supports, but there are a number of changes that we think need to be made to it, and there are some areas of the bill that we are opposed to. Having listened to the debate throughout the day, I want to acknowledge the contributions of the member for Perth and also the member for Melbourne, Lindsay Tanner, who I think made a very interesting contribution that dealt not just with this bill but also with some wider questions of economic efficiency and the limits to our approach to funding activity on increasing debt.

But I want to confine my comments to one area of the bill. It is one of the three areas that Labor has referred to—that is, the collective bargaining provisions. The ACCC defined collective bargaining for these purposes as:

(R)efers to an arrangement whereby multiple competitors in an industry come together, either directly or through the appointment of a representative to negotiate on their behalf, to negotiate the terms and conditions of supply with another, usually larger, business.

Under the current act, collective bargaining is not permitted unless it is authorised by the commission. Crucial to the authorisation process is the net public benefit test. I thought the comments of the member for Kennedy about applying that in the real world to individual growers were also probably correct. At the moment that test of public benefit is required to be met, allowing the commission, once satisfied, to authorise conduct that otherwise would breach the act.

Where collective bargaining is authorised, the applicants receive a broad immunity
from any challenge brought against them on the basis that their conduct would constitute anticompetitive behaviour. That was the subject of comment in the Dawson review, upon which much of this bill is based. The Dawson review concluded:

... collective bargaining should not be completely exempted from Part IV of the TP Act (Restricted trade practices). However, it is also concluded that it may be in the public interest to enable small business to negotiate more effectively in situations where there is an imbalance of negotiating power.

They therefore made recommendations for an alternative to authorisation, which was a notification process.

I think that any fair-minded person and all Australian consumers—certainly all Australian small business operators—understand the imbalance in the negotiating process between small businesses or small enterprises and the larger organisations that they negotiate with. Whether we are talking about a small crops farmer negotiating with a major processor or intermediary, a small corner shop negotiating with large suppliers of goods and services or a small shop in a large shopping complex negotiating with what is a multinational corporation—that is, their landlord—the bargaining power in those arrangements is clearly one sided. There is no negotiation. The word ‘negotiation’ does not apply in an environment of that kind. It is a one-way street where you have a take-it-or-leave-it offer, and small business, inevitably in those situations, without the opportunity for collective bargaining, is left stranded. This point was made in February last year in an article in the Canberra Times by the University of Sydney’s Professor Evan Jones, when he said:

Collective bargaining with powerful market players deserves entrenchment in the Act as a legitimate competitive (rather than anticompetitive) procedure.

I think that is an important point. If we did not enable collective bargaining in these situations, we would actually be restricting competition. We would be ensuring anticompetitive behaviour applied, because the bargaining environment is such that the small enterprise has no capacity to bargain whatsoever. That produces, in essence, a monopoly environment. There may well be two at the table but there is only one with a voice, and that is a monopoly environment, which is intolerable both for economic purposes and for social justice purposes.

It is important that we make provisions for people to be able to collectively bargain. This was something that Labor recognised during the course of the recent election campaign. The then leader of the Labor Party, Mark Latham, and our shadow minister for agriculture and fisheries, Gavan O’Connor, issued a press statement during the course of the last election campaign that said in part:

Labor will give dairy farmers more clout in the marketplace by strengthening the Trade Practices Act in key areas, including:

• Support for collective bargaining—thus improving the market power of dairy farmers. I think that is a proper position, well based in both economic policy terms and social justice terms. Whether we are talking about a small crop farmer growing lettuce, a sugarcane farmer who is basically dealing with one or two people who buy the sugar cane or a dairy farmer who is, again, selling to a very small number of purchasers from the farm gate, unless there is an opportunity for collective bargaining by those producers, there is no competition. There is a one-way street. There is a take it or leave it offer, and they have no choice; they either get the return that is provided by the big corporation on the other side of the table or they get no return at all.
Mr Katter—Woolworths and Coles have 81 per cent of the retail food market.

Mr BEVIS—I acknowledge the contribution of the member for Kennedy, who points out the stranglehold that Woolworths and Coles have in our retail market sector. That is certainly the case, and it is bad for consumers in the long term—I have to say that in my electorate of Brisbane we are the consumers; we do not have too many dairy farms in downtown Brisbane—and it is certainly bad for the industry in the long term.

I get concerned when I look at the provisions of the bill and see that, whilst the government have picked up some of the recommendations of the Dawson review in relation to collective bargaining, they have imposed something that is not part of this debate. They have said that small businesses can have whomever they like to assist them in their collective bargaining, as long as that person is not a union. I just do not understand that. Apart from the desire of this government to go out of their way with a blind bull in a china shop approach to anything that has the word ‘union’ in it, why on earth would you stop people in small business from having a union as their bargaining agent, if that is their choice? Not many of them will choose that, frankly. In the scheme of things, this does not determine the life or death of the trade union movement. There are not a lot of people in this situation. But it is an indication of how absurdly obsessed the government are with pursuing these things.

I am also concerned at the effect of this when it is combined with other government policies. In a number of areas the government have adopted policies that have sought to force workers to change from being employees to becoming contractors. Instead of being an employee on wages, with an employer, they become self-employed contractors or contractors in small companies which they own or are substantial part owners of. The principal reason the government have sought to do this is simply to deny those people access to the protections available under industrial law. But, in the process, what they are now doing is denying those same people freedom of choice as to who should represent them in negotiations. It just seems absurd to say, ‘You can have anyone you like, as long as they’re not in a union.’

The actual provision in the bill is subsection 93AB(9), which provides that a purported collective bargaining notice is not a valid notice if it is given on behalf of the corporation by a trade union, an officer of a trade union or a person acting on the direction of a trade union. There are a few things here that strike me. It is going to be an interesting little legal argument and will add complexity in the marketplace, given that it applies to corporations only—and, of course, in trying to extend its powers in this area the Commonwealth has to rely on the corporations power. This will apply only in some places, so there is going to be complexity in practical negotiations. If this bill were to become law, some people would still be able to have unions representing them, because they are not corporations, while others will not be able to. But it is not just about not being allowed to have a union—you also cannot have someone who is a union official. The fact that someone is employed by a union prevents them being an agent for small business operators in a collective bargaining environment.

On the one hand, the government are forcing people who were in traditional waged employee positions into contractual arrangements, where they are private contractors operating small companies and, on the other, the government are saying to them, ‘But you’re denied the opportunity to have a union official, a union or anyone acting for the union as your representative.’ This really
is nonsense. Whom does it affect? We know that the government were lobbied by people in the housing industry. I understand the Housing Industry Association played some role in that. There are some people in the housing industry who would fall into that category—people who are plumbers, painters, electricians, carpenters. These are people who some years ago may well have been employees in a conventional employer-employee relationship but who are now no longer employees but contractors. They may be contractors in a one-person company, or they may own a company that employs two or three people. It may be just a mum and dad arrangement. These people are now going to be told that they will not be able to have a union representing them.

In some cases in industries like this, people have been represented by the same union for decades. They have been a member of the union; they have worked as an employee and been represented by the union. As a result of pressures not insignificantly applied by this government, they have changed from being employees to being contractors but they have remained a member of that union and are happy to do so. They are members of that union as contractors. They are a small business operation, but they think the best way for them to have their voice heard in that uneven bargaining process is to have the union at the table representing their best interests. Through this bill, this government is saying that they are not allowed to do that. They can have anyone they like just as long as they are not a union or a union official. This really is the blind pursuit of ideology.

It struck me that another area that this would impact upon is the transport industry. It has been mentioned by other speakers in this debate. If you go back 20 years, the idea of owner-drivers was a fledgling, growing thing. Thirty years ago, owner-drivers were barely to be seen. Today, owner-drivers are a major section of the transport industry. But, as with the examples I just mentioned, typically a lot of those people are members of a union. They were members of a union as employees; they are now members of that union as small business operators, owner-drivers. They want the freedom to have their choice of bargaining agent. The government will not give them that freedom. The government is denying those small businesses that right.

As I said, the trade union movement is not going to live or die on the back of a comparatively small number of people in this category, but a little bit of commonsense displayed by the government would go a long way here. I will be interested to hear whether, in the summing up—which I think will be tomorrow—the minister will take the time to comment on this and provide any justification for this absurd intrusion into the rights of small business operators to select who they want as their bargaining agent when they collectively bargain. This is folly of the worst kind.

I want to also refer to the government’s own actions in this regard with their own employees. It has recently come to my attention that in the Department of Defence it is not just people like truck drivers and plumbers who are in this category; there are professionals like pharmacists and doctors who the government employs who are affected by this. The government are now saying to people who they have previously employed as doctors or pharmacists, ‘We’ll no longer employ you. What we’ll do is enter into a tender with you as a company.’ Recently they have gone one step further and said, ‘We don’t want to enter into a contract with you as a company, because we want to enter into a contract with a large company. What you need to do is get together with a few of your friends and establish a new company.’ Why have the government done this? Because a
year or so ago a pharmacist who was employed by the government on a contract took the government to court and won a case saying that the government were obliged to pay him entitlements as an employee.

The government’s response to that—the Liberal Party’s response in government—is not to abide by the court ruling and pay people in that situation their entitlements but to tell all of those people who are doctors, pharmacists and professionals that they employ, ‘We will no longer employ you on wages, and we won’t even employ you as a single contractor. We will only employ you if you are part of a large corporation’—no doubt intending also to get those people employed in a corporation that falls within the broader ambit of the Commonwealth legislation and the reach of the corporations power. For what purpose would the government do this? Why would the government want to go out of their way and tell the doctors, pharmacists and professionals that they employ that they will no longer do that unless they go onto a contract? Worse than that, they actually have to be part of a corporation if they want to have their jobs back.

That is what the government have done in a number of walks of life. What they are doing in this bill is saying to those very same people, ‘Having forced you out of the work force and into a contractual arrangement—and, further, having forced you into a corporation—we are now going to say that when you sit down and negotiate, whether it is with us or anybody else, you can have who you like, and maybe you will be able to collectively bargain, but you will not be able to have a union sitting down at the table to help.’

That is simply unacceptable to any fair-minded person. I urge the government and the minister to look very closely at the contributions to the debate from this side of the chamber. A number of important points have been made by speakers on this side of the chamber, both in relation to the contractor provisions and in relation to the other matters that are the subject of the amendment moved by the shadow minister, Joel Fitzgibbon. I commend the amendment to the House and look forward to the minister’s reply tomorrow.

Debate (on motion by Ms Julie Bishop) adjourned.

APPROPRIATION BILL (No. 3) 2004-2005
Report from Main Committee
Bill returned from Main Committee without amendment; certified copy of the bill presented.
Ordered that this bill be considered immediately.
Bill agreed to.

Third Reading
Ms JULIE BISHOP (Curtin—Minister for Ageing) (7.28 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. 4) 2004-2005
Report from Main Committee
Bill returned from Main Committee without amendment; certified copy of the bill presented.
Ordered that this bill be considered immediately.
Bill agreed to.

Third Reading
Ms JULIE BISHOP (Curtin—Minister for Ageing) (7.29 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

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

**Report from Main Committee**

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

Ordered that this bill be considered immediately.

Bill agreed to.

**Third Reading**

Ms JULIE BISHOP (Curtin—Minister for Ageing) (7.30 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**ADJOURNMENT**

The SPEAKER—Order! It being 7.30 p.m., I propose the question:

That the House do now adjourn.

**Walter Construction Group**

Ms GEORGE (Throsby) (7.30 p.m.)—Today I met with a group of workers from a company formerly known as Concrete Constructions—a company that jointly built this magnificent building in which we are meeting tonight. Unfortunately, today that company, known as the Walter Construction Group, is in administration and a delegation of workers was here to outline their concerns about the predicament in which they find themselves through no fault of their own.

The Walter Construction Group was one of Australia’s largest commercial builders, involved in about 30 construction projects, including one in my electorate—the Illawarra Wastewater Strategy project. The Walter group went into administration recently when its German parent company, Walter Bau, filed for insolvency over credit problems they were experiencing. This collapse, like many before it, has left hundreds of contractors and workers in a dreadful situation—out of work through no fault of their own and extremely worried about what level of protection they will have for their hard-earned entitlements. The blue-collar work force—members of the union that covers them, the CFMEU—I understand have been paid all their entitlements thanks to the union’s efforts in establishing a redundancy trust, a special long-service leave scheme and a secure industry superannuation entitlement. Strong and effective trade unionism has ensured their protection.

But not so for the white-collar workers who are now totally reliant on the government’s GEERS—at best a safety-net scheme that does not, unfortunately, guarantee the protection of all the workers’ hard-earned entitlements. For example, two workers I met today gave over 40 years of loyal service to the company. Under GEERS, the maximum these two workers would receive for redundancy payments would be eight weeks or the equivalent. Their award entitlement in fact would guarantee them an 18-month redundancy payout—a huge difference that means so much to these workers, both of whom are not long away from retirement.

The inadequacy of GEERS is well known to all of us. You need only to ask the Ansett workers about the limitations of that scheme. Many of them today are still waiting to have their entitlements paid out. The employees of National Textiles were the only group of workers, to my knowledge, who ever received 100 per cent of their entitlements when their company went belly up. But that was Stan Howard’s company. That special arrangement of having 100 per cent of entitlements paid out has not been repeated since. If it was good enough for the workers at National Textiles to have 100 per cent protection of their entitlements, why is it not a fair thing for the workers of Walter Construc-
tion Group? It is the inadequacy of GEERS that led Labor to commit itself to introducing a scheme which would guarantee 100 per cent protection of all employee entitlements.

Both workers and subcontractors were lured to many of the Walter group’s projects in the belief that government projects were safe and secure; that is, that there was no chance of a builder constructing government projects going bust. Many of those projects involved government work to do with hospital upgrades, the wastewater project in my electorate and the Rail Link project out of Parramatta. They thought their jobs would be safe and secure but even that was no guarantee. I must say it is amazing that neither state nor federal government seemed aware of the possibility of the collapse of this company, even though the administrators have described the group as hopelessly insolvent. The government professes to be the supporter of small business—I am waiting anxiously to see what its response will be for the thousands of subcontractors so badly hurt, many of whom have small family-run subcontracting businesses. Unfortunately, GEERS offers no protection to independent contractors or to the direct employees of those contractors. Ultimately, only the acceptance of Labor’s scheme would protect 100 per cent of all employee entitlements in the event of a company collapse.

**Film Classification**

Mrs DRAPER (Makin) (7.35 p.m.)—I have mentioned in the House on a previous occasion this week that I was subject to a most unfortunate and misdirected attack on 17 February 2005 in the South Australian House of Assembly by the member for Playford, Mr Jack Snelling MP. The attack centred on film classification and my willingness to speak at a public meeting of a local Neighbourhood Watch group regarding the inaction of the South Australian Attorney-General over the release of the French art-house film *Anatomy of Hell*—a film I and many of the people of Makin believe is an affront to public decency. Mr Snelling stated in the South Australian parliament:

Mrs Draper ... seems to have done nothing to approach the federal government on these issues. The issues he was referring to were film classification and censorship. If there is one topic I have continuously acted upon since entering parliament it is the classification of films that portray sexually violent scenes against women, scenes of gratuitous violence or explicit acts and, to a further extent, those involving the depiction of children in such acts.

The people of my electorate have an expectation that their local member of parliament, when able, will act on these issues in their interest. I have done this throughout my political career and was a well-known campaigner on film classification even before I became a member of this place. This, however, cannot be said of the Labor members of the South Australian state parliament, in particular Mr Jack Snelling, member for Playford, and Ms Frances Bedford, member for Florey. Whilst these politicians often tout themselves as caring for our community, they do nothing of the sort. Frances Bedford, the member for Florey, and the member for Wright, Jennifer Rankine, both voted on more than one occasion in the state parliament to support the establishment of local legalised brothels in our community and the legalisation of prostitution.

I have literally lost count of the number of times I, acting on behalf of the people of Makin, have brought these issues of film classification and inappropriate films being released for general public consumption before the parliament and raised them with the appropriate ministers. Yet Mr Snelling has the gall to question what I have done in rela-
tion to film classification. In fact I have been in contact with the Attorney-General throughout this week regarding the inappropriate classification of films. Mr Snelling was aggrieved that I directed an attack toward the South Australian government on this issue, but I would like to point out that the buck stops with them at this point in time. The South Australian government have the final call on the censorship issues within the state, yet they have done nothing. Who do the South Australian government protect by their inaction? Not, I believe, the well-meaning people of the electorate of Makin who knock on my door complaining about these films and their perverse take on what is acceptable in today’s society.

South Australia has its own classification council, which can receive complaints about a film’s classification and review its classification in South Australia, which is why I spoke up at the local Neighbourhood Watch meeting. This council can change the classification of a film within South Australia and even stop its release. However Mr Snelling and his government colleagues refuse to recognize this and do not take any action on behalf of concerned citizens within South Australia. Neither Mr Snelling nor Frances Bedford nor Jennifer Rankine nor any of their state colleagues will ever stop me from addressing in every forum I have available the very real concern of a great number of my constituents regarding the inappropriate classification of films.

In the past I have always been—and I will continue to be in the future—the voice of concerned constituents in my electorate and of those people across Australia who are concerned about films and matters that affect public decency in such a manner. In fact this very week, in conjunction with the Attorney-General, I have set up a briefing for coalition members and senators regarding the operation of the classification board. The director and the convenor of the classification board will present, to answer the very real concerns I and my colleagues have about this matter. That is far more than can be said of the member for Playford, Jack Snelling, and the member for Florey, Frances Bedford, in the South Australian government.

Gorton Electorate: Maltese Australians

Mr BRENDAN O’CONNOR (Gorton) (7.40 p.m.)—I rise this evening to reflect upon the concerns I have for a number of constituents of mine. In particular, I rise to discuss the concerns I have for Maltese citizens. I and some other members in this place have in the past raised the unfortunate situation that Australian born citizens have found themselves in when they have travelled back to Malta, in most instances with their parents and therefore as minors, and found that the laws required that they give up their Australian citizenship so they could have full rights as residents of Malta. I am glad to say that that law has now been revoked in that country but what it effectively did was to compel many Australian born citizens of Maltese descent to give up the citizenship of the country they love.

In particular I refer to the case of Steve and Lillian Schembri, who have for over 12 months endured the difficulty of not having citizenship entitlements, or indeed permanent residency entitlements, afforded to them or their children, because both Lillian and Steven found themselves in exactly the situation that I described. They were both born here, went back with their respective parents at some point and found that to stay with their family in that country they had to revoke their citizenship. I level the criticism as much at the Maltese government of the day as I do at anyone. Now Lillian and Steven find it very difficult to return to Australia to stay in what they see as their homeland—as their home.
The minister responsible indicated in a speech last term that he—and indeed the government—was looking at rectifying that unfairness and finding a way to help citizens and people who had been born here but had then travelled over, in the main with their parents, to Malta and been coerced to relinquish their citizenship. The government said about 18 months ago that they would look to fix that deficiency. I am hoping the government will attend to that concern as soon as possible, because the Schembris—and indeed hundreds, if not thousands, more—are suffering in the limbo in which they live. They are here on some form of temporary visa, they are not able to work and they cannot receive other benefits, but they are having to wait until the law changes. I rise tonight to call upon the government to act upon the minister’s call last term to change those unfair laws so that those people in the Australian Maltese community who went back to Malta at that time will be allowed to reclaim their citizenship, given the situation in which they were placed, which forced them to relinquish it in the first place. I do hope that this minister can attend to that matter as soon as possible. (Time expired)

ANCOP Australia supports the Gawad Kalinga movement in the Philippines, which is an integrated, sustainable and holistic program that aims to eradicate poverty in the country by empowering poor communities through its programs. It has an extraordinary aim: to build 700,000 homes for the poor in 7,000 communities in seven years. These homes are built in villages composed of 30 to 100 families who are considered the poorest of the poor.

On Christmas Day last year, the day before the tsunami hit, a typhoon struck the Philippines, taking many lives and destroying countless homes. This made the urgency surrounding the building of these communities even greater. The villages address poverty on the basis of three interrelated approaches. Firstly, there is a culture of massive volunteerism, where the villages are established by volunteers who share their time, labour and financial resources to build the community. The volunteers remain on site for the three to five years it takes to establish each village. Secondly, individual communities are empowered because the residents do not just receive their houses, they also assist in the building of their and their neighbours’ homes. Thirdly, Gawad Kalinga has built extremely strong partnerships with both government departments and non-government organisations, as well as businesses and academic and other bodies within the Philippines. It has also established a network with numerous international partners, represented in Australia by ANCOP.

ANCOP Australia supports this program in three sites in the Philippines. The first site is Bagong Silang Phase 7, which is located in a resettlement area in Caloocan Metro Manila. This site is actually known as the ‘Australian village’. The second village is located in Brookside, Payatas; and the third, also in Payatas, is called the Licad-Brookside Vil-
By the end of last year there were over 350 homes built and there are currently over 600 donors to ANCOP Australia from most of the states in our nation. But perhaps the most astonishing thing about this program is its cost. The price to build an entirely new and fully functioning home, and to give a family a chance at a new and dignified existence away from the slums and the garbage, is only $1,500.

However, ANCOP and Gawad Kalinga do not just provide housing. There is also a strong focus on health in these new communities. Obviously, by transforming the home and its surrounding environment into a clean, dry and hygienic place, many of the health problems disappear. There is also a substantial focus on educating the children of these villages. Through sponsorship, the organisation provides education, sports and creative activities, field trips, birthday and Christmas celebrations, uniforms, books and hygiene kits. A program for older children also teaches young people who are not attending school new skills and allows them to attend workshops, learn trades and gain a livelihood. This is an absolutely extraordinary program that is strongly supported by the Filipino people, including President Gloria Arroyo and former president Cory Aquino. The President has said:

If we pray and unite, there will be no more slums in our country, the Philippines. Gawad Kalinga is the inspiration behind the housing program of government for the next six years.

I am delighted this evening to be able to add my voice of support to this innovative program. Some of the people in my electorate are integrally involved in this. This is an excellent example for other organisations involved in rebuilding the poorest communities of our world to follow. Every human being deserves the chance to live a life of integrity where their basic needs are met. ANCOP Australia is a shining example that shows just how that can be achieved.

Parliament: Question Time

Ms BIRD (Cunningham) (7.50 p.m.)—I would like to take this opportunity in the adjournment debate this evening to exorcise, in a way, some of the anger and frustration I feel about some of the commentary that was made during question time today in the House, in particular some of what I thought were fairly cheap and nasty comments about those of us on this side of the House being job snobs. I am somewhat surprised at myself, in a way, that I allowed the level of anger I feel about this to arise, recognising that many of those comments were made merely in an attempt to disguise the fact that there was very little to defend in the government’s position in answering the question asked by the Deputy Leader of the Opposition. However, I did feel that anger and I want to put on the record in this debate some of the reasons for it.

I have a son who spent probably a year and a half of his teenage years working at what was Hungry Jacks in our area. I can assure members opposite and the Prime Minister, who also levelled such accusations at us, that I have nothing but pride for the enterprise that he took as a young teenager, still at school, in getting a part-time job, in earning a casual income and in working for that particular proprietor. My frustration and anger come from the fact that a very legitimate question about the expenditure of taxpayers’ money—$3.8 million in this case, to a private provider—to cover wage costs was pushed aside, ignored and belittled in the way it was during question time. In particular there was the very personalised nature of the accusations that we on this side of the House were job snobs and somehow denigrating the young people who work in that industry.
I took a quick survey amongst my colleagues sitting around me and discovered that, of the four of us in the section, all of us had children who as young teenagers had taken work in either retail or fast food outlets. I felt particularly annoyed on behalf of the many young people I know who very seriously undertake to have some level of independence in their lives by taking on such jobs. I in no way accept that it denigrates those young people to question the way in which government expenditure is directed to the employer. In particular, I point out that the $3.8 million in question goes not to those young people, but to the proprietor.

I have real concerns that legitimate questions being asked about such government expenditure should be addressed in the way that they were addressed today, and that somehow by raising these concerns those of us on this side of the House are treated as if we are denigrating young people who do that work. It is legitimate work. In fact, I well know that it is greasy, difficult work involving long hours. There is no better way for a mother to show her love than by washing the clothes of the young people who work in such places.

I want to take the opportunity available in this particular debate to say that I took personal offence at the cheapness of the accusations from the other side of the House. I do not accept in any way that it is snobbery to question the way government money is spent and I do not accept that it is acceptable to question whether we have a legitimate commitment to young people in such work. The reality is—and, as I say, I know this first-hand—that those jobs require a minimal level of training. What the employees require is support and mentoring on the job. The appropriate use of the New Apprenticeships scheme is not to direct it to that sort of work where it does indeed become nothing more than income support. I would simply much rather see such money directed towards industries where we have a skills crisis and where it is legitimate to put taxpayers’ money. I completely reject the argument that somehow that is denigrating the work in industries such as the retail and fast food industries. (Time expired.)

Western Australia: Water Management

Dr JENSEN (Tangney) (7.55 p.m.)—On Monday, 7 March the member for Kingsford Smith essentially lauded the Geoff Gallop Labor government’s water approach, calling it ‘responsible’. I am sure that the people of the Tangney electorate would be somewhat bemused at this, given that for seven-eighths of the period that the Gallop government has been in office we have had water restrictions.

The pragmatic approach that the member for Kingsford Smith said that the Gallop government has taken comprises a desalination plant. Let us have a look at how pragmatic that is. This ‘pragmatic approach’ requires 20 megawatts of power to run, which is 10 per cent of Perth’s requirements of electricity—an electricity supply, I might add, that is already considerably stretched. In his maiden speech, the member for Kingsford Smith made a point about Australia burning under global warming. Perhaps the member should think about the impact of the greenhouse gases created by the production of this extra electricity. It is not very environmentally friendly and certainly not friendly in terms of greenhouse gas output.

Let us look at the desalination plant itself in a little more detail. People probably have the idea that a desalination plant simply involves putting some salt water into the system and getting out at the other end some slightly saltier water and some nice fresh drinking water. The reality is somewhat different. People need to realise that the system they are proposing will see hundreds of kilograms of chlorine, hundreds of kilograms of...
coagulants and over a tonne of sodium bisulphite go into the system every day. There will be literally tonnes of zinc orthophosphate, among other chemicals, going in. The question is: where are these chemicals going to go in terms of effluent? They are going to go into Cockburn Sound, which is an area that is not very well known for its flushing. It is environmentally sensitive and there are fish and mussel industries in the area. Mus- sels, as everyone knows, are filter feeders and they tend to concentrate any impurities that are evident in the water, which is why, for instance, they are a very sensitive means of measuring things like mercury poisoning.

In addition, the output is highly saline. Salt water sinks. It will sink to the bottom of Cockburn Sound and all of your sea grasses, seaweed and so on will be exposed to this highly saline water which, in part of the process, is also significantly deoxygenated. It is very interesting that the member for Kingsford Smith, who parades his environmental credentials, is resorting to rock-star politics, where there is rhetoric but inadequate research. Perhaps the member should have burned the midnight oil a little more!

There are far better mechanisms for improving Perth’s water supply. For instance, if you removed a lot of the undergrowth around the catchment area you could actually increase the amount of water flowing into the dams by about 40 per cent. Furthermore, it is very interesting to read the following from a report commissioned by the then Burke government in 1988 entitled Water for the 21st century. On page 25 it says:

The option consists of sustainable pumping from an aquifer known as the Yarragadee formation in the far south west of the state between Busselton and Augusta ... The sustainable yield is estimated to be of the order of 200 million kilolitres per year.

The SPEAKER—Order! It being 8 p.m., the debate is interrupted.

House adjourned at 8.00 p.m.

NOTICES

The following notices were given:

Mr Ruddock to present a bill for an act to amend the National Security Information (Criminal Proceedings) Act 2004, and for related purposes. (National Security Information Legislation Amendment Bill 2005)

Mr Ruddock to present a bill for an act to amend legislation in relation to courts and litigation, particularly in migration matters, and for related purposes. (Migration Litigation Reform Bill 2005)

Mr Ruddock to present a bill for an act to amend the Criminal Code Act 1995, and for related purposes. (Criminal Code Amendment (Suicide Related Material Offences) Bill 2005)

Dr Nelson to present a bill for an act to amend legislation relating to higher education, and for other purposes. (Higher Education Legislation Amendment (2005 Measures No. 2) Bill 2005)

Mr Pearce to present a bill for an act to amend the law relating to telecommunications, and for related purposes. (Telecommunications Legislation Amendment (Regular Reviews and Other Measures) Bill 2005)

Mr Pearce to present a bill for an act to amend the Payment Systems (Regulation) Act 1998, and for related purposes. (Payment Systems (Regulation) Amendment Bill 2005)

Mr Abbott to move:

That standing orders 31 (automatic adjournment of the House) and 33 (limit on business after 9.30 pm) be suspended for the sitting on Monday, 14 March 2005.
Wednesday, 9 March 2005

The DEPUTY SPEAKER (Hon. I.R. Causley) took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Health Insurance: Premiums

Mr GEORGANAS (Hindmarsh) (9.40 a.m.)—I rise on an issue which is a very real concern to the people of the electorate of Hindmarsh, which I represent. Last week this government gave yet another stamp of approval to an increase in health insurance premiums—the fourth consecutive premium increase for private health funds. At almost eight per cent it is the highest increase since the introduction of the private health rebate, which was meant to make private health insurance more affordable. It is now about 33 per cent more expensive, and people have been calling my office to let me know that they cannot afford it. But because of this government’s attitude towards Medicare—it has reigned over a dramatic fall in bulk-billing rates—and its failure to adequately respond to the growing needs of the public health system, most people feel that private health insurance is a necessity. As such, allowing health insurance companies to continually jack up the price adds insult to injury, and I will be having a lot more to say about this matter. Indeed, one constituent has already advised me that she wishes to circulate a petition against the price increase for me to table in the House. She and her family are doing their sums at the moment to see whether or not they can afford to keep their insurance.

These price hikes are putting Australia on a path towards an Americanised health system where only the rich can afford to be healthy. Such a system is, quite simply, un-Australian. The government’s promise to make private health insurance ‘more affordable and attractive’ has been proved to be yet another broken promise. I am amazed that this government can say in one breath that it will make health insurance more affordable and, in the next, say that there is nothing it can do to stop premiums increasing this year and perhaps into the future. In fact, I think it expects increases. People in my electorate of Hindmarsh now have to decide what they will go without so they can make ends meet after the health insurance premium rise. This government shrugs its shoulders as if it cannot possibly go in to bat for Australians who fork out their money for health insurance because our public health system has been regarded with disinterest.

Private health insurance is now 33 per cent more expensive than it was in 2001, which wipes out the government’s 30 per cent private health insurance rebate. The government has just put a rubber stamp on the rises on every occasion. This government needs to get in there and battle for the consumers. That is currently not happening, and the incentives we had four years ago have been gobbled up by health insurance companies. Furthermore, the promise that more Australians would go into private cover has proved to be incorrect. That means there is no easing of the pressure on the public system, and younger people who do not use their health insurance very often are going to drop out.

As a community we have a responsibility to look after people, whether they have private funds or not. We have an absolute responsibility to ensure that everyone has good health services. In order to relieve pressure on the public health system we need to negotiate with health care providers on behalf of consumers. If the government will not speak up for Australians,
who will? I can guarantee the health insurance companies, who are on a nice little earner, will not suddenly find their consciences. *(Time expired).*

**Wakefield Electorate: Gawler River**

Mr FAWCETT (Wakefield) (9.43 a.m.)—I rise to discuss an issue which affects the people of Wakefield. There are a number of river systems flowing into the Gawler River, which is in close proximity to urban areas as well as to the agricultural areas of the Adelaide Plains, where the river is elevated and contained by banks. The river has flooded a number of times, and in 1992 floods caused over $12 million worth of damage. There has been a multimillion dollar scheme proposed which will go a long way to alleviate damage from major flooding which occurs, on average, every 10 years. This scheme will be a sound investment in the future of the Gawler River catchment district and also, importantly, to the businesspeople who live in that area. A major element of the scheme is the construction of a flood control dam on the North Para River near Turretfield. Last year the Australian government provided $200,000 for the design of the dam.

Other elements involve modifying the South Para Reservoir to provide flood attenuation storage, undertaking environmentally sensitive channel maintenance and provision of a controlled alternate flow path along the lower reaches of the Gawler River. The economic and social benefits to our communities gained from effective flood mitigation measures should not be underestimated. Australia wide, it is estimated that flooding has an annual cost of more than $370 million, quite apart from the distress to families and communities because of disruption to their livelihoods and businesses.

Commitment by all three spheres of government to the Regional Flood Mitigation Program represents a sound investment in the protection of Australian communities. The Regional Flood Mitigation Program assists state and territory governments and local agencies to implement priority, cost-effective flood mitigation works and measures. It is delivered through a partnership between all levels of government.

I am pleased that the Gawler flood mitigation scheme will benefit from a further $384,000 in Australian government funding this financial year. The funds build on a previous $550,000 invested in the scheme, bringing the total commitment today to $934,000. The issue I wish to raise is that local governments, in particular, struggle with this scheme when the infrastructure costs become high, because they have limited rate bases in some cases—like the district of Mallala or, indeed, any of the councils that have capped rate bases. Because the outcome is important to the people of Wakefield, I will be looking to continue work with all levels of government to address this important project and to find a funding formula through either the flood mitigation scheme or other options will enable us to build this important measure for the people of Wakefield.

**Free Australia Movement**

Mr BOWEN (Prospect) (9.46 a.m.)—I would like to bring the House’s attention this morning to a pamphlet which is circulating in the community, and I think may have been circulated to other honourable members, by the group called the Free Australia movement. I read this pamphlet, which arrived in my electorate office late last year. It says, ‘This is not a hate session against Muslims, but rather about a system and an ideology, nor is it a conspiracy the-
ory unsupported by fact.’ This pamphlet then goes on to prove that those statements are incorrect; it is a conspiracy theory unsupported by fact and it is a hate session against Muslims.

My first reaction was to throw this in the garbage bin and treat it with the contempt it deserves, but then I thought that some of the statements in this pamphlet, which is being circulated in the community, should be responded to in the House and be recorded in *Hansard*. It is a diatribe of unsupported facts, of prejudice, of bias, of racism and of religious bigotry. It quotes selectively from the Koran and quotes out of context. It talks about all Muslims in gross generalisations, saying, ‘Muslims, on their own admission, have world rule as their goal.’ It says—and this is perhaps the most offensive—‘It is as much a political system as was Nazism and Communism. More repressive of those who don’t accept its rule, more repressive than the Nazi regime and the Communist regimes, which have imprisoned, tortured and killed thousands of people.’

All religions are entitled to conduct their activities and all people of all religions are entitled to conduct their beliefs without hatred and without abuse. This pamphlet, which is being circulated by this group called the Free Australia movement, is highly offensive, is ignorant and talks about our politicians being ignorant by continuing to accept Muslim migrants into Australia. However, this pamphlet is the most ignorant piece of communication I have read in many years.

If the authors of this pamphlet were prepared to come to any electorate and meet hardworking, decent Muslims who believe in religious freedom and secularism, I am sure that they would find it a very educational activity. I do not have many members of the Muslim faith in my electorate. It is not a matter of that; it is a matter of freedom of speech and freedom of religion. I support freedom of speech, and I believe people as ignorant and as abusive as this have the right to freedom of speech, but I think it is also incumbent on members of the House to correct the record, to correct this vile piece of bigotry which is being sent into the community and to say to members of the Muslim community in our nation, ‘You are welcome, you are valued and we will continue to value you and your contribution to our nation.’

**Gilmore Electorate: Vocational Education and Training**

*Mrs GASH* (Gilmore) (9.49 a.m.)—Two weeks ago I had the pleasure of hosting the Minister for Vocational and Technical Education, Gary Hardgrave, for a community consultation forum in Wollongong on the Australian technical colleges. The Illawarra and the New South Wales South Coast, into which my electorate of Gilmore falls, is one of 24 locations earmarked for an ATC. As the minister can testify, there is widespread interest in ATCs in the Illawarra and, indeed, along the South Coast and southern highlands, which in this instance also falls in the Illawarra catchment. The minister has seen first-hand how the colleges have captured the imagination of industry leaders, educators and students. However, using the meeting in Wollongong on Friday, 25 February as an example, the minister also heard that there are pockets of concern.

Representatives of the New South Wales TAFE Teachers Association used the forum to air grievances over the future of TAFE funding levels in a very negative fashion. It can only be said that, while the concerns were delivered concisely and vigorously, the balancing opinions of representatives from the likes of the Motor Traders Association and the Australian Industry Group were overwhelmingly positive and refreshing to hear. The minister himself went a long way to add to the positive vibe with his repeated messages of ‘This is community driven to
meet community needs’ and ‘No one model fits all and I’m not about to tell anyone what their proposal should look like’, which were particularly well received, as was the willingness to assist with the viability and practicality of adding virtual colleges into the mix of ATC college proposals.

Local industries are particularly keen to see the colleges target specific areas of need. There is support for the colleges, but the need to address the recent skills shortage in specified key areas is also a motivating factor for those who in the end will be responsible for running the local ATC board and for putting up dollars to back the students. Such is the interest in the Illawarra in Australian technical colleges that several expressions of interest have been lodged. However, there can at this stage be only one Australian technical college in the Illawarra; therefore, in the weeks to come there will be a mood of greater cooperation within the region. A comprehensive single proposal is not only possible but increasingly probable. As the process moves towards a formal request for tenders, I look forward to witnessing the cooperation of industry representatives and educators across the Illawarra as they go about putting together an Australian technical college proposal second to none in the country. I am pleased to say that the member for Throsby, the member for Cunningham and I are working together in unison towards this very worthwhile proposal.

Transport: Infrastructure

Mr MURPHY (Lowe) (9.51 a.m.)—This morning I want to bring to the attention of the parliament the growing crisis of serious traffic congestion in Sydney and Australia’s major cities. My constituents in Lowe—and indeed people throughout Sydney and undoubtedly all of Australia’s major cities, whether they travel to work by public transport or private car—know of the problem of traffic congestion and its effect on their quality of life and productivity and also its negative impact on our environment. I was grateful to receive a letter last week from the General Manager of the City of Canada Bay, Mr Michael McMahon, asking me to lend my support to the council’s campaign for a high-quality mass transit network, specifically a light rail network for inner Sydney. Mr McMahon asks ‘that the State and Federal Governments be urged to allocate funding for the establishment of a light rail network for Inner Sydney given benefits to the economy and the environment’.

The August 1999 Bureau of Transport Economics report titled Urban transport: looking ahead shows that private road vehicles represent 93 per cent of city passenger transport in Australia. The traffic congestion that this brings has a very negative impact on our economy. This document also estimates that traffic congestion will cost the Australian economy ‘around $30 billion per year by 2015’.

This is a problem that must be addressed across all levels of government, and there is ample precedent of Commonwealth funding of mass transit and light rail projects. The Whitlam government provided funds under the States Grants (Urban Public Transport) Act 1974. This act ratified an agreement between the Commonwealth and the states to upgrade urban public transport in major cities and for the Commonwealth to provide two-thirds of the cost of approved projects. Likewise, the Fraser government provided for the spending of $300 million from 1978-79 under the States Grants (Urban Public Transport) Act 1978. Under the Hawke and Keating governments the Australian Land Transport Development Program saw $222 million committed for urban public transport which included the extension of rail electrification in Sydney. In addition, the Better Cities Program was a general purpose capital assistance
program that fostered micro-economic reform, improving the environment and upgrading railway and transport interchanges and new light rail systems constructed by state governments.

I am very happy to support this campaign, and I ask the Deputy Prime Minister and Minister for Transport and Regional Services to answer my questions in writing Nos 652, 775 and 776. Moreover, I call on the Howard government to help state and local governments fund cost studies and other research into public and private partnerships, planning and the installation of mass transit or light rail networks to help alleviate the crisis of traffic congestion not only in my electorate of Lowe but in Sydney and Australia’s major cities.

Teenage Pregnancy

Health: Sexually Transmitted Infections

Dr STONE (Murray—Parliamentary Secretary to the Minister for Finance and Administration (9.54 a.m.)—I want to talk today about some very serious issues that affect Australia’s young people. Teenage pregnancy has significant lifetime implications for both the mothers and their children. Research has shown that children born to teenagers are more likely to grow up in poverty, be the victims of drug and alcohol misuse, become teenage parents themselves and to become involved in crime. Teenage mothers are more likely to suffer from depression, be dependent on welfare and live in poverty. Obviously it is difficult to separate how much of the social disadvantage associated with teenage pregnancy is a result of their pre-existing socioeconomic disadvantage and how much is a consequence of the young age of the parents. We need to bear this in mind when we are developing strategies to help our teenagers to get the very best advice about their own sexual reproductive health and about contraception.

It is particularly difficult in rural and regional areas to get access to contraceptive information and advice. There is a tyranny of distance. You can imagine a young person who wants to go to a local GP, and who wants confidentiality, asking their parent to drive them to the nearest town. The parent would obviously want to know why the young person wants to go to a doctor—all caring parents would. The young person would need to be able to make an up-front payment, especially in most rural and regional areas where bulk-billing rates are very low. Fortunately bulk-billing rates are now increasing due to the very much improved Medicare rebate incentives offered to rural and regional doctors, but it is still the case that too often you need to pay up front before you can access a doctor. Often the doctor you see is male, they are often older, they may be from a non-Australian background and their own upbringing as an overseas trained doctor is such that they do not understand Australian teenage sexuality. It would be quite confronting to have a 13- or 14-year-old in your surgery asking for advice on contraception when you have a very different upbringing and understanding yourself.

In Australia, we have sexually transmitted infections, or STIs, that are often asymptomatic and can remain undetected for a significant period of time. For example, chlamydia is one such infection. We know that up to 40 per cent of those infected with chlamydia can develop a pelvic inflammatory disease that can result ultimately in infertility, ectopic pregnancy and chronic pelvic pain. We need our young people, especially our rural and regional youth, to understand STIs and we need special services which target them with medical advice and information from people who can relate and empathise with them in their age category and understand their social mores and the peer group pressures that exist, especially for gay and lesbian teenagers. (Time expired)
The DEPUTY SPEAKER—Order! In accordance with standing order 193, the time for members’ statements has concluded.

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 8 March, on motion by Mr Brough:
That this bill be now read a second time.

upon which Mr Swan moved by way of amendment:
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”.

Mr BOWEN (Prospect) (9.58 a.m.)—I am pleased to be able to continue my remarks, which I commenced last night, on the appropriation bills. When I finished speaking last night, I was talking about the relationship and the contrast between the Australian economy and the economy of Ireland. The Howard-Costello government boast about 14 years of uninterrupted economic growth. That is not actually quite true: they actually boast about eight years of economic growth; they do not mention the economic growth which occurred under the Hawke and Keating years. I remember their ads in the election campaign said ‘eight years of economic growth’, like it magically started in March 1996 and not that it had commenced under the Hawke and Keating governments. The Irish economy is now celebrating its 19th year of economic growth. As I said last night, the history of the Irish and Australian economies in the 1980s and 1990s is very similar. They both embraced telecommunications reform, they both embraced research and development and they both embraced micro-economic reform.

Where they differed was in the late 1990s, when the Irish government continued with its reform. It has embraced research and development and it has embraced labour force participation. Both Ireland and Australia had participation rates of about 60 per cent in the early 1980s. The participation rate in Australia edged up to 63.5 per cent in 2003-04, but Ireland’s has surpassed this at 70 per cent. This government has ignored the disincentives to labour force participation. It has ignored the disincentives to move from welfare to work. The Labor Party took to the election a policy to change those disincentives and to provide people at the lower end of the income scale with incentives to move into work. This government has ignored that. The Irish government has embraced labour force participation and has seen its labour force participation rate surpass 70 per cent.
The other area of contrast is in research and development. This government’s contribution to research and development has been to abolish the research and development tax concession. The Irish government, in contrast, started Enterprise Ireland, the Science Foundation of Ireland and the National Microelectronics Research Centre, which have all developed over the last five years excellent records and reputations of embracing innovative research, of reaching out to industry and promoting companies that are innovative and promoting research like biotech and other technological advancements which have made the Irish economy one of the envies of the world when it comes to exports.

As I mentioned last night, the Australian economy is labouring under a current account deficit which is now seven per cent of gross domestic product—the highest it is has ever been. We heard former Treasurer Keating talk about a banana republic when it hit six per cent. Now that it has hit seven per cent perhaps it is the big banana republic, not just the banana republic. The Irish current account deficit is effectively in balance. Their unemployment rate is now four per cent, down from 17 per cent, whereas Australia’s has fallen to five per cent from 10 per cent.

So, while the government talks about its economic record, it really does not like to compare and contrast it with the economic record of other nations which have achieved higher rates of economic growth, which have reduced their inflation to a figure below ours and reduced unemployment to a figure below ours, have embraced research and development, have embraced labour force participation and have really continued the reform process and not rested on the achievements of the 1980s and the 1990s. Australia’s economic growth record of 14 years is impressive, but 19 years is even more impressive. As I said, while the Howard government likes to pretend that economic growth started miraculously in March 1996, it has of course been continuing for much longer than that and was started under the Hawke and Keating governments.

I would like to turn now to some more local issues to do with the appropriation bills. While talking about information technology in relation to the contrast between the Australian and the Irish economies, it is perhaps appropriate that I talk about information technology a bit closer to home, in the Prospect electorate. Small businesses rely on fast and reliable Internet access to fulfil their business obligations in this day and age. To have fast and reliable Internet access you need ADSL broadband. Most of my electorate has access to ADSL broadband, as do the electorates of most honourable members, certainly in the metropolitan areas. However, there are parts of my electorate, in the rural areas of Prospect, which do not have this access.

Kemps Creek, Cecil Park, Mount Vernon and Horsley Park have up until now not received Telstra broadband access.

I am also rising today to thank Telstra for working with me to extend broadband ADSL access to the towns of Horsley Park and to parts of Cecil Park, and I thank Wayne Rhodes, Sophie Khouchaba and James Dwyer from Telstra’s north-west metropolitan office. I arranged a petition from over 100 people to ask Telstra to install broadband access into Horsley Park, and Telstra agreed to that request. I am now working with the Kemps Creek community and with the Labor Party candidate for Werriwa, Mr Chris Hayes, whose electorate also covers part of Kemps Creek, to have broadband extended to the Kemps Creek part of my electorate.

Mr Danby—He’ll be a good member.
Mr BOWEN—He will be an excellent member. He is a very hard-working community activist. He has been working with me to get Telstra to extend broadband to Kemps Creek. I am hopeful that Telstra will come to the party, and I would like to thank Sam D’Marco of Telstra for his cooperation thus far.

There are many people who run small businesses in Kemps Creek. Just as importantly there are many families with university students and school students who tell me that their internet access constantly drops out and that they have to dial up constantly to do their homework and their research projects. Alternatively, they can get a satellite which costs many thousands of dollars and is almost as unreliable as the broadband dial-up service. All they want is the same access to broadband as the rest of Sydney—they live 40 kilometres from the Sydney CBD in the electorate of Prospect and I think they deserve that access. I will continue to call on Telstra to extend the access of ADSL broadband to the people of Kemps Creek, Mount Vernon and Cecil Park. I thank Telstra for their cooperation so far, and together with Chris Hayes I am confident that we can achieve a result.

While on local issues, I would like to talk about the appropriations for settlement services, a very important issue in the Prospect electorate as in many other electorates, including the electorate of Grayndler, for example. I mentioned in my first contribution to the House of Representatives that recently in Prospect we have received the latest round of migration, refugees from the Sudan and also from Congo and other African nations who have been through such heart-wrenching tragedies in recent years. I would like to talk a little today about the issues facing the Sudanese people in their settlement services and the need for the government to take more action to assist the Sudanese people.

I recently contacted a Sudanese women’s support group and asked them to come to my electorate office to talk to me about the issues facing the Sudanese people. I have lived in a multicultural area all my life but I do not mind admitting that I was shocked to hear some of the concerns that they have and some of the issues that they are going through. I thought that after nine years on the Fairfield council dealing with many ethnic groups I had heard it all. But I was wrong; I had not heard it all. I think that as a parliament we need to reach out to people who are going through these problems to work with them as they try to settle into the Australian community. I am going to share with the House some of the problems that the Sudanese people in my electorate and other electorates are facing in their settlement process.

The Sudanese women’s group mentioned to me that many of them are single mothers. This, at first, might sound unsurprising. Then they tell you the reason they are single mothers—their husbands were all killed in the crisis in the Sudan. They have come to Australia, sometimes with seven or eight children. They live in small apartments and flats around Fairfield and other areas. They do not speak English. I asked them about the health issues and whether they felt comfortable in going to English-speaking doctors. I was shocked by the answer. They told me that the biggest health crisis facing the Sudanese people is rickets. You would be shocked to think that in 21st century Sydney we would be having members of our community suffering from rickets. The Sudanese women who, as I said, do not speak English are not aware that rickets is a problem which can be relatively easily treated by Australian doctors. Rickets was contracted by their children in refugee camps in Egypt due to lack of light and lack of good food. They are unaware that rickets is a medical problem which can be treated. Some of them think it is a deformity. Others think nothing can be done about it.
The other issue is schooling. Many members of the Sudanese community are not literate in English and yet we send them to an Australian school and expect them to be able to make a contribution. It goes further than that. Not only are many of them not literate in English; many of them are not literate in any language and many of them have not been to any school environment in their whole lives. They come to Australia aged 14 or 15, turn up at school and sit in a room, and the discipline of sitting in a room and learning for eight hours is completely foreign to them.

Last week I attended Holroyd High School, which has an intensive language centre. I met many Sudanese students together with many Afghani and Iraqi students who have also fled their nations. I want to pay tribute to the work of Holroyd High School and its principal, Mrs Hoddinott, for the excellent work that it does in helping members of the Sudanese community and other communities make the transition into schooling and into the Australian community. We as a community and as a nation need to do much more to help the Sudanese people in particular. They have come to Australia with problems and issues which probably go deeper than those for any other round of refugees that have come to this nation, including Lebanese and Vietnamese refugees who had been through so much.

I want to pay credit where it is due. I have had several discussions about this with the honourable member for Greenway, who of course is a government member. She convened a meeting which I attended with the Minister for Citizenship and Multicultural Affairs. I thank the minister for citizenship for coming to that meeting in the honourable member for Greenway’s electorate to meet with me, the honourable member for Chifley and members of the Sudanese community, and I thank the honourable member for Greenway for including me in that process. The need for more support for members of the Sudanese community, who have been through so much and who need so much support, is an issue that she and I have discussed several times.

We need to have better transition into school. We need to not just have intensive English language courses for members of the Sudanese community, but have a better transition explaining the Australian schooling process so the idea of schooling is not so foreign to them.

We need to have better support for rehabilitation from torture. I spoke to the principal of Fairfield High School last year and he told me about a little boy who refused to line up at school. He was a good student and willing to learn but would refuse to follow his teacher’s instructions to line up. It took some time to work out why that was. He finally opened up to the principal and said, ‘I’m not going to line up, because when we lined up at home we were lining up to be shot, and I’m not going to do it.’ Of course, that was something that the principal found very hard to deal with and something anyone in an Australian school environment would find very hard to deal with.

I think we need to do much more. The minister was very open to those suggestions, and I thank him for listening to our concerns and for his willingness to take them on board. I hope he follows up that willingness with more funding for the Sudanese community and for state and local governments to support the work that they are doing in helping the Sudanese and Congolese communities to settle into the Australian way of life. They have been through so much. They have come to our nation as refugees, and we need to provide them with every support that we can.
It is important for the Australian government to assist in education. Members of the wider community see members of the Sudanese community walking down the street and think, ‘Where are they from?’ Often they have no concept of what these people have been through and what support we, as a community, need to give them. They are not a large community in this nation. They have not yet enrolled to vote. They are not yet fully engaged in the Australian citizenship process, and of course that is understandable. We need to reach out to them and give them every support we can. They appreciate very much the fact that Australia has made refuge available to them, but we need to do much more to make that refuge in Australia a much more sustainable and satisfying event for them. I thank the House for its time.

Mr ALBANESE (Grayndler) (10.13 a.m.)—In my contribution to the debate on the Appropriation Bill (No. 3) 2004-2005, the Appropriation Bill (No. 4) 2004-2005 and the Appropriation (Parliamentary Departments) Bill (No. 2) 2004-2005, I want to concentrate my remarks on the Howard government’s reckless environmental policies and the impact that they are having on our way of life and the kinds of jobs and the economy that we will be leaving to our children and grandchildren. It is no exaggeration to say the government’s policy on climate change places at risk many things Australians take for granted: our fantastic beaches, waterways and forests; our abundant food stocks and natural resources; and, of course, our fantastic climate, which is the envy of the world.

Last Sunday, some 700,000 Australians did their bit on Clean Up Australia Day. I assisted at the Cooks River at Hurlstone Park. People from the age of 90—a gentleman who helped pick up papers along the walkway—down to little kids were there prepared to do their bit to clean up what is essentially toxic mud in the Cooks River. Undoubtedly this reflects the huge amount of goodwill in the community to help the environment. Community events such as Clean Up Australia prove this point many, many times over. Like Ian Kiernan, I believe that climate change is the greatest environmental threat to the world. Left unchecked, climate change and general environmental degradation have the potential to cripple economies and radically alter human existence on the planet.

At the beginning of this century, we are at a crossroad. The science is clear and compelling: ecological decline is accelerating and many of the world’s ecosystems are reaching dangerous thresholds. Overexploitation of our natural resources, habitat loss from urbanisation and the clearing of forests for farmland, competition from introduced animals and plants, and climate change induced by a 30 per cent increase in atmospheric concentrations of greenhouse gases are threatening the world’s diversity. The facts are these: since the industrial revolution average global surface temperatures have risen by one degree Celsius, the most dramatic rise for over 1,000 years; the five hottest years on record have occurred in the last seven years, the 10 hottest in the last 14; snow cover has decreased 10 per cent since the 1960s; and glaciers that have not retreated since the last ice age 12,000 years ago are now doing so.

The Howard government’s most significant failure is its decision to pursue an isolationist position on climate change. This issue will be front and centre of Labor’s environmental strategy. It is an issue from which others flow. The coming into effect of the Kyoto protocol on 16 February was indeed a historic event. On that day, 140 nations plus the EU joined together in a historic agreement to take international action to avoid dangerous climate change. The significance of this should not be underestimated. The Kyoto protocol is certainly not perfect, and Labor does not argue that this is the case. However, we do argue that it is a critical first.
step in addressing the climate change issue. Unlike some senior ministers in the Howard govern-
ment, I believe climate change is real. Labor believes implementation of the Kyoto proto-
col is only the start of a truly long-term strategy, one that will be handed to our children and
grandchildren. The strategy must be to work with other nations to set progressively more
stringent time-bound emission targets over the next 50 years. We must assist developing coun-
tries to meet those emission reduction targets and we must build regulatory and market based
systems that will see Australia meet its commitments, generate economic opportunity and
provide model systems for other countries.

The government will have none of those. Instead the government plays the role of the envi-
ronmental sceptic and uses its transparent, tired old strategies of funding demonstration pro-
jects and R&D activities to bury the issue, such as with its proposals in last year’s flawed en-
ergy white paper. Without a doubt, reversing environmental degradation and putting our
eco
omy onto a low-carbon and sustainable footing will be amongst the most difficult issues
confronting Australian governments over coming decades. Labor does not, however, accept
the argument that the pursuit of environmental sustainability threatens future economic and
employment growth—quite the opposite. In Spain, Denmark and Germany alone the expan-
sion of the renewable energy sector has created about a quarter of a million new jobs in the
last few years. The Howard government’s refusal to show leadership at home or be part of
international efforts such as the Kyoto protocol is not only reckless environmental policy; it is
also bad economic policy. It is clear that stemming environmental degradation requires, above
all, leadership. What remains in doubt, however, is whether today’s political and business
leaders are going to rise to the challenge or whether we simply leave the problem to future
gen
erations.

It is quite clear that there are people in industry with the foresight to acknowledge that a
transition to a sustainable global economy is needed. According to a Reuters news report,
prominent senior Republican and former US Secretary of State James Baker, who happens to
be a close ally of the Bush family, broke ranks with the Bush administration and has called for
his country to get serious about global warming. In a speech to an audience including a num-
ber of oil company executives, Mr Baker said orderly change to alternative energy was
needed. He told the Houston Forum Club:

It may surprise you a little bit, but maybe it’s because I’m a hunter and a fisherman, but I think we
need to a pay a little more attention to what we need to do to protect our environment ... When you have
energy companies like Shell and British Petroleum, both of which are perhaps represented in this room,
saying there is a problem with excess carbon dioxide emission, I think we ought to listen.
I remind members that Mr Baker ran presidential campaigns for George Bush Sr and served in
his cabinet and led George Bush Jr’s legal fight to win the Florida vote in the 2000 election. It
would seem to me that at least part of the reason prominent conservatives such as James
Baker are making such strong noises is the strong economic arguments for embracing emis-
sions trading and the forms of energy production which do not damage the environment.

There is no question the establishment of a domestic carbon trading scheme not only would
reduce an economic dislocation caused by moving to a low carbon economy but would be a
driver of new business opportunities, greater investment and job creation within the Austra-
lian economy. Putting a value on carbon will create a strong incentive to industry and business
to use less and cleaner energy and will send a signal on the value of carbon in the economy.
Carbon trading gives companies the flexibility to meet emission targets according to their own strategy, thus offering the most cost-effective way for energy intensive industries to meet their obligation to reduce emissions. Mr Ric Brazzale, Executive Director of the Australian Business Council for Sustainable Energy, has stated:

Emissions trading will actually drive jobs and investment growth in sustainable energy technologies and practices.

Mr Greg Bourne, former Regional President of BP Australasia, has said:

BP has considerable experience in emissions trading, supports the adoption of similar systems in the markets that it operates in, and has already shared its experience widely.

Rio Tinto Australia believes:

... that market instruments, including emissions trading, offer the best chance for timely, effective and sustainable emissions reductions.

BHP Billiton supports:

... the development of market-based mechanisms such as emissions trading, provided that the measures are broad-based, efficient and are phased in such that industry has time to adjust.

AMP Capital has stated:

While it is clear that carbon trading is not the cure-all to environmental problems in Australia, it is a step in the right direction that we believe will help both the environment and minimise costs to the business world.

The Western Australian Farmers Federation has called for access to carbon trading, outlining the benefits, including revegetation and allowing agricultural industries to better manage the impact of climate change in the future.

Even Treasurer Peter Costello and the former environment minister, David Kemp, supported a national trading scheme. As reported by the *Australian* on 21 August 2004:

Federal cabinet rejected such a scheme—

an emissions trading scheme in 2003—

... even though Environment Minister David Kemp and Treasurer Peter Costello promoted it, after industry lobbied John Howard.

I asked the Treasurer to confirm this during question time on Kyoto Day, which he did by not refuting it.

The European Union’s carbon trading scheme commenced on 1 January 2005, establishing the world’s largest market in greenhouse gas emissions. Initially, some 12,000 installations across 25 European countries will participate in the scheme. In the United Kingdom, for example, the participating installations collectively emit about half of the economy’s carbon dioxide emissions.

BP introduced an internal carbon trading scheme. It cost $US20 million to implement, yet it saved $US650 million over a three-year period. In the USA a bipartisan group of northeastern governors from Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont are developing the USA’s first regional ‘cap and trade’ scheme for carbon dioxide emissions from power plants in their states. The terms of this scheme are expected to be finalised within the next few months.
Also in the US, the bipartisan McCain-Lieberman Climate Stewardship Act 2003 proposed a ‘cap and trade’ carbon trading scheme. Although it was narrowly defeated in the Senate, it received bipartisan support. It was touted as providing a moderate, affordable and effective approach to addressing global warming by reducing emissions in a market-friendly and innovative way. It has since been reintroduced to the US House of Representatives and another vote in the Senate is expected soon.

Since the Kyoto protocol came into force on 16 February, it has become clear that countries such as New Zealand are taking advantage of Australia’s absence from the game. Recently, the NZ government awarded 39 renewable energy and climate change projects, with a total of 10 million government endorsed credits in return for abatement far above 10 million tonnes of greenhouse gases. These credits were awarded to project proponents by the New Zealand government under a competitive tender arrangement where project developers bid for credits on a tonnes of greenhouse gas abatement per credit basis. This will give New Zealand business a direct right to participate in international and European emissions trading.

This idea was not a New Zealand policy invention but originally an Australian idea that the Kiwis picked up and ran with. It was first contemplated as Australian government policy in the Australian Greenhouse Office’s November 2000 discussion paper titled ‘Crediting for early action’, which contemplated the early draw-down of 100 million tonnes of Australia’s Kyoto credits and rewarding GHG reduction action by Australian businesses. Australia first flagged this creative approach but the Howard government dropped the ball and, as we all know, the Kiwis are pretty good at picking up a ball and running with it.

New Zealand companies that have been awarded credits, such as Mighty River Power, Meridian Energy and Palmerston City Council, have sold these NZ credits or have begun negotiations with international carbon purchasers, including the Dutch government. It is worth noting carefully that an independent survey has found that New Zealand is the most attractive investment destination for Kyoto protocol projects, outranking all of the eastern European countries. Frankly, if the Kiwis look good, you could imagine Australia would be a very favourable host country for projects if it were part of the system.

It is also worth noting that there are currently 82 registered or pending clean development mechanism projects, expected to generate between €775 million and €1.03 billion. The clean development mechanism of the Kyoto protocol is becoming an important source of new finance for projects in developing countries. Because the Howard government will not ratify Kyoto, Australian companies cannot access the clean development mechanism, and thus miss out on huge business opportunities.

The clean development mechanism process creates a win-win-win situation—a win for the environment, a win for private industry, and a win for jobs. The first CDM project to be approved and registered is a Dutch funded landfill gas-to-energy project in Brazil. A gas collection system, acid-soil draining system and modular electricity generation plants are being installed at a number of landfill sites in Rio de Janeiro. Methane in the landfill gas will be combusted to produce electricity for export to the grid, and excess landfill gas will be flared. Local benefits include improved water quality, reduced risk of explosion of landfill gas, job creation and 10 per cent of electricity donated for use in schools, hospitals and in other public buildings. This project illustrates the types of projects that can be undertaken through such investment.
Brazil, China and India have the greatest potential for the new mechanism. India has developed more clean energy proposals than any other country, and China recently adopted a proactive approach that is expected to make it a key player. The clean development mechanism is a huge business opportunity for Australian countries. Many of these projects are located in Asia and, with the government’s current position not to ratify the Kyoto protocol, Australian business cannot participate directly in these projects, nor can they hold or trade carbon credits from these projects. It is a significant statement of the despair of the Australian companies that some of them have actually set up offshore subsidiaries. We are sending Australian companies overseas, establishing these subsidiaries so they can participate in this scheme, at a time when we are worried about our current account deficit and the issue of exports.

It is worth noting that BHP Billiton won a prestigious award for best trader in the European Emissions Trading Scheme recently. It was the first company to trade under this scheme. Smart companies like BHP Billiton, Shell and BP take a look at emerging trends and see the writing on the wall. Even in George Bush’s America, energy security and the acceptance of climate change are driving the market towards efficient cars. I agree with Paul Gilding’s assessment in the *Australian* this week that that is one of the reasons Toyota’s market share is increasing in the US, while others are shrinking. In Australia, however, the Howard government is off the game. It is an appalling approach. It is not just anti-business and anti-competitive; it is clearly against the national interest.

The most extraordinary statement I have seen recently, which I draw to the attention of the House, is that of the federal agriculture minister, Warren Truss. In an interview in *Queensland Country Life*, published on 24 February this year, Mr Truss attacked the Beattie government’s tree clearing laws as ‘draconian’. This is the only reason why Australia will meet its target under the Kyoto protocol. Minister Truss said:

I am told that it would have been possible to have cleared remnant vegetation at the same rate that has been occurring over the last 20 years in Queensland for another 300 years—before it became endangered.

Let us just stop and think about the minister’s statement. He is saying that it is okay to keep clearing at the current rate, which was at 530,000 hectares per year, for the next 300 years. When you do the sums, that means 159 million hectares of clearing, of which 110 million hectares would be remnant vegetation. It is well known that the entire land mass of Queensland is only 173 million hectares. According to the Queensland government, if all national parks, state forests, reserves, unallocated state land and other crown land under licence are removed, that leaves only 151 million hectares of freehold and leasehold land in the entire state. Yet Minister Truss believes we should clear the lot, down to the very last tree—and not have one tree left standing in the whole of Queensland. This comes from a Queensland federal government minister. I doubt whether many of Mr Truss’s own constituents think this would be a good idea.

Without wanting to put too fine a point on it, making Queensland a dustbowl would not be too good for its economy, let alone its environment. A recent study by ANSTO reported in last Friday’s *Sydney Morning Herald* showed that deforestation has an observable impact on rainfall. The study confirmed the long-held wisdom: if you cut down rainforest, it rains less. However, aside from the total stupidity of the minister’s statement, the problem is that it is in total conflict with the Howard government’s stated policies. On the one hand, Minister Truss
attacks Queensland’s tree clearing laws as draconian and says, ‘They seem beyond what is necessary to ensure biodiversity and sustainability of agriculture’ and, on the other hand, the Commonwealth government relies upon this very policy to meet its greenhouse gas emission targets. The Howard government simply cannot have it both ways. Minister Truss should be brought into line by the Prime Minister. But this is not surprising, and it is consistent with the views of the Minister for Industry, Tourism and Resources, Minister Macfarlane, who was reported in the *Sydney Morning Herald* on the eve of the Kyoto protocol coming into force as saying:

Whether or not those emissions are causing climate change, I don’t know. If you go back across history, millions of years, carbon dioxide levels go up and down, and global warming comes and goes. I mean, the Earth is a lot warmer than it was when the glaciers formed.

What a statement. Frankly, the Howard government is incredibly confused about this issue. While Labor see climate change as a serious environmental threat, we also see opportunities for new industries and new jobs. We want to participate as a part of that global economy and we want to participate as a part of taking global action against climate change.

Mr Price (Chifley) (10.33 a.m.)—I am pleased to speak on the Appropriation Bill (No. 3) 2004-2005, the Appropriation Bill (No. 4) 2004-2005, and in particular the Appropriation (Parliamentary Departments) Bill (No. 2) 2004-2005. I would like to address my remarks to that bill to start off with. Mr Deputy Speaker Causley, you are aware that I have been a long time advocate of parliamentary reform in this place and I have had on the Notice Paper for many years a proposal for a staffing and appropriations committee of the House of Representatives. I cannot claim that this is my idea; it was former Senator Jessop in the mid-70s who first made that proposal. It was subsequently adopted by the Senate but continuously rejected in the House.

I want to talk about how ridiculous things have become in the absence of a staffing and appropriations committee. Yesterday in the House I was forced to rise to ask a question of the Speaker about a changed security arrangement and access by the public to this building. I am not the only one who does that—ask questions about the Speaker’s management of the House—but currently there is absolutely no forum by which to channel these questions. Here we have the business of the House being taken up, in this case by me, asking the Speaker questions that could be sorted out in a staffing and appropriations committee.

For the House, one of the biggest consequences of the lack of a staffing and appropriations committee—and I am not blaming anyone here—has, of course, been the attack on the committee system of the House of Representatives. As the honourable member for Melbourne Ports, who takes a great deal of interest in these matters, would know, in the last parliament the number of committees was increased but the budget was not. Have you ever heard of a proposal whereby you can magically increase the quality and effectiveness of the committee system by adding three committees but not increasing the budget and the number of personnel? When I came to this place—and I accept that there needs to be change—a parliamentary committee had a secretary, and that was not a secretary who was looking after half a dozen committees but a secretary of that committee. At the end of the day, members of parliament may feel that they are very important people who are indispensable to the committee system—and I would probably agree with that—but let us not delude ourselves: often the quality of the committee report depends on the quality and number of staff who are servicing that
committee. They play an indispensable role. If we keep stretching the resources of the committee system in the way we have been doing, then because we have no scrutiny of the parliament inevitably the quality of reports may decline. I think that will be to the disappointment of the Australian people, because the committee system allows them to stay in touch with the parliament and gives them a voice, often when they do not have one.

I am not necessarily wedded to a staffing and appropriations committee. Our New Zealand colleagues—and they are not the only ones—have commissions of the parliament to try and give some statutory independence and provide some protection to the parliament against the executive and, in particular, the common enemy, the department of finance. We cannot be stillborn in these matters. As much as we may rejoice in 100-plus years of democracy, we need to change and adapt. Certainly the executive has over time adapted and increased, and has even more clout. If we want to protect the institution of parliament, we need to face up to reform.

There are some other matters that I want to raise. I was particularly disappointed—and I think this disappointment is shared by many of my constituents—to see interest rates rise. There is no doubt that at the last election the coalition had a most effective campaign based around the concept that interest rates would remain very low, and historically so. I do not know why we in Australia brag about low interest rates when so many countries have much lower interest rates. I have a chart here—I will not wave it around, because I do not want to get in trouble; I have great respect for the chair and the standing orders—which demonstrates quite clearly that in the developed world New Zealand is the only country with higher interest rates. The UK has lower interest rates and the United States has lower interest rates. Canada, Germany, Sweden, Greece, Austria, France, Italy, Portugal, Ireland and Belgium all have lower interest rates. Spain has lower interest rates. Finland has lower interest rates than Australia. The Netherlands has lower interest rates. Japan has lower interest rates. The interest rate in the Netherlands is three per cent. Mr Deputy Speaker Scott, I am sure there are a lot of constituents in your electorate and even in the electorate of the honourable member for Forrest who would appreciate having interest rates at three per cent.

Mr Prosser—What’s their growth rate, Roger?

Mr PRICE—Are you intervening? I am happy to take an intervention. I know that my constituents would appreciate it. Not only does Australia in relative terms have the highest or, if not that, at least very high interest rates by world standards but also we have the Treasurer saying that his definition of low interest rates is anything below 10 per cent. I find this shocking. I do not know how coalition members could readily accept that. An interest rate rise to 10 per cent would be catastrophic in my electorate. Maybe coalition electorates are very different, but an interest rate increase to 10 per cent would be catastrophic for people who are very proud to have a house that they are paying off, whether they are young families—and I have heaps of those people in my electorate—or people who bought their houses some 10 years ago.

Mr Prosser—Mr Deputy Speaker, I seek to intervene.

The DEPUTY SPEAKER (Hon. B.C. Scott)—Is the member willing to allow the question?

Mr PRICE—Yes.
Mr Prosser—What was the prime interest rate in December 1989 and what were the housing interest rates in early 1990?

Mr PRICE—I am grateful for the question and I think that it goes to the point that under Labor we had higher interest rates. I acknowledge that. The honourable member for Forrest is absolutely correct, but what is the point? Isn’t the point about the impact on families? Even when Labor had interest rates at 17 per cent, the percentage of family income going to pay their mortgages was a lot lower. That is the whole problem. Yes, there are lower interest rates these days, but it is a higher proportion—the mortgages are bigger.

The DEPUTY SPEAKER—Does the member for Forrest have a question?

Mr Prosser—I want my question answered. I asked: what was the rate?

The DEPUTY SPEAKER—The member is answering the question.

Mr PRICE—Thank you, Mr Deputy Speaker. I am saying to the honourable member for Forrest that we need to look at the impact on families. Today, in 2005, there is more money from families going to pay off mortgages than there ever was under Labor. The difference in percentage of household income then and now is quite dramatic. That is why even the smallest increase in interest rates is of greatest concern to battling families out there. I guess I would ask rhetorically: does the member for Forrest support his Treasurer when he says that anything less than 10 per cent is a low rate of interest? To be fair to him, I think not.

Mr Prosser interjecting—

Mr PRICE—You are quite happy for that 10 per cent interest rate impact. There were a few things that I want to raise. We all know that we have a massive skills shortage putting upwards pressure on interest rates. Not only do we have a broken promise on interest rates but we have a tremendous skills shortage. Something like 270,000 people, young and old, have been turned away from TAFEs in the last six years. If we have a skills shortage, what a tragedy that the Howard government took their eyes off the ball and turned away 270,000 people.

The Skills for work report was released by the Howard government on Monday. It is one of those reports that they have actually released. It says that the growth in apprenticeships has been in areas where there are no skill shortages. So we are turning 270,000 people away from getting a qualification, but the Howard government has produced a huge surplus of those who have received qualifications where there are no shortages. Apprenticeships in my electorate—and I am sure in others—are quite important.

School based apprenticeships is an area in which I am taking a great deal of interest. My state does not have a very large proportion of school based apprenticeships, and in my electorate I only have 20 people who are doing school based apprenticeships. I certainly believe this is an area where we can, over time and working productively, increase the number of apprentices. I am hoping that I might do that in my electorate and I certainly hope that others might do the same in their electorates. It is a real pity when you have high unemployment, as I do in my electorate. I regret to say that I have the highest number of unemployed in the state of New South Wales. It is not something I am very proud of. Under the coalition, unemployment in Chifley has risen steadily. In the quarter to March 2004, it reached an all-time high of 10.4 per cent. Although the last two quarterly reports have shown a slight drop, the jobless rate is still far too high. Chifley’s unemployment rate is now 9.2 per cent, four per cent above
the national average. I find it totally unacceptable that Chifley has the highest rate in New South Wales. It is a tragedy that there are some 6,649 Chifley residents who cannot get jobs.

One group who face particular hardships are mature age workers—that is, people aged 55 to 64. Their participation in the work force in the electorate of Chifley is 48.4 per cent. This is below the national average of 52.8 per cent. More than half of mature age people in Chifley are not in the work force; their skills and experience are being wasted. In the 2001 election campaign John Howard promised that mature age unemployment would be on the third-term agenda: we are still waiting for action. I have alerted John Howard through a question in the House to Chifley’s high unemployment rate. The Prime Minister was quite dismissive, I regret to say, and nothing has been done. No initiatives have been taken. I would urge him to investigate the reasons behind the astronomical figure and take action accordingly. The people of my electorate are sick and tired of being taken for granted.

Job Network operators in my electorate tell me there needs to be reform. In an interview with the St Mary’s Star the General Manager of the Salvation Army’s Joblink program in Sydney’s west and south-west, Greg Waldron, lamented that incentives are only paid when job seekers are placed. The incentive system encourages the networks to place easy to place job seekers, leaving those who need more intensive assistance sidelined. Waldron went on: ‘Mature people are particularly disadvantaged because they need to be unemployed for six months before they fall into a system or a stream where they can gain adequate assistance.’ In Chifley, what you have got is a lot of people who are long-term employees of government instrumentalties who have a narrow band of skills and are unable to translate those skills to the requirements of the labour market. The government has abandoned mature age workers, particularly mature age men. They have been put in the ‘too hard’ box. Patrick McClure, the Chief Executive of the second-largest network, Mission Australia, last year criticised the Job Network structure as taking a one size fits all approach which was not helping the special needs of mature age job seekers who often need intensive assistance, retraining et cetera.

Figures released in June last year by the Department of Employment and Workplace Relations show that mature age job seekers experience the worst employment outcomes following participation in every level of assistance delivered by the Job Network. Even after receiving the greatest level of assistance available under the Job Network, intensive assistance, more than half of mature age job seekers remain unemployed. In response to these figures, Patrick McClure argued for changes to be made to the structure, saying, ‘The more personalised service that is given, the better the outcome can be.’ Labor’s package to assist mature age workers would have invested $26.5 million over four years to set up career centres aimed at helping mature age job seekers to find work. In addition, up to 63,000 mature age workers would have been given Job Search assistance, literacy and numeracy assessment, counselling and career change advice. Youth unemployment in Chifley is another issue that needs to be addressed urgently. At 22.2 per cent, it is far too high.

I want to make a few comments about the so-called ‘Cornelia Rau affair’. I think it is fairly typical of this government—in particular, of the Prime Minister—that the Prime Minister cannot even apologise for that situation. And it really highlights quite a few things that are wrong with the Howard government’s immigration policy. An Australian resident was detained for 10 months. She is a schizophrenic who ‘did not meet the criteria for mental illness’. Allegations of her treatment are chilling. How many asylum seekers have been neglected as
Cornelia was? How many men, women and children have failed to get adequate health care?

Both you, Mr Deputy Speaker Scott, and I know of the good work of the honourable mem-
ber for Cook, who is a member of the Human Rights Subcommittee of the Joint Standing
Committee on Foreign Affairs, Defence and Trade that visited detention centres. I have said
before and I say again: his contribution to that committee highlighted the potential psycho-
logical and psychiatric impact on people of prolonged periods of detention. But here we had
someone who was already a schizophrenic, and she was not detected by the system for 10
months. Someone who is a permanent resident of Australia can end up in a detention centre
undetected and untreated.

Ms Burke—Shameful!

Mr PRICE—It is shameful. It is a shame on all of us in this parliament, especially the
government, but it reflects well on none of us. Cornelia Rau and her family could not even get
a public apology. To his credit, the honourable member for Wentworth said that he thought the
government should apologise, that the Prime Minister should make an apology. When you
make a mistake—and we are all human, presumably—don’t you apologise? Isn’t that the
proper and appropriate thing to do?

Mr Danby—The Queensland Premier apologised.

Mr PRICE—It did not diminish the Queensland Premier to apologise. It has not caused
any more legal complications. When will it be in the term of this Prime Minister that we will
get an apology? We have not got one so far. He seems incapable of offering an apology to
anyone, no matter what the circumstance. I hope we will make changes to Australia’s deten-
tion system to absolutely ensure that there will never be a repetition of that sordid affair. (Time
expired)

Ms BURKE (Chisholm) (10.53 a.m.)—I rise today to also talk on the Appropriation Bill
(No. 3) 2004-2005, the Appropriation Bill (No. 4) 2004-2005 and the Appropriation (Parlia-
mentary Departments) Bill (No. 2) 2004-2005, and to demonstrate how this government’s
policies are indeed harming, not benefiting, the residents of my electorate, Chisholm. No-
where is this more apparent than in the provision of health services. We have been pushed
further and further into a user-pays system where the costs keep on rising and more and more
of my constituents are not able to keep up.

According to the Australian Health Insurance Association, 60.4 per cent of my electorate is
covered by private health insurance. This is nearly 20 percentage points higher than the 43 per
cent national average quoted by the AHIA. Consequently, a huge chunk of my electorate will
be adversely affected by the latest rise in health insurance premiums—the fourth consecutive
premium increase for private health funds.

The average eight per cent increase in premiums approved by the Minister for Health and
Ageing last week will cost a family with hospital and auxiliary cover on average an extra
$164 per year. They cannot afford this. More importantly, the people in my electorate who
continue to maintain their private health insurance are usually self-funded retirees and pen-
sioners, and they do not have any discretionary income with which to pick up this excess cost.
Many of them are looking down the barrel of keeping their private health insurance or having
to forgo it. This is just ridiculous.
At the same time that premiums are going up, people who actually use their health insurance are hit with rising out-of-pocket costs. The Australian Private Hospitals Association estimated in February that out-of-pocket costs for patients in a private hospital not approved by Medibank Private will increase by up to $400 a day under their new competitive selection process. I was stunned to read in the papers recently that the Minister for Health and Ageing, Tony Abbott, had only discovered that there was an out-of-pocket experience in respect of private health because he had recently had an operation. Doesn’t he listen to his constituency? Doesn’t he know about his own portfolio? It is absurd that he did not realise there was an out-of-pocket component when you use your own private health insurance.

I have full private health cover; I always have had. I do not have a psychological or principled problem with it, as we on the Labor side are continually accused of having. With my first baby, I was $1,000 out of pocket. With my second one, it went up to $1,500 out of pocket on top of my full private health insurance. I cannot believe that the Minister for Health and Ageing had no idea that that is how the system works, that you get these bills and you get these bills and you get these bills. It is obscene that he does not know how his own system works and how his own system is impacting on everyday Australians. The government just sits on its hands not wanting to get its hands dirty by actually forcing the private health companies to show how they are providing value for money.

I put a series of questions on notice in the last parliament asking what control measures are actually put in place when you grant premium increases. Do you actually ask that the private insurers demonstrate that you are getting value for money through their products? Do you actually demonstrate that they are keeping down out-of-pocket expenses? No, there is no quality control on these rises. There is no actual assessment that what we are paying for is good policy, that we are getting a decent return for allowing these increases. Bearing in mind that the 30 per cent rebate on private health insurance is recurrent, we are paying for these insurance companies—these companies that were technically set up originally as not for profit, friendly societies which were not meant to make profits but which are making huge profits nowadays—time and time again and we do not regulate in any way the service or the provisions of the product they provide.

Let us remember the Prime Minister’s infamous words of 2001 when he promised his policies on private health insurance would ‘lead to reduced premiums over time’. Instead, the Prime Minister has presided over a 21 per cent increase in premiums over the three years. The previous member for Chisholm, the Hon. Dr Wooldridge, the Minister for Health and Aged Care at the time the 30 per cent rebate came in, said that premiums would not go up, that premiums in fact would come down. But, over the life of this policy, premiums have gone up 21 per cent and people are actually paying more out-of-pocket expenses. It is not a good product and we are not ensuring that it is a good product.

The government’s intention is also to attack Medicare. I love the minister for health now saying that they are the friends of Medicare! What a laugh. What a joke. Medicare is rightly held up as a world-class public health system. The government’s current policy has wrought damage in Chisholm. Our local bulk-billing rate is stuck in a rut despite the government spending $4 million on quick fix band-aids in the lead-up to the last election. The government’s own figures released in February revealed that the rate of GP attendances by local
The rate of bulk-billing is actually fairly high in Chisholm compared to other seats. I have a particularly ageing population that need to rely upon their GPs and they need to be able to rely on bulk-billing GPs. A 0.1 per cent rise does not go anywhere towards making up the ground lost in my electorate where the bulk-billing rate has fallen by more than 10 per cent over the last four years. We had a really healthy bulk-billing rate of 83 per cent back in 2000, but the government’s user-pays approach to health services has put paid to that. Local residents who miss out on getting bulk-billed face rising out-of-pocket costs. Costs have gone up by 60.5 per cent since 1966 from $8.89 to $14.27, and this is at a time when the government spent more than $20 million last year alone on Medicare related advertising. How much more beneficial would it have been for the government to direct its efforts towards coming up with real and long-term solutions to get the bulk-billing rate in Chisholm and elsewhere back up to at least 80 per cent?

While I am speaking about health services in my electorate, it would be remiss of me not to mention the government’s long overdue decision to grant a Medicare licence to the MRI unit based at Box Hill Hospital. I actually want to say thankyou to the government for finally listening to the pleas of my residents. For years residents of Melbourne’s entire eastern region, encompassing the municipalities of Whitehorse, Knox, Maroondah, Manningham and Yarra Ranges—this is an enormous area with an enormous population—have not had access to a bulk-billing MRI machine within their region. Yes, we have had an MRI machine, but you could not be bulk-billed at it.

The last thing anybody needs when they are referred for an MRI test is the stress of having to work out how they would afford it or having to travel kilometres to access a bulk-billing machine. I, in conjunction with the Labor candidate for Deakin, brought this matter to the attention of the minister in a letter early last year, and I was pleased that Labor announced during last year’s election campaign that in government we would provide a Medicare licence for the MRI machine at Box Hill Hospital. The government’s decision is better late than never, and I am relieved that residents will finally be able to have an MRI test locally without having to pay hundreds of dollars for it. I would also like to thank the member for Deakin, who has not played politics with this by ensuring that the MRI actually goes into his seat but has seen fit to say that the most logical place in our neck of the woods for a bulk-billing MRI machine is at Box Hill Hospital, where we have a hub of medical services that all people in the eastern region actually access. That was the only announcement that the Liberal candidate running against me in the last election made during the campaign, so there was finally realisation after years and years of neglect that we needed better services for the east of Melbourne.

This government’s user-pays approach is of course not restricted to health services. We have already witnessed this year its devastating impact on higher education. Figures released last month by the Australian Vice-Chancellors Committee confirmed what we were saying loudly and clearly throughout the campaign. The AVCC data revealed a five per cent drop in applications across Australia for 2005 university courses. That is a decline of 12,123 applicants. In my electorate, both Monash and Deakin universities have raised their fees by 25 per cent this year. For example, Monash’s decision means that HECS paid on an arts or science degree has risen from $3,854 to $4,818 per year and for a law or medical degree has shot up...
by $6,427 to $8,033 per year. Young people have voted with their feet on the government’s 25 per cent hike in HECS fees, and our country will be much poorer for it.

While we are talking about a skills shortage, I would say we are right to be concentrating on apprentices. I condemn the Minister for Education, Science and Training for saying that people on the Labor side have not been talking about it. I have been talking about it for years. I reject this notion of new apprenticeships. They are traineeships; they are not apprenticeships. They are not genuine apprenticeships in a skilled trade area. They are not actually producing motor mechanics, electricians, plumbers and all those people that we need so desperately. You try getting a tradesman in to fix something in your house; it is virtually impossible.

We also have a skills shortage in areas of higher education. We have a chronic shortage of dentists in our community. We have an absolute dearth of dentists within our community. We have recently seen in my electorate the opening of 10 dental chairs in the Whitehorse Community Health Centre supplied by the state government. Commonwealth funding towards this wonderful initiative has been nowhere to be seen. Ten dental chairs—this is fantastic. We had a waiting list for dental services that had blown out to four years—four years to see a dentist! I hope we are now going to be able to get that down within the next 12 months to a six-month waiting period and then to actually reduce it over time. Some of the chairs will be used to train dental students, because we do not have enough chairs for training dental students. The thing is that we do not actually have enough dental students. If we keep raising HECS fees and locking people out of going to university, we are not going to have enough dentists and we certainly are not going to have enough nurses. There is a crisis in nursing at the moment. Go to any aged care facility and the people there will tell you that their biggest problem is getting qualified, accredited staff who have actually trained in aged care nursing. So it is all well and good to be doing these things and saying, ‘We’re actually putting more money into universities,’ but it is via students’ pockets and they are voting with their feet and not taking up these places.

Speaking of education and training, my electorate is home to one of the best recognised TAFEs, the Box Hill Institute of TAFE. At a time of chronic skills shortages, Box Hill Institute is educating about 33,000 people every year and 88 per cent of Box Hill Institute graduates gain employment within 12 months. Given that kind of record, I cannot understand why the government is hell-bent on establishing a handful of new technical colleges across the country. These technical colleges will not even open until next year and will not be fully functional until 2008. Instead of wasting millions of dollars and duplicating existing TAFEs, would it not be smarter to use the funds to create 45,000 new TAFE places immediately? Give the money to the TAFEs now. They are there now; they are working now. Why duplicate them? It is just ridiculous. Box Hill TAFE is a premier institute. I had the pleasure of taking Peter Garrett through the facility prior to the election and it was fascinating to see skilled tradeskids standing around, really proud to show off their ability to produce things.

This is a great institution. It also does great work back in our community. Box Hill TAFE students and also Holmesglen TAFE students are often used on projects for community services. They have built a number of residential houses within the area that are being used by mothers with postnatal depression and by homeless youths. The students get real life experience, going out and building homes, as opposed to just doing things within the college envi-
Not only is this government not investing in the future of our young people but it is not invest-
ing in infrastructure. The just-released Organisation for Economic Cooperation and De-
velopment report *Economic policy reforms: going for growth* again confirms that under the
Howard government’s watch public investment in Australia’s national infrastructure has been
run down. The report highlights that since 1997 public sector investment, including in infra-
structure, slumped to around 2.2 per cent of GDP, the sixth lowest of all OECD countries.
That compares with the previous period of 1990 to 1996 which recorded a level of about 2.6
per cent of GDP. In my neck of the woods, this underinvestment means that we have gone
without a necessary piece of public transport infrastructure. Just this week, I lodged a petition
signed by 750 people, collected on just one day, by staff and students of Monash University
and users of the Monash precinct, calling for action to establish the Rowville rail link via
Melbourne. The petition reads:

For too long we have been waiting for decent public transport access linking Monash and the south-east
to the rest of Melbourne.

Federal Labor went to the 2001 federal election with a commitment, in partnership with the
Bracks state government, to construct a new light rail link along North and Wellington roads
from Huntingdale station to Monash University. The cost was estimated to be about $60 mil-
lion and it would have been the first stage of a light rail connection to Rowville. The link
would have given residents living around North Road improved access to other south-eastern
suburbs such as Clayton and Oakleigh. The federal government has had more than three years
to match Labor’s commitment and it has just sat on its hands. There was absolutely no an-
nouncement by the candidate running against me in the last election, except maybe for the
MRI—and he was a bit vague on that.

Money was splashed around in a lot of other electorates, but the government did not say
that they would commit anything to Chisholm. I took that as a bit of a compliment. It also
ignored the fact that the people in my neck of the woods do need infrastructure developments
and are not getting them. They keep talking about a rather large road, but they did not talk
about public transport, which is actually more vital in my neck of the woods. Having been a
student at Monash, I know how near impossible it is to get out to Monash University by pub-
lic transport. The notion of the train stopping a good 20 or 30 kilometres from the university’s
front door is just ridiculous and needs to be fixed. Residents have to continue to wait for bus
services. I have stood there waiting for those buses. You can wait while four buses go by be-
fore you can actually get onto one because there are so many people, students and staff, par-
ticularly during peak hour, trying to get to Monash University.

The light rail to Rowville would also have taken passengers to the hub area around Monash
medical centre at the shopping precinct at Clayton. Students travelling to Monash—now a
world-class institution which has a huge proportion of overseas students who access public
transport—have to continue to put up with substandard public transport access.

The federal government has failed to invest in the Australian synchrotron just outside my
electorate in the adjoining electorate of Bruce. More than 70 synchrotrons have been built
worldwide, mainly in the US, Britain and Japan, with Canada, Brazil, Singapore and other
small countries either having them in operation or building them now. But this federal gov-
ernment just does not have the vision to support this initiative. It prefers for our scientists to continue having to go overseas to carry out research at other synchrotrons. It prefers Australian companies and universities to continue having to pay large sums to send researchers overseas. It prefers to forgo the income we can expect to receive from the influx of foreign researchers coming to the Australian synchrotron.

The Victorian state government needs to be commended for its vision in saying: ‘Yes, we’re going to build the synchrotron. We need one in Australia. We’ve needed one for a long time.’ One of the local area consultative committees in my neck of the woods has now put in four applications for a regional partnership to go to the synchrotron, which is going to be a pre-eminent world building. It is going to bring scientists and businesses from all over our region into our country. It is projected growth. But has the ACC in my neck of the woods been able to get funding for this? No. There has been not one iota, not one bit of interest from the federal government to invest in this project. At my last meeting with the people from the ACC, I said, ‘Do you think it has something to do with the fact that you are around three safe Labor seats?’ They smiled wryly at me but would not enter into discussions on this. I think it has something to do with it. As opposed to actually investing in this bit of infrastructure that is going to bring so much benefit to our society and our country, the government are snubbing their noses at it, and that will be sadder for us all.

The government’s short-sightedness can also be seen in their failure to address the crisis in housing affordability in this country. The great Australian dream is now a nightmare for many. Most young people will never be able to afford their own home, and certainly many young people in my electorate will be priced out of affording a home in the suburb in which they grew up, where they feel comfortable and where they have existing community networks. During the last decade, the proportion of first home buyers fell by about 30 per cent. Average monthly repayments on new loans have increased by about 50 per cent and 30 to 50 per cent of our wages is going on home loan repayments. According to the Reserve Bank, 60 per cent of the population have paid down their loan or have a mortgage. That leaves 40 per cent out in the cold. Where is the government’s plan to make housing affordable, to curb spiralling credit card debt and the overexposure to home loans? The Tenants Union of Victoria knows what a struggle the lack of affordable housing is for thousands of Victorians. The union provides assistance to almost 30,000 tenants annually, in both private and social housing systems, who are suffering because of unaffordable or inappropriate housing. It assists many people for whom housing related poverty is a reality. Many are paying huge percentages of their limited income just to put a roof over their heads.

Last year the Tenants Union of Victoria released an affordability bulletin which highlighted the extreme difficulties that those on social security benefits have in finding affordable housing and how inadequate Commonwealth rental assistance is. A national summit on housing affordability was held in Canberra last June, bringing together the Housing Industry Association of Australia, the Australian Council of Social Service, the Australian Council of Trade Unions, the Australian Local Government Association and the National Housing Alliance. Among the calls to action resulting from the summit was the following key objective:

The crucial economic, social and environmental significance of housing to Australia and its people requires a substantial strengthening of national leadership and cooperation in the field and in the related areas of urban and regional development. The Commonwealth Government should play a wide-ranging
and vigorous role in developing this approach, as do its federal counterparts in Canada and the United States.

We need to be doing more about affordable housing. We can talk about low interest rates all we like, but that does not mean you can actually afford a house, and it has actually made houses more unaffordable. It is just ridiculous to keep saying, ‘Oh, well, housing prices are going up,’ and you have this great equity. Many people are never going to realise that equity. You want to have housing at an affordable rate so that people can actually buy in and can get their own homes. This government stands condemned for its inaction in this area. (Time expired)

Ms LIVERMORE (Capricornia) (11.13 a.m.)—The speakers list for this debate today says a lot about the government’s attitude to economic management. When things are going well, members of the government are lining up to claim credit and to pat themselves on the back for their brilliant management of the economy. But where are they today, a week after the interest rate rise, the worst current account deficit figure on record and the news that the economy has effectively stalled, with next to no growth in GDP in the last quarter? There is not a single government member on the speakers list to explain what the government has been doing while foreign debt has climbed, household debt is squeezing families to breaking point and the shortage of skilled tradespeople and technicians is threatening our economic growth and export performance, putting pressure on interest rates.

The government are happy to claim credit for economic results when it suits them, even when they have to steal credit from their predecessors, the Hawke and Keating governments, who did the hard reform work of restructuring our economy in the 1980s and 1990s. They will never take any responsibility when, as is happening now, the results of their own negligence and complacency are becoming impossible to ignore and demand answers more sophisticated than simply blaming the state governments and throwing taxpayers’ money around. The gloomy economic figures released last week have finally called this government to account for its ‘she’ll be right, mate’ attitude to the management of Australia’s economy. But the warning signs about the key trouble spots have been around for a long time. The government has simply been too arrogant to listen and too lazy to take any action.

The area that I want to talk about today is that of the skills shortage, because it is the failure of this government to invest in training that is having the greatest impact on the people and industries of Central Queensland. As you well know, Mr Deputy Speaker, Capricornia’s backyard is home to the booming black coal industry, and you do not have to look very hard out in the mining towns to find a story about the crunch that the shortage of skilled tradespeople and technicians is putting on that sector and its associated industries. It is also a classic illustration of how skills shortages lead to wage pressures and inflation more generally.

I was out in Blackwater visiting with the Duaringa Shire Council the week before the Reserve Bank increased interest rates. The council told me the story of something that is happening there right now. BMA—BHP Billiton Mitsubishi Alliance—want to build a wash plant at one of their coal operations, so they have set about building single persons quarters to house the construction crew that they would need to build that plant. They were told that there were no electricians available to connect power to the single persons quarters, so they are going to have to operate these quarters on diesel generators for at least 20 weeks while they wait for electricity to be connected. The use of those generators is going to add $350,000 to the cost of...
the project. So there is the skills shortage sending $350,000 straight onto the bottom line of that project, which is so important to our coal export industry.

As the mayor told me that story I had an image of these costs cascading through our local economy and creating the kind of inflation that the Reserve Bank has been warning us about for some time now. Clearly, that cascade made it all the way to the Reserve Bank by last Wednesday, when the bank raised interest rates and effectively told the government to wake up to itself and its responsibilities for maintaining strong growth, strong exports and the skilled work force that it inherited from the previous Labor government.

To me, the current skills shortage is the most shameful aspect of the government’s failures as an economic manager. I say that because of its effect on interest rates, which eat into the living standards of every family and homeowner in Australia, and also because it represents such a lost opportunity for the thousands of people who want to improve their skills, who want to work and who want to secure their futures. How many Australians have missed out on opportunities for training and employment in the trade areas that are now filling up the ‘positions vacant’ columns right around Australia? I am particularly angry about this because of the opportunities that have gone begging for unemployed people in my electorate—opportunities that would have been there if this government were fair dinkum about the future of regional areas like Central Queensland.

The stresses, tensions and challenges in regional and rural Australia are not new in a historical sense or unique to Australia. There is an underlying set of forces that influence the relationship between the capital cities and the other areas of our economy. What is occurring now is a strengthening of factors adverse to the regional economies and associated with a greater reliance on market forces in determining the structure of the economy. This is a period when, relatively speaking, transport and communication costs have been falling rapidly.

Because businesses do not pay the full resource cost of operating in cities, there is a tilting of the economic playing field in favour of the capital cities. In the past, before this government’s term, some of the disadvantages to rural areas were compensated for by assistance to rural areas. A measure of the success of these pre-Howard measures can be seen in the difference between the unemployment rates of the six major capital cities and rural and regional Australia. Prior to this government the differential between unemployment in rural and regional Australia and the capital cities was consistently between one-quarter and one-half of one per cent. By 1997 this difference leapt to an unacceptable 1½ per cent and has been held there by the policies of this government ever since. The outcome of these conditions make it imperative that government programs which seek to allow regional areas to maintain their share of the returns from growth and the location of economic activity must involve government intervention in the marketplace more effectively than happens now.

It is true that the Howard government have done this to some extent: they have instituted government programs to assist regional Australia. But I would say that these programs have failed. In recent weeks we have heard much in the House and seen much in the media about this government’s rorted Regional Partnerships program, where government money has been directed into projects not for sound economic reasons but for base political objectives. It is not my intention today to go back over the now infamous A2 milk scandal or the collapsed Beaudesert Rail debacle, but these are just a couple of examples of how this government have misdirected much-needed funds—funds which, if strategically directed, could have had a last-
ing and positive effect on the people of regional and rural Australia; funds which, if properly directed, could have created real jobs in regional Australia and provided training for those jobs.

A good example of this government missing an opportunity to support regional Australia was their failure to provide assistance for the development of a meat industry training facility in Rockhampton. In 1999, the local regional development organisation came up with a proposal to establish a trainee meat processing facility. I supported this proposal with correspondence to the Deputy Prime Minister. As you well know, Mr Deputy Speaker Scott, the meat industry is Australia’s fourth largest export industry and is therefore significant in its impact on the Australian economy, Australia’s rural sector and those communities such as Rockhampton which are affected by the industry’s financial viability. Rockhampton is home to two large meat processing facilities and it was obvious at the time to the proponents of the scheme that inherent to the survival and growth of the industry was the ongoing need for additional competent labour.

Back in 1999 it was obvious to the local industry that they were looking down the barrel of a serious skills shortage. A very detailed proposal was put together by the local industry and the local development organisation. This proposal was to construct a dedicated facility for the ongoing formal training and assessment of trainee slaughter-persons, boners, slicers and packers. This would ensure a future skilled work force was available for the local industry and it would ensure this work force was drawn predominantly from the local community. In January 2000, a deputation was made to the Deputy Prime Minister by the proponents of this project. The Deputy Prime Minister indicated his support for the project but nothing further happened. In February 2000, the proponents of the project travelled to Hervey Bay for a meeting with the then Minister for Employment, Workplace Relations and Small Business, the Hon. Peter Reith, and the Minister for Agriculture, Fisheries and Forestry, the Hon. Warren Truss.

Again the proponents of this skills development project were given words of encouragement by the Howard government ministers at this meeting. The Australian Labor Party committed itself to the project during the 2001 election campaign. But the Howard government did nothing. Submission after submission was sent to the office of the Deputy Prime Minister. I wrote and lobbied. The proponents of the proposal met again with the Deputy Prime Minister. There was constant communication with and support for the project from the Central Queensland area consultative committee and the project was listed at the Northern Australia Forum, hosted by Senator Ian Macdonald in October 2000. Still the Howard government did nothing to provide this much-needed skills training for the meat industry.

What has been the consequence of the Howard government’s failure to provide skills training to the meat industry? In 2004, Central Queensland meat processors started to import skilled labourers from Brazil. The Rural and Regional Affairs and Transport Legislation Committee was advised during Senate estimates just a few weeks ago that, up until September 2004, 16 visas had been issued to workers from Brazil to come to Rockhampton and work in the meat processing industry. My information is that a further 30 are on their way. The government cannot say that this problem was not foreseen. The government cannot say that it did not know about this problem. The government did know. The Deputy Prime Minister certainly knew about the problem, but the Howard government chose to do nothing about it. The Howard government chose not to develop a local skills base to ensure the employment for local
young people. The Howard government is clearly comfortable with the growing disparity in the unemployment rates between the capital cities of Australia and regional Australia.

I am not happy with this ongoing neglect of regional Australia and nor are the people of Rockhampton in particular. Here we have jobs in our local meatworks going to imported Brazilian labourers because this government failed to make the necessary investment in our local Australian work force. So there are men and women walking the streets of Rockhampton without a job, willing to be trained and willing to work in the meat processing industry but watching local jobs going to imported labour. Does the Howard government know or care or take any responsibility for these people? Clearly not, when its only answer to the skills shortage is to import overseas labour. I note that during the Senate estimates hearing on 15 February Senator Kirk asked:

From what you have told me, in the case of Rockhampton there would not have been any independent assessment done as to whether or not there was in fact a skills shortage in the area—in other words, whether or not there were local employees available.

In response, Mr Rizvi from the Department of Immigration and Multicultural and Indigenous Affairs said:

We did not undertake labour market testing as that is not part of this particular visa.

That is always the response from this government: take no responsibility, and take the easy way out. Instead of looking at what could be done to create opportunities in a place like Rockhampton, just import workers from overseas—another lazy, short-term response to the challenges faced by regional Australia. From this example, you can see that this is not a government for all Australians. It is certainly not a government for the people of Rockhampton or any other part of regional Australia.

Here we have the ultimate economic double whammy against the unemployed workers of Central Queensland. First, the government are advised there is a skills shortage coming, five years before it happens. They do nothing about it. Then, when it does happen, they do not bother to try to come in and help the local unemployed people obtain the skills needed; they simply import the labour from Brazil. Every social commentator will tell you that, behind riots or trouble in places like Redfern, Macquarie Fields or even Palm Island, there is an element of unemployment that feeds into the discontent of those communities. In Central Queensland there are pockets of severe unemployment in places like Mount Morgan, Woorabinda and parts of Rockhampton. These people want to work, the jobs are there and they need the skills to make the most of those opportunities. The Howard government have failed these people. I believe that any Australian government worthy of the name has a moral responsibility to ensure the people of this country are skilled and ready to take advantage of any opportunity which comes our way. In this, by any measure, you would have to say that the Howard government have failed.

In the time I have left, I want to shift to the issue of the Supported Accommodation Assistance Program, which is also a big issue in my local electorate. The dream of home ownership is a very strong part of the Australian mind-set, so it is quite understandable that, in any discussion of our economic outlook, there is a large focus on interest rates and the impact that any rise in interest rates is going to have on home buyers and those people who have that dream of owning their own home. But for many Australians that dream will never be a reality and in fact their living situation is much closer to a nightmare than a dream. I am talking

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MAIN COMMITTEE
about the 100,000 men, women and children who are homeless in Australia. While the government’s complacency and irresponsibility are putting pressure on home buyers, its neglect and disinterest are causing hardship to those who are most vulnerable in our community—that is, the homeless.

The federal government is currently in negotiation with the states over the next round of the Supported Accommodation Assistance Program. That agreement will provide the basis of funding for the next five years for the 1,200 or so organisations that provide assistance to those who are homeless or at risk of becoming homeless. The government’s offer to the states to kick off negotiations was made in December last year, and it is hopelessly inadequate for the demand that is out there for services for homeless people and people at risk of homelessness. The offer made by the federal government only really provides for indexation of two per cent over the next five years and also carves out of the funding $106 million for a special innovations pool. This is at a time when the government’s own review of the SAAP last year indicated that it requires a 15 per cent increase in funding just to meet the existing demand. This is no time for the government to be carving money out of the funds needed to meet the core services, and it is certainly no time to be slashing or capping funding for these important services that provide assistance to homeless people in our community. As I said, the government’s own review showed that SAAP needs a 15 per cent increase in funding just to meet the current demand.

The data collected last year from SAAP funded organisations showed that 67,000 requests for assistance were unmet by services last year. The services are stretched to absolute capacity. That is no surprise. The government is offering two per cent indexation over the next five years, but look what has happened to the costs in the services over the last few years. I talked to the president of one of the local services, Capricorn Youth Accommodation Service, in my area yesterday. I am on the management committee of that service, so I am quite close to the issues facing services, like the Capricorn Youth Accommodation Service in this instance, that are trying to provide shelter for homeless young people.

First, the cash award which covers employees in the sector had a three per cent increase effective from February this year, so there is a three per cent increase in wages for employees who help homeless people. Also, insurance costs have gone through the roof, not just for public liability insurance but also for insurance of properties. Because of the increase in house prices over the last few years that this government is so proud of, the cost for insurance has gone up correspondingly because the services have to insure for the replacement value of the properties under their management. Telstra line rentals have gone up by much more than the CPI. So the costs of running the services are much higher than two per cent indexation is ever going to cover.

Also, the complexity of the problems of the clients who come to seek help from these services has increased greatly. The services are seeing many more people with multiple sources of disadvantage and, in particular, are seeing a lot of clients who are not having their needs met through the mental health system and therefore are accessing services for homelessness. So the complexity of the client mix is growing. This all adds up to the government’s own assessment in its review last year that a 15 per cent increase in funding is required just to meet the current demand.
As I said, the money put up by the federal government is not good enough, in any assessment. We also have great problems in the Labor Party and within the sector with the minister’s proposal to carve out $106 million for pilot projects in its innovation pool. There is no detail about what the innovation pool is actually seeking to address. From my experience, many of these government pilot projects go nowhere. They are funded for a year or two and then fall off the edge of the cliff, never to be seen again. That is not good enough at a time when, as I said, 100,000 men, women and children in Australia are homeless and the services that are right there trying to help them, day in and day out, are not properly funded.

It is not good enough for the government to play the blame game with the states when we are talking about the people who are most vulnerable in our community. The government’s old line about the GST windfall for the states is not going to work any more. I read in the Financial Review just before I came in here today that the federal government has its own GST windfall, so let us not hear any more of this ‘Flick it all to the states and let them pay for it.’ The fact is the federal government is responsible for looking after the most vulnerable in our community. It has to do the right thing in the meeting on Friday when it comes to providing proper funding for the SAAP program. (Time expired)

Ms KING (Ballarat) (11.33 a.m.)—In this debate on the Appropriation Bill (No. 3) 2004-2005, the Appropriation Bill (No. 4) 2004-2005 and the Appropriation (Parliamentary Departments) Bill (No. 2) 2004-2005 I want to focus on the Howard government’s economic performance and their failure to address key economic issues in relation to skills shortages and infrastructure. The Howard government have lacked any real vision when it comes to reforming the economy. The lack of vision and complacency of the government are starting to be revealed in the Australian economy. Last week we had a trifecta of economic failure from the government. Interest rates rose, despite the claim by the Howard government during the election that we would have downward pressure on interest rates if they were re-elected. Private health insurance premiums went up by eight per cent after the Prime Minister promised downward pressure on premiums and that private health insurance would be more affordable and attractive to consumers. And economic growth is now at a virtual standstill, with the economy only growing, in the latest figures, by 0.1 per cent. Much of the growth in the economy has been driven by consumer spending and high levels of debt. Frankly, as the latest growth figures show, it was not sustainable.

The latest retail figures show that households are reining in their spending because many families have reached their limit of spending and are trying to consolidate their budgets. The latest financial accounts reveal that household debt in Australia stands at a record $808 billion, and debt as a proportion of household income continues to rise. In fact, for many families now, their debts are higher than their incomes. As a percentage of disposable household income, household debt is now a record 154.7 per cent, up from 85.5 per cent in March 1996. Household debt in Australia is amongst the highest in the developed world, which means that even the small increase we have seen in interest rates has created financial problems for many families. In my own electorate it has, on average, meant that families have to find an extra $32 a month to meet their mortgage repayments.

This week the news did not get any better. The Skills at work report confirmed that, while the Howard government is spending $66 billion, it has in its nine years in office failed to avoid—and in fact has helped to contribute to—the skills crisis. We are not even providing...
sufficient TAFE places and New Apprenticeships for plumbers, carpenters, builders and electricians to cover today’s shortages, let alone for those of tomorrow. The *Skills at Work* report shows the number of people completing their apprenticeship in trades like carpentry and plumbing has fallen. The problem has been hidden by the government’s claim that it has increased New Apprenticeships. You have to watch the words here. ‘New Apprenticeships’, it calls them. But what the government fails to disclose is that in combining traditional trade apprenticeships with traineeships—predominantly in retail, I have to say—under the banner of New Apprenticeships it is actually hiding what has happened to trade apprenticeships.

The *Skills at Work* report shows that between 2000 and 2003 the number of people starting a traditional trade apprenticeship fell by more than 2000. It recommends that the government investigates how it can boost the number of employers taking part in the program in areas where there are national skills shortages. The Howard government, again in an attempt to shift blame, says that it is the states and territories that have been cutting their spending on training. Frankly, that is simply not true. Since 1997 the Howard government has miserably trailed the states and territories in their investment in vocational education and training. The National Centre for Vocational Education Research reports that over this period the Howard government has increased funding by less than 10 per cent, compared with an increase of 17.8 per cent from the states and territories.

The government has failed to foresee the nation’s employment needs. We have had far too many young people going into areas where we do not have skills shortages rather than into those areas where there are very serious skills shortages. Extra cash incentives for hiring apprentices and more TAFE places are needed to fix Australia’s shortage of skilled tradespeople, according to employers. Calls for action came as new data showed a boom in apprenticeship numbers, but with most of the growth in industries where there are no skills shortages. Sectors in desperate need, such as plumbing and carpentry, where skilled labour shortages have sent costs soaring, hired 2,000 fewer apprentices in the three years to 2003, according to the *Skills at Work* report. It says: ‘We need to focus on the incentives regime. Regional incentives should be extended to city areas with similar shortages. Higher incentives should be paid to people who take on more skill-rich apprenticeships.’

In my electorate, the Master Bricklayers Association has been established and bricklayers have done something which is quite amazing but which, in itself, is creating problems. The bricklaying industry in Victoria have introduced a brick levy, which has to go through the group training companies, to provide for training and extra cash for apprenticeships. That is what they have had to do in their absolute desperation to try to get more apprentices into bricklaying. They have put a $1 levy on every brick laid in both the domestic and the commercial sector, a levy which is driving up the cost of housing and creating its own pressure on new home owners in particular. That is what the Master Bricklayers Association and the building industry have had to do to try to address this problem because the government has totally failed to do anything. What the government has allowed to happen is that an association, desperate to get apprentices, has found a solution which has increased the cost of housing, particularly to new home owners.

The Howard government is continuing to hurt Australian businesses and regional areas, with skilled vacancies rising over the past year in several key sectors. The Department of Employment and Workplace Relations skilled vacancies index reveals the particular difficulties
facing businesses in regional Victoria. Regional Victoria has even higher numbers of professions and industries experiencing a skills shortage than metropolitan areas. They include, in the professions, social workers, especially in specialist areas such as aged care and trauma counselling; lawyers—I never would have thought I would be saying that we need more lawyers—especially in the areas of workplace relations, funds management and property and finance; and occupational therapists and dentists. The shortages are particularly acute in rural practice. The skills vacancies index also reveals that the Howard government still has not addressed the skills shortages for regional carpenters, joiners, fibrous plasterers, bricklayers and solid plasterers.

These latest figures are particularly concerning as they come on the back of rising teenage unemployment rates in regional Victoria. Each year the Howard government is turning away from TAFE and universities thousands of qualified Australians when many of our businesses need skilled workers. The latest regional unemployment figures are disturbing news for young people in regional Victoria. The gap between the teenage unemployment rates in regional Victoria and those in inner city Melbourne is widening. Four out of five regional districts in Victoria are suffering from increases in teenage unemployment. In my electorate, a young person named Shannon, a teenager from Bacchus Marsh, knows what the high unemployment figure means for him. He is struggling to find work despite passing his VCE exams and attending interviews for pre-apprenticeship courses. He wants to be an electrician. The Howard government’s failure to fund additional TAFE places means that Shannon cannot start his pre-apprenticeship training until June. He has had to go onto newstart and look for work, like many thousands of teenage people who want to get access to apprenticeships but cannot get into TAFE programs to allow that to happen. So he is now one of the teenage unemployed statistics who should be able to start his electrician apprenticeship immediately.

In the last six years alone, 270,000 people have been turned away from TAFE. Opportunities for younger Australians are not being created despite the well-known skills shortages in regional Victoria. My electorate of Ballarat is in the worst affected region. The Barwon West district recorded a teenage unemployment rate of 35.4 per cent, compared to just 4.8 per cent in inner Melbourne. Such a divide is not acceptable or even excusable. It is not just the level of teenage unemployment that is concerning but the speed at which it is increasing. In the Barwon West district, we have seen a 10 per cent increase in the space of only a few months. Regional labour markets are suffering a skills shortage, yet we have a large number of teenagers seeking apprenticeships who are unable to get into TAFE courses.

It is clear that the Howard government’s policies are not doing the job. The Howard government is not performing in regional Australia. It needs to stop believing its own publicity and give regional Australia long-term policy solutions to its skills shortage and high teenage unemployment rates. In Victoria, there were 86,600 vacancies on Australian Job Search in mid-February 2005. The top four occupational groups were labourers, factory and machine workers; food, hospitality and tourism; gardening, farming and fishing; and sales assistants and storepersons. Over the month, 10 occupational groups rose. The largest increases were for medical science professionals, printing trades, building and engineering professionals and organisation and information professionals. The Skills for work report clearly shows that most of the growth, and certainly the largest increases in new apprenticeships, is in areas where there are no skills shortages and that the share of traditional trades new apprenticeships has
halved since 1996. Is it not a fact that, between 2000 and 2003, trade apprenticeships declined by 2,300 while sales and service apprenticeships and traineeships, or so-called new apprenticeships, rose during that period? The skills crisis is not sustainable, and the Howard government cannot continue to take no responsibility for the skills crisis it has created.

I want to turn now to infrastructure. The OECD report *Economic policy reforms: going for growth* again highlights serious concerns in the way the government is handling the economy. Under the Howard-Costello government, public investment in Australia’s national infrastructure has been run down. The report highlights that since 1997 public sector investment, including in infrastructure, has slumped to around 2.2 per cent of GDP, the sixth lowest of all OECD countries.

Roads are vital to our communities and to our economy. Coming from the regional electorate of Ballarat, I know how important it is for regional economies and communities to have a comprehensive national infrastructure network. The adequacy of roads, in particular, has a direct impact on the wellbeing and wealth of our regions and our nation. I would like to once again highlight in this place the Western Highway as an example of why it is so important to address the matter of infrastructure bottlenecks. The Western Highway runs right through the heart of my electorate. It is the principal road link between Melbourne and Adelaide. It is a national highway, and it is the lifeblood of the state. Each day it carries more than 40,000 vehicles between Melbourne and Ballarat and up to 4,000 vehicles between Ballarat and the South Australian border. The highway connects regional centres and plays a key role in linking more remote communities to regional hubs. In terms of freight, the Western Highway is the second busiest national highway in Australia, second only to the Hume. With over five million tonnes of interstate freight movement annually, it carries around 4,000 commercial vehicles per day between Ballarat and Melbourne alone, and another 1,000 vehicles per day between Ballarat and the South Australian border.

Commuters and businesses in my electorate have been waiting for years for the Howard government to commit to fully funding the $294 million required for the construction of the Deer Park bypass. Because of the political nature of the Howard government’s infrastructure funding, we now have—and I would like to use the words of David Cummings, from the RACV—a project that has been given to us too little, and with a start time of 2007-2008, too late. The government’s failure to fund the Deer Park bypass is rooted in a systematic failure of government policy. Unfortunately, this failure has a follow-on effect which has wider economic implications. The Reserve Bank of Australia has cited ongoing skills shortages and acute capacity problems in the country’s national infrastructure as the two key reasons behind the rate rises. This pressure is likely to build unless the government addresses both the skills crisis and infrastructure bottlenecks such as the Deer Park bypass. Economic growth in Australia has come to a virtual standstill. The Australian economy will not grow to its full potential unless we get our infrastructure right. We need an infrastructure policy that is based on objective decisions, national interest decisions and national priority decisions.

When you scrutinise the Howard government’s record on road funding, there is little surprise that there are bottlenecks in our national infrastructure network. AusLink, the Howard government’s long-term strategic approach to the nation’s infrastructure, has not helped the businesses and commuters in my electorate, nor addressed the national infrastructure bottlenecks. AusLink does not offer a cooperative approach to transport infrastructure funding. It is
buck-passing on a grand scale. Instead of involving the states in the drafting of AusLink, the Howard government largely ignored them. AusLink does not draw clear lines of responsibility between the Commonwealth and state governments and, as we have seen with skill shortages, the Howard government is all too willing to use smoke and mirrors to blame the state governments for its policy failures. The great shame about what the Howard government is doing is that it is squandering the economic growth of the last 20 years and has eroded the foundations on which it was built. Both in terms of the skills crisis and of infrastructure the Howard government is failing the Australian economy.

I want to endorse the comments by the member for Capricornia on the SAAP program. Some people in this place will know that one of my former jobs was as a youth worker. I worked fairly extensively with young homeless people in the Ballarat community. It is a terrible thing to see teenagers who are unable to live in their family home or who, for reasons of social dislocation, do not even have a family home forced to sleep on the streets or in friends’ places, particularly in communities such as Ballarat, where temperatures over winter are just terrible. We have acute housing pressures in my community. There are acute rental housing pressures, particularly with two large universities. The university students desperately seek accommodation at the start of each year, which means that the market for private rental accommodation is extremely difficult for homeless teenagers.

What we have seen with the SAAP program over the course of this government is an erosion of funding for homeless people. That is basically what we are talking about with the SAAP agreement that is being negotiated at the moment. With the government’s own report clearly stating that there needs to be an increase in SAAP funding, it is totally inadequate to begin negotiations with only a two per cent increase and also to be trying to take money out of that program to get the states to do some different work. If the government wants the states and territories to get involved in innovative projects for the provision of public housing and in devising better housing models for homeless people, then funding for that should be provided in addition to the money that is provided directly; it should not taken out of the program money.

Homelessness is a terrible problem in this country. It is often a very hidden problem in this country. Although we do not have as great a problem as those countries overseas with large numbers of people sleeping in railway stations and in the streets, it does not mean that the problem is not there. The problem in many communities is a hidden problem, and the government needs to take very seriously not only the way in which it funds homelessness programs but also the way in which it deals with people who are in the worst possible circumstances they could be in.

It is also important for the government to understand the incredible pressures homeless people are under, such as Centrelink regimes which force people to report more regularly, to find more work and to report again not just to Centrelink but also to the Job Network providers. When you are homeless, that is an incredibly difficult thing to do. It is incredibly difficult just to manage your basic hygiene when you cannot even find access to a shower.

For the government to have a fairly punitive scheme that breaches people on Centrelink benefits and, at the same time, to say that it is not going to provide funding for homeless people or that it is going to reduce the funding over time under the SAAP is a pretty mean-spirited thing to do. I encourage the government to take its responsibilities for all Australians...
very seriously, to look seriously at the negotiations it is undertaking with the states and territories in relation to SAAP and to come back to the table with an offer that matches what its own inquiry into SAAP has shown—that there is a need for a 15 per cent increase in SAAP funding, not a two per cent increase and not money taken out of that area in order to create a situation where the states and territories are having to take money out of their own programs to look at matching the funding of the Commonwealth’s innovation.

Some other issues that I very briefly want to raise are in relation to Regional Partnerships. We have read quite a lot of debate in the parliament and in the media about the Regional Partnerships program. One issue I particularly want to highlight is a circumstance that occurred in my own electorate. Whilst we have had some Regional Partnerships funding, we clearly were not a targeted seat in the last election. We received around $700,000. A project was announced recently which increases that amount to a range of projects, but we were after some larger ones as well.

If you compare the funding we received to that of the seat of Bass, which received $12 million out of the Regional Partnerships program, you cannot under any circumstances say that this program made a fair distribution, a transparent distribution, of money to regional seats. I certainly do not think we have heard the last in relation to Regional Partnerships. It is an important program, but it needs to be applied fairly to all regional areas.

Mr GAVAN O’CONNOR (Corio) (11.53 a.m.)—The debate on the appropriation bills provides members with an important opportunity to raise issues of particular concern to their individual constituencies, but it also offers us a chance to comment more broadly on general economic matters as they affect our constituents. I want to state up front in this debate my concern about the adverse impact of the government’s economic policies on households, individuals and businesses in the Geelong region. As you would know, Mr Deputy Speaker Quick—you have been to my constituency on some occasions—the Geelong region has a vibrant economy. We have a highly skilled workforce, a very well developed research and development capacity and some additions to essential infrastructure that will propel the economic growth of the region into the future. We are indeed fortunate in our community to have achieved what we have under the economic policies of this government.

Households and businesses in Geelong have recently been hit not only with rising interest rates, which has impacted quite heavily on household disposable incomes, but also with an increase in private health insurance premiums. The head office of the private health fund GMHBA is in Geelong. We have a very high take-up level of private health insurance. The government’s betrayal of its promise to keep private health insurance premiums low is now biting very deeply into the wages and salaries of my constituents in Geelong.

Last night I was at the dinner put on by the Federated Chamber of Automotive Industries for parliamentarians and industry, at which the Minister for Employment and Workplace Relations delivered the keynote speech. His solution to Australia’s ills and woes—which, by the way, he is responsible for creating—is to further depress the wages and salaries of Geelong workers. So, on the one hand, his solution to the economic problems facing the nation is to depress the wages of my constituents. On the other hand, he is ramping up their costs in the form of higher interest rates and higher private health insurance premiums.

I want to go to the issue of the government’s economic performance. The government is now squandering the economic legacy left to it by Labor. Australian households and Australia
as a nation are over their ears in debt. We are facing interest rate rises. We have a plethora of reports that indicate that we face a skills shortage that will shortly feed into the inflation rate and therefore into interest rates. We have large bottlenecks in infrastructure that will choke future economic growth. Our research and development effort is extremely poor compared to that of our competitive trading partners and our productivity growth has slumped from the rate of 3.2 per cent that we enjoyed from 1993 to 1999 to 1.8 per cent. There are some very disturbing signs on the economic wall. Economic reports delivered late last year by the IMF and this year by the OECD and the Reserve Bank have all belled the cat on the poor economic performance of this government.

The government laud their economic performance. If you listened to them, you would think that they invented economic growth, low inflation rates and low interest rate regimes. You would think that they were solely responsible for massive decreases in industrial disputation. You would think they were the only ones who ever brought a budget into surplus. You would think they were the only ones who ever brought a budget into surplus. I think it is important and instructive that we go to the historical record. Let me put on record that Labor left four years of four per cent economic growth to the coalition. You would have to be a bunch of dummies to squander that. Yet the Treasurer gets up and quite cleverly says that under the coalition we have had four per cent growth over the past nine years. What the dishonest Treasurer should be saying is: ‘Labor left the coalition with four per cent growth over four years and we are very thankful for it.’ But it is like the old Demtel commercial: is there something new in what the government is saying? You would think that a low inflation rate regime was all of their making. Labor broke the back of Liberal inflation. Liberal inflation was running at 10 to 11 per cent when Labor came to power. Of course, the Prime Minister does not mention that when he was Treasurer we had double digit unemployment, double digit inflation rates, double digit interest rates and an economy that was growing backwards. That was the economic legacy of the current Prime Minister. He and the Treasurer have the gall to get up in the parliament to claim credit for the performance of the economy.

Let it be a matter of public record that the Australian Labor Party in government left the coalition with four years of four per cent growth. We broke the back of Liberal inflation, reducing it from 11 per cent to two per cent, and set the basis for the low interest rate regime that Australia has enjoyed—and which is now being squandered. I dare not mention debt and the trade performance. Well, on your insistence I am persuaded to mention debt! The country is laden with Liberal debt; it is being weighed down with Liberal debt. Why do I say that? When the Treasurer was in opposition, he was quite a clever economist—as suburban lawyers are—and, given his level of economic expertise, I, as a poor university trained economist, not having the benefit of the great legal background of the Treasurer, can only go on what he says in mounting the figures! He took the debt of Australia and divided it by the population and said, ‘For every man, woman and child, this is the debt’—let us say it was $10,000 per head—‘and that is terrible, because it is all Labor debt.’ He knew it was not all Labor debt but, as my Uncle Pat used to say, ‘Some people are as crooked as a dog’s hind leg.’ That is an old country saying, as is: ‘Some people cannot lie straight in bed.’

The member for Lyons would know the saying and so would the member for Hinkler. We are all country boys and I do not think I am breaching parliamentary privilege when I say that the Treasurer, in using those statistics, was as crooked as a dog’s hind leg. But far be it from me not to use the Treasurer’s analysis because he must be right! If we take the foreign debt
now and divide it by the population we find that it has doubled. We now have Liberal debt; we have a doubling of Liberal debt. Where is this going to end? In answer to that question you could say that our salvation would lie in our export performance.

Mr Windsor—No, it is in the Independents!

Mr GAVAN O’CONNOR—The honourable member for New England is in the chamber. He is a great contributor to the parliament and he is one whom we on this side of the parliament happen to respect. We do not have much respect for the Deputy Prime Minister and his moralistic posturing on all manner of things, but I will not go into that. Suffice it to say that I acknowledge in the chamber today the honourable member for New England.

I was referring to what is going to be our salvation. Of course, one would look to the export performance of the nation as a possible indication of whether Australia is going to get out of the position that it is in. Under Labor, the average annual growth in exports of goods and services was 10.8 per cent over all of our 13 years. You have to get your head around that average. When we took government we took over a ramshackle economy where exports were low. We not only had to clean out the Liberal mess left to us by the Liberal Treasurer who is now the Prime Minister of Australia, but also had to rebuild the economy. So you have to get your head around that the average annual growth in exports of goods and services was 10.8 per cent in all of Labor’s 13 years.

The coalition was left an economy growing at four per cent, an inflation rate at two per cent—courtesy of Labor breaking the back of Liberal inflation—and a whole host of economic parameters that were favourable. One would have expected that the growth in exports would have been in excess of 10.8 per cent. That would be a reasonable assumption given the growth in the world economy and in the Asian economies. But, of course, that is not so. When we take the average of the coalition’s performance as far as exports are concerned, it is 5.8 per cent over the time that they have been in power.

When I get on my feet in this House and talk about the adverse impacts of this coalition government’s policies on my constituents, you had better believe that they are starting to hurt. Let us have a look at the impact on household mortgages, because it is substantial. Many of my workers do not earn large amounts of money. In some of my manufacturing facilities the average wage would be in the region of $25,000 to $32,000. In many of those families the second person in the household works, and they have managed through their collective income to get a slice of the action in the housing market to upgrade or renovate their housing and they have gone out on a limb with the available income that they have. Even a 25 base point increase in interest rates has the capacity to hurt them.

Do not believe this is the only interest rate rise under the current Howard government. This is the fifth interest rate rise, and there is a very substantial impact being felt in households as a result. This particular interest rate rise has added $34 to the average monthly repayment of households. For many households with several children who have just gone through the expenditure of putting their children through the education system, be it state or private education, there are substantial costs involved there. They have had to find extra money for private health insurance premiums and now they get hit with higher interest rates. Let us look at average monthly repayments. In March 1996, they were $922. In 2005, they are $1,541. Families are paying $619 extra per month as a result of the interest rate rises.
I did not think anybody in my electorate was under any misapprehension of what the Prime Minister was saying about interest rates during the election campaign. He was saying, ‘You vote for me, and interest rates will not rise.’ That was the message that came through. Why do I say that? Because many of my constituents came to me wanting to talk about politics, interest rates, the issue of Iraq and a whole lot of issues around this election campaign, and one central issue was interest rates. They expressed their concern that, if Labor were elected, there might well be an increase in interest rates and that, if the coalition were elected, interest rates would stay the same. I indicated that that was not the historical record and that, if the coalition were elected, they would more than likely face two interest rate rises in the first half of this year. I have been right about one and I suspect by July there will be another that will further tighten the screws on the household incomes of those people.

Once again the Prime Minister gets up in the parliament and wants to portray the coalition as the government of low interest rates. I do not deny history and I do not deny 17 per cent interest rates under Labor and I do not deny any of the conditions that existed at the time they happened. I am not so dishonest as to deny it, so I want the Prime Minister to get up and say to the Australian people: ‘Yes, when I was Treasurer business loans under my tutelage were 15.8 per cent.’ Does anybody in the parliament think he would do that? No, he would not. He would not because of the Prime Minister’s and this government’s lexicon of deceit over a whole range of issues, from the GST, to Tampa and refugees—down we go—to the privatisation of Telstra, to Iraq and now interest rates. Where does the dishonesty of this government end? When are we going to get governments fronting the Australian population and telling them the truth?

Of course we had the nauseating sight of the $66 billion man trotting around the country with an expenditure clock ticking over at a rate that cannot even be accommodated in words in this debate. It was quite extraordinary. Make no mistake: the budgetary expenditures of this coalition government will directly feed into interest rates. Those interest rates are affecting my portfolio responsibilities as well. The National Farmers Federation in a press release computed what this government has cost farmers as an extra $120 million to their bottom line. So over the interest rate rises that we have had one would say that in the region of half a billion dollars of costs have been added to Australian agriculture as a result of the actions of this particular government. More interesting was this particular statement by Mr Burke of the NFF:

“Higher interest rates will push the exchange rate higher, damaging exporters and fuelling more imports..."

There it is: the higher interest rate regime will push the exchange rate higher and will damage exporters even further. Australian interest rates are higher than those of Austria, Belgium, Britain, Canada, Denmark, France, Germany, Holland, Japan, Spain, Sweden, Switzerland and the United States and they are by significant amounts—and Australians want to know why. Why is it that the interest rates that they have been paying over the life of this coalition government have been so high in relation to those paid by American, Japanese, Swiss et cetera households? That is a fair question, one which the government cannot even answer. Let me say in conclusion that the economic policies of this government are starting to hurt my constituents. They are putting the squeeze on the household incomes of Geelong people through increases in private health insurance premiums and rises in interest rates, and those will not stop. The Prime Minister stands condemned for his deceit.
Mr WINDSOR (New England) (12.13 p.m.)—I was very interested to hear parts of the contribution of the member for Corio. Having been a farmer—and I still am one—particularly during the eighties when interest rates were of a very high magnitude in those days, obviously I know they did a lot of damage to a lot of people. But I do take the point that the member for Corio was making that the debate really does have to start to address the relative notion of Australian interest rates compared with those of our global competitors. I think there would be some quite salient messages in those comparisons. If we were to go back to the mid-eighties, even though our interest rates were higher, in terms of relativities, than some of our trading competitors’, there would be some very important messages that the government and community should be looking at. I think we as a society have tended to probably look too closely at the impact that interest rates are having now in relation to home owners and the debt burden and credit lines that ordinary individuals have, rather than at what happened in the eighties when, even though they did have a massive impact on individuals, the impact that they had on the productive sector was quite enormous. I think that in a lot of ways we are still feeling some of those impacts to this day.

I believe that the government really does have to stop making the constant comparison that, if we are under 10 per cent, we are doing relatively well in Australian terms—and the Treasurer tends to use similar phrases to that—when getting people to think back to the very high rates of 23 per cent in the eighties. But a 10 per cent rate compared with those of our trading partners—and the member for Corio explained a few of those—is very high. Even eight per cent is one of the highest in the developed world. If we are constantly saying to our exporters and our productive people that we should be out there being globally competitive, interest rates are a very important part of that.

There are a few things I would like to talk about that relate to the general economic performance of the nation. One of them is the current account deficit that was recently announced—in the same week as the Reserve Bank announced the increase in interest rates. I know this is a very broad issue and we are not going to cover it in this particular forum—I am pleased that the member for Hinkler is here too, because I think he may well share some sympathy with some of the things that I am about to say—but, if we are looking at the current account, we are looking at imports versus exports. I think most of us understand that. What we have tended to talk about—and what the Dalrymple Bay discussions have been about—has been increasing capacity to improve export performance so that the equation can be turned around. No-one can argue about that. I think we want to grow better wheat varieties and try to export more product. We have got a new CRC for the beef industry at the University of New England which is being headed by Professor Bernie Bindon and which is going to do extraordinary things for our productive capacity in the beef industry. Hopefully that will flow on in terms of exports.

But one of the things we tend to be ignoring is the rate at which we import. That is how we have created the problem: we are importing far more than we are exporting—hence, we have a current account deficit. We as a nation—and the government particularly—do not seem to be looking at import replacement. What are the things that we can do domestically that can legitimately replace some of the imports that are having this impact on the current account? One of those areas in my view is renewable energy. This relates to the fuel debate and very
directly to the ethanol and the biodiesel industries—those industries which can produce domestically to replace product that we currently import from other parts of the world.

I know the member for Hinkler and other National Party members along the Queensland coast would be concerned about the future of the communities along that coast with the demise of the sugar industry generally and the impact of the Brazilians on the sugar price. But I do not think any of them are looking closely enough at what we can do in sugar and grains to bypass the need to export some of our products and to incorporate in the economic equation some of the environmental and health benefits that will come from the production of renewable energy through ethanol and biodiesel with the high octane ratings that can be obtained by the addition of a natural product rather than an unnatural one, as is happening so much in the fuel industry at the moment.

What we have in Australia is an agricultural sector—a very important export sector with a very important impact on the current account—that essentially faces a corrupt world market when it comes to producing grain. I am a grain producer. I was on the Grains Council before coming into this place. We export grain at a price which is determined by others and, in the main, it is what I would term a corrupt world price. I know that domestic sorghum prices at the moment are the same as they were 25 years ago.

There has obviously been a productive effort going into yields et cetera to improve the domestic viability of sorghum producers, but in exporting the product and having a positive effect we are at the behest of corrupt world markets. What do we do once we compete globally with that product and sell it onto that world market? We bring some of that money back home and then we enter another world market that is corrupt—the world oil market—and bring some of that product into the nation at a price which is escalating quite dramatically. This morning I have been talking to some scientists at the Science Meets Parliament initiative, which I think is a great program and I got a lot of value out of talking to the people I met this morning. While discussing energy sources and renewable energy, I was informed that it was not outside the realms of imagination that the US barrel price for oil could go from $US40 to $US80 in the long term. What are we doing domestically with renewable energy to overcome some of those issues?

We had this great struggle in this parliament last year in an effort to encourage the ethanol industry—a struggle which virtually took 12 months to increase the excise freedom period to allow private sector investment in a domestic industry that could import replace. We still have this negative attitude within government towards the possible mandating of the use of renewable sources of energy, such as ethanol in our petrol. We still have this negative attitude that, if 10 per cent were mandated, there would be a loss of taxation revenue and, in the very next breath, we have the Treasurer and others saying that we have to be globally competitive, that we have to be out there—that, if we cannot face the market, a lot of our industries do not deserve to survive. When you are shackled with a 50c per litre taxation regime on the development of a renewable energy industry, it really says something about what we are doing to encourage some of these newer industries.

The Prime Minister made an important statement in the parliament during question time a couple of weeks ago which I applauded. It was in reply to a question that I asked the Prime Minister about mandating the use of ethanol in petrol. That is not a new issue. A lot of members of parliament, various scientists and others have raised the issue in the past, but the fact
is that we have done nothing about it. If we want to guarantee the existence of a renewable energy industry with biodiesel and ethanol, we are going to have to mandate; otherwise, the oil companies will always have the upper hand in dictating the terms to the farming community who might produce some of this product. I applaud this statement by the Prime Minister. I just hope there is some backing behind it and some pressure in the cabinet and the party rooms to push this issue. He stated:

... if the scientific and other evidence—

those words ‘other evidence’ are very important, in my view—

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.

I think this is going to be very important for many of us in this place now, irrespective of our political attitudes, and I include the Australian Labor Party in that too, because I think they made a tactical error in pursuing for so long the relationship between the Prime Minister and the Manildra Group’s Dick Honan. I know there was some political capital in that, but there is no doubt that it did harm to the promotion of a legitimate renewable energy source.

I remember having a meeting with the former Leader of the Opposition, Mark Latham, and two of the proponents of the ethanol industry—Matthew Kelly, from Gunnedah, and Bill Elliot, from Dalby, whom the member for Hinkler would be familiar with. The purpose of the meeting was to suggest to the then Leader of the Opposition that it was time to move away from the political game playing with the Prime Minister over any relationship that he may or may not have had with Dick Honan and start addressing the issue in the terms in which it should be addressed: health, renewable energy, the current account, regional development, the investment that would take place, the job creation that would take place, the social impact of ethanol production on the Queensland coast if a certain percentage of sugar production were turned over to the production of fuel, and the impact on underwriting the grains industry west of the range. These were all things we were talking about in the rhetoric of regional development and which the development of this industry can help deliver. So I encourage government members in particular, but also the opposition, to look at these issues in terms of regional development. I thank the Prime Minister for essentially opening the door to some real consideration of the issue, and I hope the new Leader of the Opposition embraces that as well.

There are a few other issues I would like to raise. With the changes in the Senate, the sale of Telstra is obviously going to be on the agenda. I appeal to the other country members of the parliament, irrespective of their political backgrounds, to oppose this sale. In fact, I believe there is a 60:40 chance that it will not be sold. Obviously I do not think that will happen because somebody will suddenly jump up and cross the floor, but a whole range of reasons for the no sale agenda could come through. I encourage the political party members, in their backrooms, to start to show some spine on this issue. It is very important.

In the last month, a lot of time has been spent talking about the lack of infrastructure in Australia. Telecommunications is the very form of infrastructure that will negate distance as a disadvantage of living in the country. We can talk about railway lines, roads and Dalrymple Bay, but if we do not get telecommunications right—that is, country people getting equity of access, pricing regimes et cetera—we will be doing the greatest disservice we have ever done to country people. It is the technology we need for the future. For anybody to suggest that a
fully privatised and perhaps partly foreign owned Telstra, of the magnitude that it will be and having the ownership structure that it could have, would be concerned about the smaller and medium sized communities of regional Australia is absolutely beyond belief. So I ask the member for Hinkler to convey my words when he can. I do not want to verbal him, but I am sure that he has some sympathy for some of the arguments that are being expressed.

In just the last week there has been confusion on this issue. The Deputy Prime Minister said to the Outlook conference that he is concerned about Canada, Japan and some of our trading partners having 20 times the internet speed that we have. If he is concerned about that, Telstra is obviously not up to scratch and we should not be selling it. On the same day, in Longreach, Senator Boswell, the Leader of The Nationals in the Senate, made some comments along the lines of: ‘Oh no, we’re all united on this. We’re all behind the sale.’ Incoming Senator Barnaby Joyce said in the Courier-Mail that he still has concerns about whether it is up to speed or up to scratch—what that means, I do not know. The Minister for Communications, Information Technology and the Arts says it is all okay. She was wandering around Queensland somewhere saying, ‘We’re going to have a review, and we’ll do that every five years. The next day another incoming senator made a groundbreaking announcement by saying, ‘We don’t want a review every five years, we want one every three years; so that will potentially kill the problem.’ I bring the House back to a legitimate point the Prime Minister made about our Constitution. One government cannot bind a future government to anything. So for people to say that through CSOs, community service obligations, they can guarantee service delivery for technology that has not been invented yet is almost farcical. I urge those people to oppose the sale of Telstra.

In the limited time available to me I would like to raise a current issue in my electorate: the visa problem faced by the Bruderhof community, a religious order that lives near Inverell. This community has been involved in a number of business activities. It is a great community, a family based community of a religious order. It is having real problems in relation to the extension of visas to remain in this country, particularly at a time when we are talking about how we need people with skills, we need people who will invest, and we need people in country communities to aid those communities with their economies and intellectually and to be part of the rebirth, in a sense, of the nature of families in country communities. They are one of the great assets that we have. I find it quite sad that we have an immigration policy that is looking at sending many of these people back to America. I am pleased to say that the Minister for Immigration and Multicultural and Indigenous Affairs, Amanda Vanstone, is currently looking at this issue, but I appeal to the Prime Minister to involve himself in the matter.

If we are serious about skills and if we are serious about the growth of regional communities, where there has been a drop-off in population that recent evidence has suggested may well continue, I think we have to start to have some degree of flexibility—not open the floodgates to a lot of the ratbag religious elements across the world; but where there are legitimate, god-fearing, family oriented, business oriented people who want to make a contribution to Australian communities we need some flexibility in relation to the regulations of the immigration act. It can be done; I have looked closely at it and I know there are a number of consultants who have looked closely at it. It is an issue that the government can rectify and I would ask them to look very, very seriously at the message we are sending to those people who want to live in Australia.
These people have their particular religious ways but they do not impact on anybody else in an adverse sense—and, in fact, they are having a very, very positive impact on the people and the community where they are located at the moment. They export signs to the United States: they probably make the best three-dimensional signs that you could ever see, and those you see in Sydney are quite distinctive. Many country communities have those signs now. They are exporting about 50 per cent of their product back to the United States. They are serious about the issues of why they have come to Australia. If we are serious about embracing people who consider family important we should be able to put in place a panel and a system of regulation that allows people who have strong religious beliefs and are part of a religious order to stay in Australia—without allowing a lot of religious ratbags to come into the country, as some people have concerns about. I thank the parliament for the opportunity to raise those few issues. There were other issues of water, medical schools and the changes to tertiary education that I had intended to raise, but I have run out of time. (Time expired)

Mr RIPOLL (Oxley) (12.33 p.m.)—Today I want to speak on a range of issues in relation to Appropriation Bill (No. 3) 2004-2005 and Appropriation Bill (No. 4) 2004-2005. Central to the future prosperity of our nation is the need for serious attention to be given to Australia’s infrastructure needs. Infrastructure has been the talk of the town lately. It seems everywhere you go everyone is talking about infrastructure and the things that we ought to do. People are talking about the lack of investment in infrastructure and I think people are finally sitting up and listening to what needs to be done. You can pick up any paper and there is bound to be an article or two, or even more, focusing on infrastructure issues. The Financial Review and the Courier-Mail are two papers in particular which feature many articles on this topic.

In my home state of Queensland, infrastructure is very topical. The Beattie government is currently investing a lot of time, effort and a lot of money in the state’s infrastructure future. The Queensland state government has released a south-east Queensland regional plan for public consultation which will, when finalised, put in place a framework for future growth and development for the region over the next 20 years. The funding and infrastructure strategy to complement this plan will be released next month.

Infrastructure issues are not limited to Queensland or to my electorate of Oxley. The same issues are being discussed and addressed right across the country by other state and territory governments, and the reason is that Australia needs to reinvest in the nation and in its people by undertaking infrastructure projects which will ensure that our economy remains efficient, competitive and prosperous. It really is that simple. Smart companies enjoying good economic times invest in the future. They update their technologies, extend their factories, hire more workers and expand through investment. In short, they reinvest in the business and its people. You do not need to be an economist or a business master to understand that this approach is commonsense and makes for a smart business strategy. I believe that same principle must apply for government.

While Australia is presently enjoying a healthy surplus, with bundles of tax dollars falling to Canberra, now is the right time for the federal government to reinvest in the nation and its people. This can only produce positive results and can be done by investing in infrastructure and by increasing our productivity and efficiency. Although Australia has had 14 years of solid economic growth, we cannot afford to become complacent. By investing in infrastruc-
ture and increasing our productivity, the Commonwealth can set the stage for another 14 years of continued economic growth.

However, under the leadership of John Howard, the Australian government has done very little to pursue investment opportunities for the future prosperity of the nation. In fact, the Organisation for Economic Cooperation and Development released a report on 1 March 2005 entitled *Economic policy reforms: going for growth*. This report—one of many released recently—confirms that, under the Howard government watch, public investment in Australia’s national infrastructure has been run down. The report states that since 1997 public sector investment, including in infrastructure, has slumped to around 2.2 per cent of GDP, the sixth lowest of all OECD countries. That compares with the previous period of 1990 to 1996, which recorded a level of about 2.6 per cent of GDP. Put simply, under the Howard government, investment in infrastructure has fallen in real terms.

‘Infrastructure investment’ are dirty words to the Prime Minister and his colleagues. According to the Howard government, this is an issue for the states, and the federal government will take every opportunity to lay the blame for Australia’s emerging infrastructure crisis at the feet of the state premiers and territory chief ministers. This, however, is simply not the case. We need leadership, not blame-shifting. For a national problem we need a national approach.

These attempts to fix the blame on the states and the private sector are political games aimed at concealing the government’s own inadequacies and failures in this crucial area of public policy. For example, the member for Casey and the member for Flinders—who is Parliamentary Secretary to the Minister for the Environment and Heritage—delivered a paper solely aimed at diverting attention away from the Howard government’s gross mismanagement of the economy. These two gentlemen did, however, get one thing right in their paper and that is the need for a national approach to the emerging infrastructure crisis and the establishment of a national infrastructure advisory council. For that they should be congratulated. Ironically, their true purpose is to create a political solution, not a real policy solution. So here we have two government members entering a critical debate, probably under instruction from their political masters, with no real sense of the problem and with very disingenuous motives. To borrow a phrase, what they have been talking about and have been doing is ‘walking both sides of the street’. Labor has been calling for a national infrastructure advisory council for quite a number of years, but the coalition has steadfastly ignored that call.

There are a number of worrying signs in our economy. The strength of the Australian economy over the last few years has been underpinned by consumerism, not by any structural reforms or investments, which are the long-term drivers of our economy. Instead of investing in future prosperity, the Howard government has simply frittered away taxpayer dollars on short-term consumerism based policies and on short-term electoral cycle management. The lack of investment in skills and infrastructure is starting to produce undesirable effects in the economy.

Last week we had a double whammy when the current account figures came out showing that we had low economic growth and interest rates hikes. The December quarter figures on the current account deficit were the second-highest in Australia’s history and the worst in more than 50 years at 7.2 per cent of GDP. Australia now has the highest foreign debt in its history, with $21,000 for every man, woman and child. When this figure was six per cent in
1995, John Howard said that six per cent was a very bad figure. Under that assumption, 7.2 per cent today is a much worse figure and it is one which the government should be extremely concerned about.

This flows on to foreign debt. Foreign debt is now $422 billion. It is 51 per cent of GDP. Back in 1994, Peter Costello said that a high level of foreign debt makes Australia more vulnerable. He was right. It certainly does. Australia’s economic growth slowed to only 0.1 per cent in the December quarter, the slowest quarterly growth rate since December 2000, and to only 1.5 per cent over the past year. Over the past two quarters, economic growth has been only 0.3 per cent. This means that the government’s forecast of three per cent growth for 2004-05 is highly unlikely to be met.

The government should be worried, and it should also be honest with Australians. But its response to just blame the states is an approach that is starting to wear a little thin. In addition to its Economic policy reforms: going for growth report, the OECD also released an economic survey of Australia which confirms the need for further investment in the nation’s infrastructure to guarantee future economic growth. The OECD report confirms what many of us have known for a long period of time: that the government has become complacent about our economic future and that economic reform under the Howard government has stalled. The Reserve Bank of Australia, no less, has also highlighted that problems exist within the nation’s infrastructure. The RBA highlighted that skills shortages and infrastructure bottlenecks are hindering future economic growth and that these problems are the direct result of federal government complacency. In short, the Howard government has been asleep at the wheel; it has been fiddling while Rome burns.

The only attempt by the Howard government to address the nation’s infrastructure needs is a program called AusLink, the national land transport plan. I have to say that this has been a complete fizzer. It is simply pork-barrelling dressed up as nation building. The Minister for Transport and Regional Services and Deputy Prime Minister, John Anderson, like his boss, also seems to believe that investment in the nation’s infrastructure is solely the responsibility of the states. The government and John Anderson have used AusLink as a political tool, their own personal plaything, to dole out money based upon what is the government’s agenda, in particular the National Party’s agenda, and to look after their best political interests rather than what is in the nation’s interests as a whole.

Federal Labor does not object to the fundamental principle of AusLink and the need for the Commonwealth to take a long-term view of the nation’s land transport issues. To do so is commonsense and good planning. However, AusLink as proposed by the Howard government falls well short of this mark. AusLink is woefully inadequate. The national land transport agenda should be an area in which the government should be showing leadership. AusLink is not nation-building legislation underpinned by the basic premise of what is in the nation’s best interests. It is pork-barrelling in the finest traditions of the Howard government and of the National Party. But, above all, it is a national disgrace and the people of Australia deserve better from their national government. Instead of getting national leadership from the Howard government on agreed priorities, we have a piece of legislation that seeks only to achieve political objectives of the Liberal and National parties. I could talk about the failures of AusLink all day, because there are many, but I think the real question here relates to the missed opportunities that are going by while we see plenty of regional rorts programs and plenty of the ‘in
my backyard’ types of programs, but we see very little in terms of the nation’s priorities and interests.

By contrast, Labor has a proven track record in solid economic management and nation building. The Australian Labor Party has a long tradition of delivering great outcomes with respect to the nation’s infrastructure needs. The Australian Labor Party also has a long tradition of ensuring growth and productivity for the Australian economy. It was the Hawke and Keating governments of the 1980s and 1990s that first initiated the economic reforms that have paved the way for the 14 years of continued economic growth that this government enjoys today. It has been the Howard government which has failed to continue to invest in the future prosperity and growth of the nation and to fully capitalise on those reforms undertaken by Labor.

Kim Beazley as Labor leader has made the party’s future policy priorities absolutely clear. Kim Beazley has declared that the backlog of infrastructure projects is one of the greatest challenges facing this nation and our immediate future. Kim Beazley and Labor have shown leadership on this issue, as we have done with economic reform in the past. John Howard and Peter Costello have shown absolute complacency and have been more interested in fixing the blame than fixing the problem. The last 20 years were about economic reform; the next 20 years ought to be about infrastructure reform and productivity gains. The government has a larger than expected budget surplus, close to $10 billion, on the back of ever-increasing taxes. The federal government has a responsibility to invest that surplus for the long-term economic future of our nation. A future Labor government understands what is needed from the Commonwealth to drive that future prosperity. John Howard only knows how to play politics. Australia needs a real reform agenda.

If the federal government is to really achieve a national program of infrastructure development and productivity growth and efficiency it needs the cooperation of the states and territories. You cannot do this on your own; no government can. It needs to be a partnership of national goodwill—an approach ensuring maximum benefit to the entire nation. A national model to achieve this partnership has been proposed by a range of organisations, even by the government’s own Department of Transport and Regional Services, as well as the federal Labor Party, for quite a number of years. This partnership requires the establishment of a national infrastructure advisory council. Labor’s national platform and constitution, reaffirmed at the national convention in 2004, stated:

Labor recognises that a strongly performing economy is dependent on adequate and efficient national infrastructure, particularly in the critical sectors of transport, communications and utilities.

As such, we need to:

... contribute to the community’s well being by reducing traffic congestion and increasing mobility, and expand opportunities for economic development in regional Australia.

Labor will establish a national infrastructure advisory council to coordinate a national strategy for infrastructure provision and maintenance according to strict, transparent and objective criteria. The establishment of this body must become a top priority for the federal government. A national infrastructure advisory council made up of industry stakeholders, government representatives and the private sector is needed as a matter of urgency. This body would examine and advise on the priorities for the nation and, more importantly, would be free of political interference.
At the very least, this country needs an expert body of advice to assist government in setting infrastructure priorities. Nationally important projects like the full upgrade of the Ipswich Motorway in Queensland or the Deer Park bypass in Victoria would not have been neglected for so long if we had had a national infrastructure advisory council. The national infrastructure advisory council will be the perfect forum to analyse, for example, the east coast rail link possibility. Infrastructure development, if properly costed and financed, is an investment that ultimately creates long-term economic benefits for the nation and becomes a key driver of jobs, innovation and growth. For this reason, we need national leadership.

The federal government can no longer afford to simply blame the states. As a nation, we are all in this together. The states and territories require urgent investment in roads, rail, ports, water, energy and airports, and they should not be expected to do this in isolation. As Australians we have grown used to the idea of sustained growth, delivered over 14 consecutive years. Now is the time to make the difficult decisions about our future and the sorts of investments needed to sustain that growth into the future. A national infrastructure advisory council is that first vital step. This new body could seriously reduce the impact of parochialism and deliver outcomes based on needs over decades rather than simply the next election cycle.

On 7 July 2003, the Regional Business Development Analysis Panel presented to the Australian government their report *Regional business—a plan for action*. The panel was chaired by Dr John Keniry, Chair of Ridley Corporation, and it provided the Australian government with a range of actions on how to further continue the growth of regional business. According to the government’s web site, the fundamental rationale for the analysis was to consider ways in which the environment for ‘business in regional Australia, including access to finance, infrastructure, skilled employees, and better regional planning between business and all levels of government’ could be improved. Specifically in relation to infrastructure the report said:

The inadequacy of infrastructure in regional areas was highlighted time and time again in both submissions and during consultations. Regional businesses told us that growth and development are often limited by the cost of upgrading or gaining access to basic infrastructure.

Their needs in relation to infrastructure are simply not being met by this government. Most people already know that. I have already highlighted plenty of reports which recognise this fact. The only people who seem not to understand this are the Prime Minister and his government ministers—the people who are the most important in this debate.

The report also acknowledged what we in the Australian Labor Party have understood for a considerable time period of time: infrastructure planning should be done in a coordinated way and within a national framework involving all levels of government. The report recommended that a national infrastructure advisory group be established that would:

- offer a coordinated approach to identifying infrastructure projects of national significance; and
- ensure that relevant projects are prioritised according to their ability to provide connectivity between regions and national and global markets.

What did the government do about this recommendation? Nothing at all. It shelved it, dumped it, ignored it, pretended it was not there. It appeared in the AusLink green paper but not in the final white paper. Instead, the government chose the regional pork rorts approach to funding regional infrastructure projects.
The Howard government has squandered a once in a generation opportunity to continue economic prosperity. Instead it has chosen to fuel consumerism and to encourage personal debt and the largest current account deficit in 50 years. The government must swallow a very bitter pill and accept Labor’s advice. If it cannot bring itself to do this, it must at least take the independent advice from reports commissioned by its own departments and by the industry. Sadly, the Howard government, just like a spoilt brat, refuses to take its medicine or doctor’s advice. It has no plan to address the skills crisis and infrastructure bottlenecks that are acting as a brake on Australia’s future growth. I repeat: the Howard government has created an economy that is driven by unsustainable debt-fuelled consumption, not by exports and sustained productivity growth.

As mentioned earlier, the member for Casey and the member for Flinders have argued for the development of a national infrastructure advisory council. They have even written to the Prime Minister arguing for national leadership on this news. Hooray—at least two members in the government actually understand! The member for Flinders says there should be a national infrastructure advisory council led by the Prime Minister to help identify Australia’s national infrastructure priorities over the next 30 years.

The response from the government and from the Deputy Prime Minister, John Anderson, has been very disappointing to say the least. The Deputy Prime Minister has spurned calls for a coordinated national approach to Australia’s emerging infrastructure crisis. This view is completely at odds with nearly every business and industry group in the country, the government’s departments and now even its own members. Capacity constraints affecting the nation’s rail, road and port networks are the result of the federal government’s complacency and lack of investment in Australia’s future economic prosperity. Instead of rejecting calls for a national infrastructure advisory council and blaming the states for Australia’s infrastructure crisis, the Howard government should be leading the debate. The Australian Financial Review sums this up succinctly:

The time has come for John Howard, Australia’s second-longest serving prime minister, to put the stamp of national leadership on this most important of issues.

A critical factor for funding infrastructure investments is the development of sound financial, accountable funding models. If infrastructure investment is undertaken wisely—and I use the word ‘wisely’—it can be a very powerful driver of the economy. Wise infrastructure investment can yield a growth dividend for the nation well into the future.

Labor has a policy on the funding of infrastructure investment programs and a very clear national platform on the way that that financing would be undertaken. While most people acknowledge the importance of infrastructure investment, paying for such investment is in the end the critical issue. The Business Council of Australia has estimated that we need in the vicinity of $90 billion invested in infrastructure projects over the next 20 years—$40 billion in energy and $50 billion in roads, rail, port and water projects. It is an extraordinary amount of money. To put this in context, the Prime Minister spent $66 billion in 20 weeks last year, prior to the election campaign. So $90 billion over 20 years is in comparison very achievable, particularly when this money is expected to yield long-term dividends for the economy.

To fund these projects will require the energy and attention of state and federal governments as well as the private sector. Public-private partnerships should be examined closely as a means of meeting these demands for large-scale investments in infrastructure. At the same
time, it should be understood that PPPs have limitations and are not the panacea to all funding issues which must be addressed. There only three ways to fund infrastructure, be it social or economic. The first is by the public purse, the second is by the private purse and the third, of course, is a combination of the two. In this context I draw the House’s attention to some comments made by Ms Katie Lahey, the Chief Executive of the Business Council of Australia. She said:

We all have a clear choice.

We can choose to make the changes that will provide continuing growth and prosperity for ourselves, as Australia did 20 years ago when we faced a similar economic crossroads.

Alternatively, we can squander the opportunity and accept the consequences for ourselves and for our children.

To sum up in the few seconds I have left, a future Labor government will be prepared and ready to meet these challenges head on, to tackle the big issues, to invest in our nation and to continue the legacy of reform of previous Labor governments. We know there are currently missed opportunities by this government. We are simply asking that the government step up to the leadership plate and actually tackle this issue head on. It is not just coming from us; it is coming from industry, from the private sector, from the government’s own departments and now from its own backbenchers. It is time the federal government took a leadership role on this issue. (Time expired)

Ms HALL (Shortland) (12.53 p.m.)—The current state of the economy is of great concern to members on this side of the House. We only have to look at the recent increase in interest rates to realise that the promises made to the Australian people before the election have not and will not be delivered by the Howard government. With the current account deficit and these issues, there will be implications for the efficient, effective running of our economy.

I have to say that this is of even greater concern because we are faced with these very poor economic indicators at a time when we have had really strong economic growth within Australia. Coupled with that is the fact that there is a lack of job security for many Australians and many Australians are really struggling. Some people have great difficulty in making ends meet. A large proportion of Australians are on very low incomes while other Australians are on high incomes—and the group in the middle have disappeared. That is something that is of great concern. But these are just general statements that I wish to make at the commencement of my contribution to this debate on the Appropriation Bill (No. 3) 2004-2005, the Appropriation Bill (No. 4) 2004-2005 and the Appropriation (Parliamentary Departments) Bill (No. 2) 2004-2005.

Coupled with those general statements are the issues that surround the skills deficit that exists within Australia and the failure of this government to address those issues. I have recently been involved in an inquiry—and the report of that inquiry will be tabled next week in this parliament—and you can see, by visiting the web site or looking at the evidence that was received by the committee, that the skills shortage was one of the major issues that was raised. Under this government the skills shortage has been allowed to grow and instead of addressing real issues—such as ensuring that young Australians have the skills they need to find work or that retrenched people are given the assistance they need to retrain in another area—this government has abrogated its responsibility. Embracing skilled migration by bringing in 20,000 skilled immigrants to Australia does not address the needs of the Australian people; rather, the
government is throwing its hands in the air and saying: ‘It’s too hard. We can’t fix this skills shortage internally; we’re going to bring people in from outside.’

I really do not believe that that is the right way to go. I feel that there are many Australians who are going to be penalised by this approach. All the young people who live in the Shortland electorate who leave school starry-eyed and who would like to obtain an apprenticeship—and in that electorate young people, and the community as a whole, value apprenticeships—learn very quickly that this is not an option available to them. And that, coupled with the changes that this government has made to the higher education sector, has created a real problem for young people within Australia. Subsequently it has created a real problem for industries because they are unable to attract or retrain the workers that they need with the skills that they need to work in industries. This has been highlighted very well by the Australian Industry Group, who have been running quite a strong campaign on the need for skills within the workforce. Within my local area they have identified many areas where there is a shortage of skills.

We have poor economic indicators and a skills shortage. I would like to concentrate on the skills shortages in the area of health. That is an area that has had an enormous impact in my electorate. Currently there is a significant shortage of doctors on the Central Coast of New South Wales and in the northern part of Wyong shire, which is the part that falls within the Shortland electorate; there is approximately one doctor to every 2,000 people. This creates enormous difficulty for people living within that area because they are unable to see a doctor when they are sick. Recently my office was contacted by a woman whose husband was quite ill. She advised me that her husband needed a doctor’s certificate and the first available appointment was in two weeks time. That is a failure of the system and it creates enormous problems for people in her husband’s situation.

It has been put to me by many people that if you are sick you need to see a doctor immediately—not in two or three weeks time. For the postcode 2262, which is on the Central Coast, there is one doctor for about 9,800 people. Those people have a significant problem when they need to see a GP. There is also a problem associated with the need to travel to see a doctor in that area. So this is an issue that must be addressed. It is something that the government needs to put its mind to.

Traditionally, the Lake Macquarie area of the Shortland electorate has not been as hard hit by doctor shortages, but I have received notification this week of a seven-doctor practice that has only three doctors working in it. It did have five doctors but it lost one doctor earlier this year and it has just lost another one, and I believe one of the remaining doctors is working part-time. The practice is at a crisis point and, if something does not happen soon, the doctors are going to have to close it down. In the same area there is another doctor who is retiring within the next three months and another doctor has retired recently. You can see that the crisis that exists in the Central Coast part of the Shortland electorate will soon be evident in the northern part as well, in Lake Macquarie.

I do not delude myself by believing that the Shortland electorate is the only one in Australia that has been affected in this way. This is a problem that exists throughout Australia. The issue of workforce shortages in the area of health does not begin and end with doctors. That is the area I have highlighted here, but there is a chronic shortage of occupational therapists, physiotherapists and speech therapists. No matter what allied health professional you name,
you will find that there is a shortage—and the level of shortages that exist within nursing is well noted. I argue very strongly that this is an area that needs addressing. We do not need rhetoric; we need action. It is about time the government acted to fix this matter.

I now want to pass to the area of aged care. In the Shortland electorate and throughout the whole of Australia, there is a real shortage in the aged care area. We have a chronic shortage of aged care beds, we have waiting lists for aged care beds, we have phantom beds and we have waiting times for people to access community packages. We have an industry that is reeling under red tape and bureaucracy and, unless the government addresses this, it is older Australians who will be affected by it. It is time to act, and if the government does not act now then it is going to manifest itself by affecting all those older Australians and their families.

Much has been made in the House about the Regional Partnerships program. The Tumbi Creek program on the Central Coast has been mentioned, and mentioned on many occasions. The Northern Lakes Family Centre, which operates within the Shortland electorate, has applied for funding on a number of occasions. It has tried to access funds through the Stronger Families and Communities program. It has made inquiries about funding from the Regional Partnerships program. It services a very disadvantaged area. It has been knocked back all the way along whilst, on the other hand, a similar service was funded at Warnervale in the electorate of Dobell—just as Tumbi Creek is in the electorate of Dobell—and given $135,000 just before the election.

The government has to get its mind around the fact that outside government held electorates and outside marginal seats, there are real people who need services and assistance and rely on government. While people in those electorates may have elected Labor members to this House, still a large proportion of them voted Liberal and a large proportion of them rely on government. I do not think the standard for allocation of funds should be whether or not the electorate is held by Labor or is a marginal electorate; rather, I think it should be based on need.

I turn to transport, an issue very dear to my heart, for which I am seeking support from the government. I hope that the government will be able to offer me some assistance. In this House, I have raised a number of times issues surrounding Aeropelican, which is a great little commuter service airline. Mr Deputy Speaker Causley, you and other members of this House may have travelled on Aeropelican, which travels between Belmont and Sydney. It was one of the few profitable services which Ansett operated. At the time of the Ansett crash, it went to the administrator. A number of companies were vying to purchase Aeropelican because it was noted throughout the industry as being a great little service which returned a profit to the operators. The successful tenderer was International Air Parts, IAP. They built it up again but it did not return to its previous status. It operated only six services a day between Belmont and Sydney as opposed to 13 services previously. From the time that International Air Parts purchased Aeropelican, rumours abounded within the area that IAP were going to sell Aeropelican, that they had another agenda, rather than the continued operation of Aeropelican.

The first action was the selling of two of the planes from a four-plane fleet. The owner recovered a significant proportion of the money spent on purchasing them. The owner also operated Horizon Airlines, which, as most members would be aware, has subsequently gone into liquidation. Aeropelican was operated as a separate company and continues to operate. Two
planes were sold and rumours abounded that the owner was intending to force council to pur-
chase the land, either under just terms of compensation at the highest possible rate or alterna-
tively rezoning the land for residential development. This particular piece of land is on the
shores of Lake Macquarie, which has been plagued by problems caused by overdevelopment
around its shores.

Aeropelican is vital for the area and is used by the residents of Lake Macquarie and Wyong
shire. It has the widespread support of the community. When I am trying to book flights on
Aeropelican, invariably I am waitlisted because the flights are full. On the last five flights I
have flown, there have been no more than three seats vacant and on at least half of the flights
I have flown, the plane has been completely full.

The owner has entered into an agreement to sell the last two Twin Otters and, as of 2 April,
he will be operating Aeropelican out of Williamtown. The bottom line is that people from
Lake Macquarie, where I live, or the Central Coast are not going to travel to Williamtown. We
are going to hop in our cars, go down the already clogged freeway and either get on a flight
from Sydney or do our business in Sydney. The airline will not service the same group of
people, and it is a loss of such vital, vital infrastructure to our area.

Mr Neville—What do you want the government to do?

Ms HALL—Lake Macquarie City Council, which is held by Independents and Liberals, is
very supportive of keeping the airline operating within Lake Macquarie. Today I will place
some questions on the Notice Paper that will address the question that the member opposite
raised. I am not asking the government to come in and purchase Aeropelican. The operator
says that part of the reason it is closing the airport is the requirements placed on it by the fed-
eral government.

I would argue very strongly that the government is very mindful of changes that will be put
in place because of the increased security requirements, such as the fencing requirements. I
would also argue that there is money available to help operators with those expenses. What I
am seeking from the government is support, and I do not think the government will be com-
promised in any way by providing the kind of support that I am seeking. This is a vital ser-
vice. I would like the government to come out and say: ‘Yes, this is a vital service and some-
thing that we want to continue in Lake Macquarie. We’ve got provisions put in place to ensure
that it is possible.’

I also want the government to have a look at the terms of sale from the administrator to
make sure that the operator is in no way compromising those terms. To someone like me and
to the community I represent, it looks very much like the operator bought Aeropelican with
one thing and only one thing in mind—to strip all its assets, sell off the land, rezone it and
make a profit at the expense of the people of Lake Macquarie and the Central Coast. I empha-
sise it is the only airport within that area. There is no train service in the northern part of Lake
Macquarie going down to the northern half of the Central Coast. The people of the area rely
on the airport.

Today I ask the government to join with me in supporting this vital service, in providing
the kind of information that I know exists and in ending, once and for all, the furphy that Aer-
opelican cannot obtain the support it needs, that it is not the government’s fault that it is clos-
ing, that rather it is a decision of the owner and that there are other options. The final chal-
lenge I put to the owner of Aeropelican is that, if he cannot see his way fit to operate Aeropelican and if he is going to close down the airport, he should allow another operator to come in and operate out of that airport because it will be a long time before the rezoning comes through. If the government can work with me and help me with this issue, I would greatly appreciate it. (Time expired)

Sitting suspended from 1.14 p.m. to 4.00 p.m.

Ms GEORGE (Throsby) (4.00 p.m.)—This debate on the Appropriation Bill (No. 3) 2004-2005 and cognate bills gives me the opportunity to raise some issues of growing concern to me and the community I represent insofar as this government’s management or mismanagement of the economy is concerned. I certainly believe that the chickens are fast coming home to roost and that this government must accept responsibility for its neglect of major issues that confront our communities and our economy insofar as future economic growth in this nation is concerned.

I believe that the government has squandered many of the opportunities that came to it with the underpinning economic reforms that were instituted by previous Labor administrations. Let us go back and have a look at some of those. It was Labor that opened up the Australian economy, internationalised it and made it more competitive. It was Labor that broke the back of inflation in this nation. It was Labor that moved to a more decentralised, enterprise based system of wage increases that were linked to productivity improvements at the enterprise level. It was Labor that saw the need to increase our pool of domestic national savings and that introduced a retirement scheme underpinned by compulsory superannuation contributions. And it was Labor that managed to sustain economic growth rates in the order of 3½ to four per cent.

All those achievements under previous Labor administrations did not come easily, but they were necessary and, at times, quite painful reforms. I know that because at the time I was involved with the union movement and with some of the angst that was experienced, particularly as we moved from a highly centralised system of wage fixing to one that was more enterprise focused and linked to productivity based increases. So all the underpinnings for substantial and sustainable economic growth in fact flowed from the challenges and solutions that Labor brought to that economic agenda. I think what we have seen happen in the nine years of this administration is that a lot of those opportunities that were opened up under Labor have been squandered and a high level of complacency has set in.

Serious economic reforms require vision and leadership, and that is precisely what has been lacking. The government has been able to take comfort in the changes that were introduced under Labor but has done little other than ride on the back of those changes for the last nine years. Let me cite one example. I was amazed to read the other day, on the front page of one of our daily papers, the Prime Minister exhorting people to leave school and take up an apprenticeship and trying to suggest that somehow there had been a cultural shift in this nation whereby university education was more highly valued than traditional trade training. There is no doubt in my mind that for a lot of families, particularly in the areas represented by people like me, in traditional Labor areas where apprenticeships have always been a highly sought-after career progression, the problem has not been the cultural mind-set of the people. The problem has been the lack of investment from this government over many years in the
TAFE and vocational education and training systems and the lack of incentives and encouragement for employers, particularly in small businesses, to hire young people.

So, instead of actually acknowledging that we had a problem and dealing with it when the crisis was not as serious as it now is, the Prime Minister was quite happy to paddle along in the sea of complacency that had beset the administration. It is cold comfort to the families in my electorate to hear the Prime Minister talk about some very short-term expedient solutions to the skills crisis. He suggested that all we need to do is import more skilled migrants from overseas at a time when, in electorates like mine, there are youth unemployment rates of over 25 per cent and young people who traditionally would have entered an apprenticeship have been denied that opportunity for many years. The point I want to make is that the government has to accept responsibility. It cannot blame the states; it cannot blame cultural mind-sets; it cannot blame everyone but itself for the problems that are now so clearly visible. Those problems are most visible in the substantial slowdown in economic growth, such that in the last quarter the growth figure was in the vicinity of 1.5 per cent and in December it was just barely above the level where we would start to panic about the prospects of a recessionary downturn.

We all know and acknowledge—and I hope even the Treasurer does—that capacity constraints are holding the nation’s economic growth back to levels that cause us all some severe disquiet. Those bottlenecks result particularly from the failure of this government to invest productively in areas like infrastructure, so we have huge bottlenecks in our transport linkages and at our ports. I know the difficulty I have had in gaining any federal assistance for the upgrade of the Princes Highway. More and more people are moving to the coastal strip. It is too easy to say that it is a state government responsibility when there is a huge migration flow into those coastal areas, and road and transport infrastructure is not able to cope with that urban expansion. In my area, 18,000 people in the Illawarra commute by car and via a totally inadequate rail system to Sydney for work every day and the state government alone is investing in the upgrade of facilities at Port Kembla to try and remove some of the pressures that are so obvious in the Sydney basin.

The government has not invested adequately in the infrastructure that this nation needs to ensure sustained economic growth. Similarly, it has failed to invest an adequate amount into our human infrastructure, and that manifests itself with the wide range of skills shortages being faced across the nation. These capacity constraints mean that, inevitably, economic growth rates will slow. In that context, the Reserve Bank of Australia is forced to lift interest rates to contain potential inflationary pressures that may occur some way down the track.

I want to say very clearly that there are no inflationary wage pressures in the system at the moment. The Treasurer is very lucky that what has prevented those inflationary wage pressures is, in fact, one of the hard decisions made by Labor when last in government to move away from a highly centralised system of wage fixing to one at the enterprise level based on productivity gains. So you cannot blame the workers on this occasion. Every day in the chamber it is the state governments that are blamed or it is people’s mind-sets or it is the cultural changes that have occurred or it is the workers or it is the ACTU. Clearly, it is about time the government faced up to its own failures.

Those failures have not just suddenly arisen. In the area of skills shortages, as you would know, Mr Deputy Speaker Baldwin, a recent inquiry resourced by the government and con-
ucted by the Senate—the report handed down was called *Bridging the skills divide*—received numerous submissions from people across the nation saying the same thing: this country is facing a very serious crisis of shortages in the skills required to drive economic growth and performance. And all employer organisations were saying that. I know because I particularly follow what the AiG say as I have a large manufacturing base in my electorate. They have been saying for some time now that there is currently a shortage of 20,000 skilled workers in manufacturing alone.

The government has to accept responsibility for the crisis that now besets our nation. It is cold comfort to the people I represent to be picking up the papers and reading about the latest plan to import skilled migrants from overseas when our own youth are being denied the opportunities that they would have had in the past.

Added to these capacity constraints is the problem that relates to the fiscal policy of this government. This was most clearly shown in the government’s recent spending spree—a commitment of approximately $66 billion, which is now not disputed, over a five-year period to ensure its re-election at the last election. But a lot of that spending commitment is unproductive spending, and it has denied the government the opportunity to redirect those funds into productive investment.

Short-term pork-barrelling, as we have seen most recently highlighted in the scandal of the rorts in the Regional Partnerships program, has to be replaced with productive investment. As I said, the chickens are coming home to roost. In the words of Ross Garnaut: Australia had entered a great complacency in which major threats to sustainable growth were being ignored. They can no longer be ignored. The government have to act, and they have to act decisively and stop shifting the blame onto everyone but themselves.

I was appalled to read in the last couple of days that, on one of the key and significant issues of national infrastructure needs, our own Deputy Prime Minister has rejected a call for a coordinated national approach to Australia’s infrastructure crisis. His view is completely at odds with nearly every business and industry group in the country, not to mention that his views are also at odds with a number of his government colleagues, including the Parliamentary Secretary to the Minister for the Environment and Heritage, Greg Hunt, and no doubt the private views of the Treasurer, Peter Costello.

We all know that capacity constraints affecting the nation’s rail, road and port networks are the result of the government’s complacency and lack of investment in Australia’s future economic prosperity. What we need is a national infrastructure advisory council that can determine on an objective basis where investment needs to occur to right the failures of the past. We need to get away from the short-term politically expedient decisions that are made, particularly in the lead-up to elections where money goes to projects that, by any stretch of the imagination, are very low on the list of priorities.

In my last electorate newsletter, I asked my constituents how they felt about approximately $130,000 being set aside to create a day care centre for dogs in Queensland, in the order of $100,000 being allocated to a tomato grower and funds of the same magnitude being expended on shifting lions at a private zoo. All that might be well and good, but when we have these severe capacity constraints in our economy surely there is a more objective, comprehen-
sive and sustainable method of investment of taxpayers’ funds into areas that really matter to
their future economic prosperity and living standards.

I am going to do a bit more analysis on the rorts under the Roads to Recovery program, be-
cause every request I have made for assistance for funds to upgrade the Princes Highway has
been met with the comment, ‘Well, that’s a state responsibility,’ yet if you look at the Roads to
Recovery program and do an analysis of where the funds have gone—surprise, surprise!—
who heads the top of the list? None other than the Deputy Prime Minister. That has to end.
And it has to end by this government doing the right thing by the nation, by supporting the
creation of a national infrastructure advisory council which can objectively address the
nation’s needs and determine outlays on an objective basis, not on the basis of what buys votes.

The government must accept responsibility for not addressing the skills crisis. This prob-
lem has not just emerged this week. In fact, I looked back at a speech I made on the issue of
youth unemployment in October 2003. At that time I was quoting a very comprehensive study
done by Dr Toner at the University of Western Sydney. What did Dr Toner’s study find? He
went back to 1993. That is when the problem first started to emerge. He said:

There was a ... decline of 16 percent in the ... apprentice training rate over the last decade from 1993 onwards ...

By ‘training rate’ he means the number of apprentices in training compared with employed
tradespersons—that is, the ratio of those in training to the number of people out there working
in the trades. His analyses show that there was a major decline in the metal, electrical and

electronic trades—a 19 per cent decline in metals and close to 25 per cent decline in electrical
and electronics. His studies show that the number of apprentices in training also declined
from 1993 onwards by an average of 15 per cent. His analyses show that, had the training rate
been maintained at the 1987-1992 level, we would have had an additional 21,700 apprentices
in training by 2001. I am not going to go on at length about these analyses other than to say
that that kind of work was being done. Governments have departments that surely are there to
advise them about the emerging problems that the economy faces, yet suddenly the crisis is
upon us and nothing has been done in the interim to address that. What has been done has
been painfully and woefully inadequate.

The Howard government has underinvested substantially in technical and vocational train-
ing. We have estimated, based on research, that $833 million is the amount of the deficit in
federal outlays by comparison to what the states were putting in. If John Howard’s govern-
ment had matched state and territory rates of increase in investment in skills and training, this
government would have invested an extra $833 million. Just imagine how many additional
places we would have had in our TAFE system and our universities if we had had that level of
investment rather than what we saw happening—that is, cuts to TAFE funding, an emphasis
on trying to find money through efficiency dividends and a failure to meet the growth de-
mands in the system.

It is nobody’s fault other than this government’s that that investment was so short of the
mark. Skills growth as a driver of productivity in our nation has dropped 75 per cent in 10
years. It is not something that happened yesterday; it is something that has been happening in
this period of complacency by the government. We know that across the nation businesses are
crying out for skilled workers. This skills crisis is jeopardising vital industry projects, particu-
larly in the resources sector. It is driving up costs and wages and putting upward pressure on
interest rates. This government has been in power for nine years; John Howard has been running this country for nine years. Australia has a severe problem with capacity constraints and this government has no-one to blame but itself for the situation we find ourselves in.

The end result of the economic challenges that beset our nation manifest themselves in increased pressure on the families that we are here to represent. Every increase in interest rates means increases in home mortgages. In April we will see increases in the cost of private health insurance. In my electorate—and no doubt in yours as well, Mr Deputy Speaker—the cost of petrol is at an all-time high. These issues impact on the ability of families to sustain their standard of living. This is putting pressure on people, particularly at the lower end of the income scale, and at the end of the day it is easier to talk in platitudes, to blame the states and to blame everybody rather than to accept blame where blame rests. The chickens are coming home to roost and there is only one government and one person responsible for that: the Prime Minister and his government.

Mr WILKIE (Swan) (4.20 p.m.)—I rise to speak in the debate on the Appropriation Bill (No. 3) 2004-2005 and cognate bills. I would like to take today’s opportunity to speak about some important issues which are pertinent to the state of the Australian economy, but which are also causing concern in my electorate of Swan: the recent rise in interest rates and the government’s failure to put in place policy settings to ensure that such interest rate rises do not occur; the failure of the government’s policy approach to the provision of transport infrastructure, which is impacting negatively on all Australians; the inability and failure of Telstra, despite its full-blown rhetoric, to provide adequate broadband services to all Australians, but particularly to urban communities in my electorate; and the failure of the Minister for Health and Ageing to respond to the urgent need of my constituents in relation to an additional Medicare office and after-hours GP services.

Since the parliament rose on 17 February, we have seen clear evidence of the government’s mismanagement of the economy. Indeed, an interesting sequence of events in economic statistics unfolded during the recent parliamentary break. First, the Governor of the Reserve Bank, Ian Macfarlane, appeared before this House’s Standing Committee on Economics, Finance and Public Administration on 18 February in Sydney and, in heavily coded language, foreshadowed a rise in interest rates at the beginning of March. He was particularly concerned about inflationary pressures, labour shortages and skills capacity. Second, the Treasurer, in a blatant attempt to soften up the commentators in advance of the Reserve Bank’s statement, commented that 10 per cent interest rates were not high. Given that many OECD countries—such as Austria, Belgium, Britain, Canada, Denmark, France, Germany, Holland, Japan, Spain, Sweden, Switzerland and the United States—are enjoying lower interest rates than Australia, in some cases significantly lower rates, the political stupidity of this comment from a veteran of this parliament beggars belief. It is no wonder that this undisciplined comment has raised serious questions amongst Liberal Party backbenchers about his political judgment and, therefore, his leadership ambitions.

On 2 March the Reserve Bank announced an increase in the cash interest rate of a quarter of a per cent, or 25 basis points, to 5.5 per cent. The bank cited inflationary pressures and pointed to pressures on capacity, particularly labour shortages, as the basis for its decision to raise interest rates. Also on 2 March, the national accounts figures for the December quarter 2004 were released. Economic growth slowed to 0.1 per cent in the December quarter and to...
1.5 per cent over the past year. This slowdown puts into question the budget framework for this year, which, of course, is the focus of these bills before the House today.

As I noted in my address-in-reply speech to the Governor-General’s opening of parliament, the government’s profligate $66 billion election spending spree was irresponsible and threatens the budget parameters. We are now seeing the results of the government’s economic irresponsibility coming home to roost. The sad truth is that this interest rate rise could have been avoided. It will add $34 in monthly repayments on the average mortgage and, in many cases, much more than that. Monthly repayments will rise by $48 a month for a home loan of $300,000 and by $64 a month for mortgages of $400,000. Needless to say, many families and businesses in my electorate will be adversely affected by the rise in mortgage, credit card and other interest rates. The Treasurer has clearly got his work cut out for him if he tries to minimise further interest rate rises while also attempting to honour his leader’s and The National Party’s excesses before and during the election campaign.

This brings me to the second issue which I would like to raise today, namely the urgent and overdue need for a clear and substantial transport infrastructure agenda. Much has been said in the House about the lack of transparency, accountability and prudence in the government’s regional programs. These are nothing short of slush funds, which have been spent to shore up incumbent members mainly in the coalition’s marginal seats. The National Party in particular has put the pork back into barrel. As the appropriate processes of parliament unravel the lack of due process in many of the regional grants, the coalition—particularly The National Party—should hang its head in shame.

The Deputy Prime Minister likes to parade himself as one of parliament’s nice guys. But what a crock! Behind his King’s School veneer is a precious, easily bruised individual who is indecisive and unfit to hold the office of Deputy Prime Minister. He is an embarrassment to the Liberal and National Parties, and they know it. Only this week, the Deputy Prime Minister was forced to admit that he had secured funding for the accreditation of a child-care centre in his electorate, having previously denied that he had. What makes this child-care centre eligible for funding for accreditation, as opposed to the other 4,800 child-care centres in the rest of Australia? It is just one factor—it is in his electorate.

That the Deputy Prime Minister is so inept that he cannot even indulge in the National Party hallmark of pork-barrelling without being so explicitly biased is embarrassing. His indecisiveness is legendary. Last year we saw the unedifying spectacle of the Deputy Prime Minister promising the Minister for Trade that he would leave the leadership, only to see him renege on this arrangement within a few days.

The Deputy Prime Minister bullies industry associations and organisations to come out and defend his dubious and rort-ridden programs and sulks when judgment gets the better of them and they refuse his requests. He has not a skerrick of credibility in him. Yet, he has that ever so pained look whenever anyone has the temerity to criticise him. He has presided over one of the worst examples of political expediency in the form of regional rorts that we have seen for many years. The very fact that the Liberal Party has allowed the regional rorts program to exist is an indictment of their economic credentials and their management of the economy, and in particular their inability to reign in their coalition partner’s indulgences. I suppose, though, that you could forgive the Treasurer for allowing some of these regional rorts to go ahead. I was reading, in an article called ‘$408 million slush fund’, that one of the grants that
went through was in Brisbane, where $138,000 was allocated to a doggie day-care centre. I am sure he would have approved of that. That would have been very good. I just wonder if this makes the Deputy Prime Minister his slush puppy.

Above all, the imprudence of many of these regional grants highlights the failure of the government’s infrastructure agenda. What a visionary government, genuinely concerned about the future of the entire economy, including regional Australia, could have done with the same amount of money spent on transport infrastructure! For example, those funds could have been invested in bringing Australia’s transport infrastructure up to First World standards, to the social and economic benefit of all Australians. The National Party’s neglect of transport infrastructure, for which it has ministerial control through the current Deputy Prime Minister, in favour of rort-ridden regional grants is a disgrace that betrays the very people the National Party purports to represent. It came as no surprise to me, and many members of this House therefore, that the rural Independent members for Calare, New England and Kennedy were re-elected by their communities despite the Deputy Prime Minister’s paranoia about their continued presence in this parliament.

Australia is approaching a national crisis in transport infrastructure. The Reserve Bank pointed to concerns about the capacity of national infrastructure in its assessment of risk to the economy when it announced the lift in interest rates. It is vital that the government address the chronic infrastructure investment problems. Instead, as we saw in early February, with the debate in this House about the AusLink legislation, we have a government intent on establishing a $150 million so-called ‘strategic roads program’, with the discretion for expenditure given to federal ministers. This approach denies the opportunity for nation building and the consequent improvements in productivity and competitiveness which could result for all Australians if there were a genuine commitment to removing transport bottlenecks around the nation’s highways.

Let me give an example of this policy failure in my own electorate. The Great Eastern highway is the major arterial road linking Perth to the eastern states and therefore clearly forms part of the national highway. It is not overstating its importance to say that this highway is the lifeblood of Perth’s transport industry. However, the federal Department of Transport and Regional Services advised a Senate estimates committee recently that the section of the highway between Redcliffe and Rivervale has not been deemed to be part of the AusLink national network. It seems that the federal government has unilaterally decided that although the rest of the Great Eastern highway is part of the national network and therefore is eligible for federal funding, this particular section has been deemed ineligible for funding for the much needed and long called for road widening.

Why? Am I being a little cynical or was this particular stretch of road omitted because it falls in my marginal Labor electorate of Swan and not in a coalition marginal electorate? Would this omission have occurred if the section of highway in question was located in regional Australia and not urban Australia? Would this section of highway have been widened if it was located in the Deputy Prime Minister’s electorate and eligible for a regional rort?

The Southern Gazette community newspaper has published a number of articles about the need for the Belmont section of the Great Eastern Highway to be widened. Local residents are justifiably angry that their calls for funding to be made available have fallen on deaf ears in the federal government. Quite clearly, with most of the highway deemed by the federal gov-
ernment as part of the AusLink national network, this particular section should also fall within its national network. This is not rocket science.

The federal government has consistently refused to fund this particular section, claiming it is a state responsibility. I have a very basic question: how can the federal government justify not including this section in the network when it has included the rest of the highway? It seems to me that the residents of Belmont, who are affected by the safety problems, congestion and time delays occurring in the absence of the widening of this vital road, are being treated as second-class citizens by the federal government. They are suffering the social and economic costs of a substandard road and this situation cannot be allowed to continue.

I call on the Deputy Prime Minister to abandon his blatant bias in allocating road funds and respond as a matter of urgency to the needs of the Belmont community. They are Australians deserving of attention, even if they do not live in a coalition marginal electorate with which the Deputy Prime Minister is obsessed. Before the government responds by saying that the state government should fork out for this road funding, let me say that Western Australia is consistently short-changed with regard to federal road funding and that the federal government should cease this bias forthwith. Indeed, so pathetic and paltry was the recent allocation to Western Australia of funds under the AusLink program that we in the west called it EastLink. I call on all of my Western Australian colleagues in the parliament—in particular, Senator David Johnston, whose office is located on the stretch of highway in urgent need of widening—to join with me in pressing the Deputy Prime Minister to give Western Australia a fair deal in accessing AusLink and other federal road funds.

The third area I would like to address today is the total and abject failure of Telstra to deliver broadband services to certain sections of my electorate. In this House, we hear a lot about the continued shortfall of broadband services to rural Australia. I agree that rural communities deserve a better deal from Telstra and this government. But let me explain to the House that the lack of broadband services is not just confined to country Australia.

In the electorate of Swan, I receive many complaints about the failure of Telstra to deliver broadband services. Let me give you a couple of examples. A constituent of mine, Michelle, who lives in Kewdale, was recently informed by Telstra that she cannot have an ADSL line because, according to Telstra, she lives too far away from the exchange. The exchange she lives too far away from is in Hardy Road, which is scarcely a long distance from her home, as those who know Perth will attest. Yet Michelle’s neighbours in Kewdale are able to access ADSL.

On questioning Telstra further, Michelle was informed that the problem was not the distance the crow flies from her house to the exchange, but rather the layout of the lines. According to a letter received by Michelle from Telstra dated 23 February 2005, for her to access ADSL it would require a new telephone line and Telstra stated:

A telephone line needs to pass various qualification checks before ADSL can be provisioned. Regrettably your nominated service line did not pass this testing stage ... Translating this bureaucratic obfuscation into English, Telstra is telling Michelle that it will not upgrade her line to ADSL because it would not be profitable for it to do so. In the letter to Michelle, Telstra goes on to say:

Telstra trusts this information above fully addresses your concerns and will close this matter accordingly.
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I have read this letter several times in sheer amazement. Indeed, it is an indictment of Telstra’s corporate management that such correspondence is permitted to leave Telstra’s offices. Telstra’s arrogance and lack of concern about its failure to provide a minimal service to Michelle is nothing short of breathtaking. But wait, there is more. Adrian and Denise of Cloverdale in my electorate wrote to me on 28 February to say:

Sir, as a constituent of yours I would like to raise the issue of the supply of “Broadband” internet connection.

In your inner city electorate I reside [in] Abernethy Road Cloverdale. Telstra first gave me the advice that [broadband] service was available in this location before I moved here some twelve months ago.

This turned out to be incorrect advice which, had I been given the correct advice, I may well not have moved to this location.

However I did move and began using dial up service with another carrier when, in November, Telstra offered a trial of their Broadband service.

This service concludes tonight and they (Telstra) have advised me that although I have been using [their] Broadband service that it will not be available to this area after today.

Now Sir, I am not the brightest bulb on the Chrissy tree but this does seem a little like the big Corporation not having the will to supply the service?

Maybe Sir you can find some answers for me please.

So, basically, in an attempt to lure customers away from other providers, Telstra has offered a broadband service on a trial basis but has declined to continue that offer of service once the trial has finished. From an operating perspective, this begs the question: what was the point of the trial? From a service perspective, this begs the question: how can Telstra get away with such incompetent levels of service?

To emphasise Telstra’s complete and utter disregard for its customers even more clearly, let me inform the House that Abernethy Road, where Adrian and Denise live, is not a side street or a laneway but a major thoroughfare in inner city Perth, housing many major industrial businesses along with one of Perth’s largest shopping centres—as well as households such as those of Adrian and Denise. This is not the first time that I have raised concerns in this House on behalf of my constituents about Telstra’s corporate arrogance. Only two weeks ago I raised similar concerns about Telstra on behalf of my electorate. Yet, despite millions of dollars which Telstra spends on government relations and schmoozing here in Canberra, has anyone from Telstra contacted me to address concerns since parliament last sat? No. I suggest that the organisation not only address its incompetency to deliver elementary telecommunications services but also upgrade its parliamentary monitoring systems so that it is made aware of the genuine concerns raised by members of this House.

I remain astounded at the conceited and high-handed way in which Telstra is treating its customers, yet this is the outfit that wants members of this parliament to agree to its privatisation. It is only in the last month that Telstra has communicated to Michelle and Adrian and Denise admitting that it will not provide them with broadband. To add insult to injury, it is also only in the last month that Telstra announced its half-yearly after-tax profit of $2.337 billion. The clear message is that Telstra is reaping extraordinary profits while many Australians, even those in a major capital city such as Perth, are denied access to rudimentary services such as ADSL.
I can only imagine the greater difficulties that many in rural Australia face in adequate broadband coverage, yet the National Party, led by the Deputy Prime Minister with the glass jaw, are willing to cave in to the Liberals and support the sale of Telstra. Let me make a prediction: I have not been privileged to serve in this House for many years yet, but it is clear to me and other members that when, inevitably, the National Party’s flaky leader capitulates to the Liberals on the sale of Telstra the whole reason for the National Party’s existence will disappear. They will sell out their constituency and ultimately do themselves out of existence—all because they have not got the strength to stand up for the interests of rural Australia. It is not for me to offer gratuitous advice to the National Party, but if I were to do so I would suggest that the sooner the leadership ambitions of the member for Parkes are fulfilled the longer the National Party will last.

Only a few weeks ago I drew the attention of the House to two significant problems in my electorate to do with health care services: firstly, the desperate need for a Medicare office in Belmont to serve over 30,000 residents who are currently forced to travel to Cannington for full Medicare office services and, secondly, the lack of after-hours GP services in the Bentley area. As I informed the House in February, of the 63 GP surgeries in the Cannington Division of General Practice, only 13 offer more than five hours a week of extended services and only three offer services on Sundays and public holidays. The Cannington Division of General Practice applied to the Department of Health and Ageing for assistance to extend after-hours services. Unfortunately, this application was rejected. I wrote to the Minister for Health and Ageing only three weeks ago asking him to address these two problems and to join me in visiting the electorate to see the problems for himself. Sadly, he has failed to respond. I thought the minister might welcome the opportunity to fix the problems in health services in my electorate. I was wrong. The minister has ignored my letter and, in doing so, has thumbed his nose at the people of my electorate, many of whom are elderly.

I will continue to use all the opportunities I have to press the government to address these fundamental health service deficiencies in my electorate. For the sake of the families, the elderly and those with disabilities in the electorate of Swan, I urge the government to respond to these calls. Overall, it concerns me that the government’s mismanagement of the economy is manifesting itself in higher interest rates, that economic reform in the much needed national infrastructure agenda has stalled, that Telstra is able to get away with appalling levels of service in my electorate and that the government is failing to deliver improved health services in Swan. On behalf of my constituents, I will continue to press the case for these issues to be addressed as a matter of urgency.

Mr ADAMS (Lyons) (4.40 p.m.)—I see that I am the last speaker on the appropriation bills. It is always good to have those small mercies where one achieves something. To get to speak last on the appropriations is a windfall for me. This debate on the Appropriation Bill (No. 3) 2004-2005 and related bills gives me an opportunity to talk about something that is obviously worrying a lot of people: the sale of Telstra. We have just heard the member for Swan outline some of the concerns in his electorate in the West. It seems to be worrying The Nationals as well, so I hope they are aware of the strength of the feeling out there in country areas.

The sale of Telstra is going to have huge implications in country areas, because there is so much more to do if country area services are to be brought up to the level of those in urban areas.
areas. Communications in the country have always been extremely important, especially as lives can depend on reliable services. Communications can also play a role socially and in business so small towns and regional centres can be connected. They have to be good and they have to be reliable. A service that is driven by shareholders is likely to be looking at a different agenda. The trouble is that, if we talk about selling the government share of Telstra without fixing up the obvious problems of regional access and affordability, a whole nation can have pockets of disadvantage everywhere.

Currently there are some sort of community service obligation regulations, but they are unlikely to survive many years after privatisation as successive boards look at the bottom line to see how money can be saved. The infrastructure will be threatened first. The lines, the optic fibre and the satellite access will all prove to be the areas where the most money needs to be spent and, therefore, will be subjected to higher costs. As it is, Telstra will have to spend $4 billion or $5 billion a year for the next decade to maintain its copper wire network and to invest in emerging technologies. Its baseline relies on that, and it is extraordinarily expensive to keep this going for all the other telcos that work off it. So the users will bear the brunt of these sorts of costs while Telstra plays around with deals on computer services, satellites and interactive multimedia.

So how is country Australia supposed to be ‘future proofed’, and what on earth can that mean? The only way to really future-proof our standard communications lines is to have government have a say in what Telstra is doing. That can be achieved only by keeping Telstra in public hands. Other problems have been popping up as Telstra tries to clear the decks for sale. I guess everyone has heard about the situation with Lifeline. The telephone counselling service has been responsible for saving many thousands of lives and has made a difference to people from all walks of life and of all ages in helping them to come to terms with their various problems. Country areas have relied on these sorts of services, and it is not possible to get the sorts of sponsorships required to make this service possible. Because Australia has a small population compared with other countries, it is just not competent to compete in the same way for corporate sponsors. This service would have come crashing down if this government had not finally woken up to the seriousness of the position of Lifeline. But what after privatisation?

The cost of calls over copper lines is also likely to change. If Telstra is to compete in the marketplace, it will have to keep charges up for access to Telstra lines. Currently it is possible to have a service that divides local call access all over a state. They do not do it, but it is possible and in fact should be available now. I have been arguing for years that Tasmania should be seen as one region and therefore local calls should be universal to that region. It has been Labor Party policy for the last two federal elections. Instead we have STD dialling between towns 40 kilometres apart, which is just a disgrace in today’s technological age. I seek a single zone of charge for telephone calls at the very minimum before the government could claim that it is taking notice of the community service obligations. Country people should raise their voices now and ask for it. It is not as though mobile phones are so efficient that people are prepared to trust them at all and not use landlines.

Tasmania still has so many gaps and drop-outs that most people have to have mobiles and landlines. In my town of Longford neither CDMA nor GMS phones work in my house. I have to conduct phone calls in the garden with my mobile. That is fine in the summer, but I can tell
you that it gets pretty tedious in the winter. How many other country politicians have that problem, I wonder. The member for Hinkler is in the chamber. He is a member of the National Party and he is a man who tries to do the best he can, but I wonder if the phone works all over his electorate.

In fact, there have been many emails running around this parliament and last session there was an email asking whether people’s CDMA phones worked or not. Mr Peter Lindsay, the member for Herbert, was very anxious to get some response, so he emailed the whole parliament. It does not sound as though he is very happy with the current service of Telstra in his area, does it? Perhaps he has to wander around the parliamentary gardens or his digs in his pyjamas, desperately searching for a signal. And here we are in the capital of Australia! But it is a little region compared to the great cities of Melbourne and Sydney, which command the majority of the services.

Another issue of mobile phone coverage came up recently in the southern part of Tasmania in a lovely little place in the electorate of Lyons called Bream Creek. It has a winery and a dairy or two. It is on the way to Port Arthur if you turn left and go down towards the coast. Telstra kindly put a Telstra mobile coverage transformer there to cater for the many visitors and local people who attended the Falls Festival that has now been held for two years in a row over the Christmas and New Year period. But at the end of the festival residents were again left with a black hole as the service was taken away. It cannot be very difficult to keep a service in place once it has been erected.

A similar situation exists close to my area at Cressy. In the end, public pressure ensured that the service was retained, which partially fixed the black hole for the mobile service in the area of my old home town. An email sent to me from Victoria recently said:

Telstra joins us all at the hip, no matter where we live, what we do, or how wealthy or poor. Communications is the most vitally important and strategic tool we have left with which to face the future. Not only do we wish to see no more sold off, we would like to see a larger government share clawed back. Yet somehow country people are being denied the full communication services. Another person sent me an email expressing what I think is the fear of many people:

We don’t want the American system where a phone call is an exercise in getting lost in nonsense as one is transferred from one telephone company to another at great expense and even greater delay and frustration.
We do not want a marketing menagerie where competing phone companies spend money on complex, confusing stupid pricing plans with free calls offset by inflated, hidden charges.
We do not want the bulk of our money spent on false advertising to entice suckers instead of on providing communications.
The email talks about companies spending money on advertising to attract people instead of really providing good services. I agree entirely. The email went on:

We don’t want Telstra’s superannuation and pensions moved into the hands of Transnational financiers. Of course we do not. It continued:
We don’t want Telstra Information answered in India or Asia by people who can barely speak English.
We don’t want the maintenance tendered out to the lowest bidder who employs migrant workers at bowl of rice prices to do poorest quality work for their ultra rich international financier bosses.
We want jobs for Aussie kids.

MAIN COMMITTEE
We do not want high flier corporate bosses deciding to look after the capital cities with the to hell with the bush mentality.

The telephone service should be like penny post—at the lowest cost—with the most efficient system—serving all of the people—no matter how remote.

We want it to be run by Australians for Australians.

This is the fear, and I think Tony Pitt of Queensland put it pretty well. I must say that since the advent of emails I have been able to ‘listen’ to many more constituents and now often hear some very cogent arguments both in Tasmania and on the mainland. But I want to ensure that these people can continue to have this service at reasonable charge and at a reasonable speed.

Since the computer age has come upon us, it has made communications around the world a lot easier, but there are still many areas in Tasmania where the internet or email are so slow that people tend to give up. This means the network is insufficient. It needs a lot of work doing to it to make it even passably useable for many areas. If we are to have a service that allows people to work from home, that allows farmers to keep up to date with their markets, that allows the mining industry to be in touch with mineral prices and even journalists to follow what is happening throughout Australia, we need a high-quality and efficient service. At the moment at times you cannot even check emails without the line dropping out.

I despair when I go to a small town along the national highway from me, called Exton, where residents have to put up with Telstra cables exposed to the wind, where farmers cannot access their fields for fear of breaking Telstra cables, and the age of the cables goes back 30 years. Many of the residents sought a solution, perhaps of reburying the cable much deeper and out of the line of the property gateways. They were told they would have to pay for its relocation. That is not particularly useful or particularly fair. They really needed to work a solution to enable a cable renewal that could take greater speeds and have access to broadband, or at least ADSL. But, no, here is a small part of the region that is definitely disadvantaged at the moment and will certainly be written off once Telstra has been disposed of.

Another problem relates to the type of marketing that has been occurring in my electorate—including me, I might add. A mail-out was received asking residents of the district to register an interest in order to have broadband installed. Many people responded, only to be told that conditions applied and that only certain areas could access the service. This has caused all sorts of anger in the community. Why bother to advertise specials, deals and new services when there was no possibility of delivering them? At least there should be some explanation within the material that it relates to a very narrow area and only a few people may benefit at this time but, if it goes well, maybe it will be extended. Before Telstra is sold, this government has to make some commitments to country people. They deserve these services. If we are to still remain a clever country of any sort, Telstra needs to be in the hands of the government.

Mr WOOD (La Trobe) (4.55 p.m.)—I rise to speak in the Appropriation Bill (No. 3) 2004-2005 and cognate bills debate. I support maternity payments for adoptive parents. On 28 January this year, at the invitation of Lyn Smith, I attended a parents support group in Park Road, Ferntree Gully. The parents support group was established in May 2004 by Lyn to support the growing number of families who have adopted from China, Hong Kong and Taiwan. It also supports those families currently waiting to adopt from China. At the Ferntree Gully parents group, I had the pleasure of meeting Lyn Smith’s daughter, Amanda, who is from the...
Guangxi province in China. I also met several other parents of adopted children, including Robyn, Tina, Dianne and Geoff, Barbara, Tom and Serena, Margie and Greg, and the children from the playgroup, including Madeleine, Ella, Aixin, Mia and Amanda.

It was wonderful to see children who had been through so much so happy and content with their new lives in Australia. It was also very warming to see happy Australian parents, who are so proud of their adopted children. It is amazing what the adoptive parents have gone through to adopt a child from overseas, including a wait of up to two years, and an amazing amount of medical checks, references and forms to fill in. Lyn Smith explained to me that adopting Amanda has cost her approximately $22,000. Another burden under Victorian law requires Lyn to remain at home for 12 months in order to raise Amanda, placing a huge financial strain on Lyn, who is a single parent. This is not the case for birth parents. There is no requirement for leave to be taken on the birth of their child. I admire Lyn’s tenacity and persistence in giving Amanda the same opportunities that we often take for granted in Australia.

Why would an Australian go to the expense, and endure the rigorous tests, of adoption? The answer is simple: infertile couples or a single person still want the opportunity to share in the greatest gift of all—that is, life itself—and, accordingly, the ability to care for and raise a child in a country of hope and opportunity, that being Australia. What are the benefits of adopted children? The figures I have here are from the Russian Ministry of Education and clearly outline the benefits. In 2000 there were 700,000 children in orphanages in Russia. Research conducted on 15,000 children who aged out of the orphanage system showed 40 per cent became drug users, 40 per cent committed crimes, 10 per cent tragically committed suicide and another source said that roughly half the girls became prostitutes. If adoption means that a child will have a better life than in their country of birth then, accordingly, I support Australia’s parents adopting overseas children.

The entire adoption process can take up to 18 months to two years. Therefore, adoptive parents are not eligible for the $3,000 maternity grant simply because it is near impossible to adopt a child in the period of less than 26 weeks of that child’s birth, which is the current cut-off period to make a maternity payment claim in Australia. This is a payment that has been so beneficial to my electorate of La Trobe—one of the fastest growth corridors in Australia. Adoptive parents have paid a huge financial price to have the privilege of an overseas adoption, and the $3,000 maternity payment would greatly ease the burden of providing a cot, a pram, a high chair, toys, clothing and all other needs to support a young child.

We are not talking about a large number of families. According to the Australian Institute of Health and Welfare’s Adoptions Australia 2003-04 report, there were 502 adoptions in the 2003-04 period. Three hundred and seventy of these adoptions were intercountry placements, 30 per cent of the children adopted in 2003-04 were from China, 26 per cent were from South Korea, 12 per cent were from Ethiopia and 11 per cent were from Thailand. China and Australia have a bilateral agreement, signed in December 1999, which allows the adoption process. I strongly encourage that this be extended to other countries.

To be a parent is one of the greatest challenges and responsibilities in life. In my former deployment with Victoria Police, I met some shocking parents; if there was a licence for parenting, they would never pass the test. That is why I so strongly support adoptive parents who have passed all tests placed in front of them, and that is why I believe they deserve and should be entitled to the maternity payment.
Dr STONE (Murray—Parliamentary Secretary to the Minister for Finance and Administration (5.00 p.m.)—I wish to make some closing remarks in this second reading debate on Appropriation Bill (No. 3) 2004-2005. The House has been debating the additional estimates appropriation bills, including this bill, and we have heard from a great many speakers. The bills identify the need for a total of some $2.09 billion, made up of approximately $1.67 billion for expenses and some $421 million for non-operating expenses. In conjunction with the Mid-Year Economic and Fiscal Outlook, the 2004-05 additional estimates update the 2004-05 budget.

Of course, in a dynamic economy like ours, not all contingencies for a financial year can be accurately forecast in the preceding months. There are several notable examples of such updates in these bills, including $365.1 million for the Department of Employment and Workplace Relations in additional funding for Job Network, which reflects the continuation of record levels of performance and employment outcomes under employment services contract No.3; a net $103.8 million for the Department of Defence, which includes $149.9 million to fund accelerated depreciation for the early withdrawal of the F111 fighter planes and two guided missile frigates and $85.1 million in indexation adjustments; and $60.1 million to establish the most excellent National Water Commission and provide program funding under the Australian water fund.

The 2004-05 additional estimates play an important part in assisting the government to deliver the programs and economic management which make Australia a prosperous, safe and just society. Since 1996, the Australian economy has experienced a long period of sustained and strong growth. In 2004-05, the economy is forecast to grow by some three per cent. During the period of sustained prosperity for our nation, the unemployment rate has been reduced and inflation and interest rates have been kept low. The official interest rate has fallen from 7.5 per cent in March 1996 to 5.5 per cent today. Employment is forecast to grow by two per cent during 2004-05. Unemployment is at 5.1 per cent, the lowest level since monthly labour market statistics were first collated in February 1978.

Since the Howard government came to power, official interest rates have average around 5.3 per cent. This has given enormous confidence to invest in both the commercial and private sector. The government’s fiscal record matches its excellent economic record. The government has reduced net debt by $73 billion to $23.4 billion in 2003-04 and we expect net debt to continue to fall over the forward estimates. By 2006-07, net debt is expected to be negative. This means Australia is among the countries with the lowest government net debt levels in the OECD. For example, as a share of GDP, Australia’s net debt level is well below that of the United Kingdom, Canada, the United States and New Zealand. The continuing decline in net debt means that net interest payments have fallen from a peak of $8.4 billion in 1996-97 to $3 billion in 2003-04, providing a greater ability to fund new spending in priority areas such as health and education.

Under John Howard, over the seven years to 2003-04 the Australian government’s cumulative underlying cash surpluses have amounted to around $39.1 billion and surpluses are also projected for the forward years to 2007-08. The Howard government’s disciplined fiscal management has helped to maintain investor confidence, as I say, and lower interest rates, which have encouraged this strong and stable economic growth that we have all benefited from. This is despite the extraordinary drought—the worst on record—significant international upheavals.
which affected, in particular, our tourist industry and, of course, strong overseas dollars, which made exporting more difficult.

So the economic record of the government remains one of our proudest achievements. Despite the Howard government’s record, however, opposition members in this debate sought to criticise the government’s performance and have proposed an amendment to this bill that refers to interest rates. They claim that the spending commitments made by the government during the election campaign would add to inflation and interest rate pressures; they say that Australia is facing a skills shortage that would lead to inflation and interest rate pressures; and the fourth clause of their amendment states that there is a greater need for long-term policy commitments to improve the productivity and competitiveness of the economy. The opposition really do lack credibility in relation to any proclamation about interest rates, spending beyond our means, upskilling or, indeed, long-term policies. We actually have a problem finding short-term policies from the Labor Party, much less long-term policies.

Getting back to interest rates, I would like to remind the House that, under the leadership of our great Treasurer, Peter Costello, home loan mortgage rates have been at their lowest level since the 1960s. The member for Brand stated that interest rates are much lower in a number of other countries, citing the US and Japan. Of course, these countries have faced major economic slowdowns in recent years and this has led their central banks to reduce interest rates to try and stimulate their economies. As these countries have recovered, their interest rates have risen. Australia, in contrast, has been one of the strongest economies in recent years, despite the international roadblocks, and we have not needed to drop interest rates to the very low levels of, say, the US or Japan in order to create monetary stimulus.

The members for Brand, Lilley, Hotham and Rankin argue that the government’s election commitments in the 2004 period will put upward pressure on inflation and interest rates. Members on this side of the House know that continued strong revenue growth, the result of a healthy economy, is delivering the streams of revenue necessary to fund our new commitments in a responsible manner. The combination of rising real incomes, low inflation and low interest rates is benefiting the financial position, as I said before, of both the private and the public sectors. The coalition’s election initiatives, worth some $8.5 billion in net terms over four years, are in line with the fiscal strategy that has helped achieve these outcomes. Election promises and measures in the 2004-05 budget are consistent with the fiscal strategy which aims for budget balance, on average, over the course of the economic cycle. The fiscal strategy also aims for surpluses as long as growth prospects remain sound.

More recently, the projections in the Mid-Year Economic and Fiscal Outlook are for sizeable surpluses over the forward estimates period that can accommodate our subsequent election promises. In the nine budgets of this Howard government, nominal spending has grown by an average of around 4.5 per cent per year and spending as a share of GDP has been trending downwards. By 2003-04 it was 22 per cent of GDP. A number of members, including those for Batman, Jagajaga, Lilley and Rankin, claim that the current level of skills in the economy is leading to inflationary and interest rate pressures. That is really a bit rich. We all remember that what we inherited in 1996 was an extraordinary deficit of people with trade skills. Students preferred to undertake general courses at university rather than apprenticeships. We already had an extraordinary skills deficit, particularly in rural and regional Australia.
When we came to government, these problems were immediately addressed. The number of the government’s new apprenticeships has increased from 143,700 at that time to almost 400,000 at June 2004, while the number of students undertaking vocational education and training in schools almost doubled between 1997 and 2003 to around 200,000. A number of measures were announced during the election campaign which totalled $1.1 billion over five years as part of ongoing investment in human capital, including the establishment of Australian technical colleges to improve skills in traditional trades. We had to do that, of course, because in states like Victoria the Labor government of the day abolished technical schools, rolled them into high schools, told the high schools that they had to call themselves colleges, sold up the specialist technical school equipment and basically demoralised technical school teachers and those who had chosen to undertake schooling in trades related areas. We are trying to climb back from that terrible time.

We also had the provision of trade learning scholarships as an incentive in new apprenticeship and skills shortage industries; the funding of new toolkits for up to 34,000 new apprentices each year; the funding of prevocational training in trades; and, the extension of eligibility for youth allowance and Austudy for those over 25 to new apprentices from July 2005. This funding will be provided in addition to the $2.1 billion the Australian government spends annually on vocational education and training. So yes, we know about the skills deficit—we inherited it. We are doing an enormous amount to overcome these issues. Inflation remains moderate and appears to be well under control. The CPI rose by 0.8 per cent in the December quarter of 2004 and increased by 2.6 per cent throughout the year.

A number of members, in particular the member for Lilley, made a number of claims that related to the government’s long-term economic policies. I have already said that that is a little odd when we cannot find short-term economic policies from Labor. The evidence demonstrates that the Howard government’s economic and fiscal strategies have put Australia at the forefront of the developed world. The OECD notes that Australia has become a model for other OECD countries, thanks to our deep structural reforms in virtually all markets creating a deep-seated competition culture and the adoption of fiscal and monetary frameworks and emphasised transparency and accountability and established stability-orientated macro policies independent from political debate.

The OECD endorses the government’s ‘pro-growth’ strategy as the appropriate response to the challenges posed by an ageing population and the fiscal pressures in particular on health program costs, and suggests a number of reforms to the labour market, product markets and social policies to encourage more people to join and remain in the work force and to steadily raise their productivity.

In addition, the IMF, in its 2004 Article IV Staff Report, is highly complimentary about Australia’s recent performance. The IMF regards Australia’s fiscal policy as fundamentally sound and endorses the government’s medium-term fiscal strategy. It commends Australia’s monetary policy and views the RBA’s current policy stance as appropriate. It commends the government for producing a well-conceived and comprehensive strategy to deal with the pressures rising from the ageing of the population, it supports the structural reforms announced in the 2004-05 budget to promote work force participation productivity growth and it commends the soundness of Australia’s financial system and the commitment to trade liberalisation. So
the IMF considers that Australia’s pursuit of bilateral free trade agreements is supportive of its efforts in multilateral liberalisation.

Given that incredible international endorsement of the government’s economic and fiscal strategies and management, we do not take all that much notice of the opposition who, I am afraid, led us through periods when literally, in areas like mine, you had to sell the family farm because you could not cop the 20-plus per cent interest rates. It led to the most extraordinary hardship and upset and it was with a sigh of relief that we returned this country to the safe hands of the coalition in 1996.

During the wide-ranging debate, many members made reference to particular policy areas, as they may—of course, appropriations debates tend to bring on all sorts of contributions from members. I do not have sufficient time to deal with all of the individual matters, but I thank all those who participated in the debate. We want to hear constructive viewpoints and suggestions. Unfortunately, we did not see many of those coming through from the opposition.

The member for Blaxland argued that the appropriation bills and the statement of savings were designed to confuse and provide disinformation. The member might be confused but most people are not. I accept that the documents are complex, but they are eminently understandable and transparent. Anyone who cared to review the additional appropriation bills over the last few years would have seen that the format has remained relatively unchanged. I add that these bills are not tabled in isolation. Rather, they are accompanied by portfolio additional estimates statements. These are prepared by the agencies which are seeking the additional funding through the additional appropriation bills. Indeed, the appropriation bills list the portfolio additional estimates statements as relevant documents for statutory interpretation. So I refer the member for Blaxland to clause 4 of Appropriation Bill (No. 3) 2004-2005. It might help him to gain a better understanding.

In relation to infrastructure bottlenecks, the member for Lilley stated that there were capacity constraints in Australia’s rail and port systems. Yes, we know that. That is why our Treasurer has been calling on the states to start being realistic about spending a lot of the extraordinary GST additional revenue streams they have received, in particular in the most recent years, as the economy has grown. We have consolidated the interstate rail network under the Australian Rail Track Corporation. We have done an enormous amount with AusLink—a $12.5 billion initiative to improve the capacity of road and rail infrastructure. Never has a government in the history of Australia put so much emphasis and effort into building infrastructure and unbottling the constraints that we have inherited over time. The national road and rail network has been extended to ports and airports. The government has committed $937 million in additional funding for rail infrastructure alone.

There is an extraordinary amount of complexity, yes, and a lot of information, but consistent with the Charter of Budget Honesty Act 1998 the Department of Finance and Administration and the Department of the Treasury undertook formal costings of government and opposition election commitments as requested by either the Prime Minister or the Leader of the Opposition. All election costings were undertaken in accordance with the ‘Costing election commitments guidelines’, which were publicly released on 30 July 2004. All requests for costings received at least five days before the election that did not require further information from either the Prime Minister or the Leader of the Opposition were costed. Those received
within five days of the election that were able to be costed in the shortened time frame were also costed. So there has never been a government more keen to be transparent and accountable for the commitments it has made—in particular, in making sure those commitments have been properly funded. To best reflect the impact of an election commitment on the Australian government’s budget balance, Finance completed all election costings in a manner consistent with normal budget costing methodologies, despite some members of the opposition claiming otherwise.

In conclusion, Appropriation Bill (No. 3) 2004-2005 reinforces the government’s reputation as a magnificent economic manager: for example, the largest item relates to Job Network, and the economy enjoys a very low unemployment rate. Appropriation Bill (No. 3), together with Appropriation Bill (No. 4) 2004-2005 and Appropriation (Parliamentary Departments) Bill (No. 2) 2004-2005, provide funds that are needed in order to maintain government activity and to contribute to the continuing strong performance of the Australian economy. I commend the bills to the House.

The DEPUTY SPEAKER (Mr Quick)—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 immediate question is that the words proposed to be omitted stand part of the question.

Question agreed to.
Original question agreed to.
Bill read a second time.
Ordered that this bill be reported to the House without amendment.

APPROPRIATION BILL (No. 4) 2004-2005
Second Reading
Debate resumed from 10 February, on motion by Mr Brough:
That this bill be now read a second time.
Question agreed to.
Bill read a second time.
Ordered that this bill be reported to the House without amendment.

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.
Question agreed to.
Bill read a second time.
Ordered that this bill be reported to the House without amendment.

Main Committee adjourned at 5.21 p.m.
Commonwealth Records
(Question No. 282)

Mr Melham asked the Minister representing the Minister for Arts and Sport, in writing, on 2 December 2004:

In respect of each occasion since March 1996 when persons have been granted access to Commonwealth records under the Special Access provisions of the Archives Act 1983 (subsection 56(2) of the Act and Archives Regulation 9), (a) who was granted access, (b) which Commonwealth records were involved, (c) when was access granted, and (d) what was the reason for granting access.

Mr McGauran—The Minister for Arts and Sport has provided the following answer to the honourable member’s question:

Section 56(2) of the Archives Act 1983 (the Archives Act) allows the responsible Minister, or a person authorised by the Minister, to grant a person access to Commonwealth records that are not publicly available, in circumstances specified in the regulation 9 of the Archives Regulations and under arrangements approved by the Prime Minister. Arrangements for Special Access were approved in 1988.

Information in response to this question is provided in the table below.

An answer has not been provided for part (a) of the question, which relates to the names of applicants, for the following reason:

* Subsection 56(5) of the Archives Act requires the National Archives to provide details of special access requests to the Archives Advisory Council on a regular basis but specifically prohibits the disclosure of names of persons who are special access applicants
* The Privacy Act 1988 protects personal information about individuals i.e. about natural persons. Information Privacy Principle (IPP) 11 provides that personal information should not be used for a purpose other than that for which it was collected and cannot be disclosed, except under the circumstances specified in IPP 11.

For part (b) of the question, responsibility for approving or refusing applications for Special Access rests with the responsible department or agency concerned. The National Archives has administered 48 Special Access requests which were approved by various departments and agencies between March 1996 and December 2004. The requests concern a wide range of Commonwealth records. Provision of more specific information about the Commonwealth records released under the Special Access Arrangements would be a resource intensive activity as the Special Access delegates in all relevant agencies would need to be consulted. The National Archives does not hold information about specific records to which access has been granted. Not uncommonly, access to records less than 30 years of age will be given by the agency to which application was made, on agency premises.

Part (c) of the question relating to the approval dates for which Special Access was granted is answered in the table provided at Attachment A.

For part (d) of the question, the Special Access Arrangements set out the categories for which Special Access to a record may be granted.

Under the Special Access Arrangements, the authorised delegates approve or reject an application for Special Access under section 56(2) of the Archives Act. The National Archives does not hold information on the reason for access decisions. Special Access is a decision for the relevant agency to which application is made. When making decisions on such requests, agencies are guided by Archives Regulation 9 and the Special Access Arrangements approved by the Prime Minister.
Attachment A
Special access applications received March 1996-December 2004

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(1) What discussions did his department have with Indonesian authorities prior to 17 October 2004 on the prospect of a security treaty between Australia and Indonesia.

(2) Did he instruct his department prior to 17 October 2004 to engage in talks with Indonesian authorities about the prospect of a security treaty between Australia and Indonesia.

**Mr Downer**—The answer to the honourable member’s question is as follows:

It is the longstanding practice of successive Governments to not comment on internal discussions or negotiations with foreign governments.