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**SITTING DAYS—2006**

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- **ADELAIDE** 972 AM
- **PERTH** 585 AM
- **HOBART** 747 AM
- **NORTHERN TASMANIA** 92.5 FM
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FORTY-FIRST PARLIAMENT
FIRST SESSION—SIXTH 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 Henry Alfred Jenkins MP

Members of the Speaker’s Panel—The Hon. Dick Godfrey Harry Adams, Mr Phillip Anthony Barresi, 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 Kim 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. Mark Anthony James Vaile MP
Deputy Leader—The Hon. Warren Errol Truss MP
Chief Whip—Mr John Alexander Forrest MP
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 David Danby MP and Ms Jill Griffiths Hall MP

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<td>Wood, Jason Peter</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 Trade and Deputy Prime Minister
Treasurer
Minister for Transport and Regional Services
Minister for Defence
Minister for Foreign Affairs
Minister for Health and Ageing and Leader of the House
Attorney-General
Minister for Finance and Administration, Leader of the Government in the Senate and Vice-President of the Executive Council
Minister for Agriculture, Fisheries and Forestry and Deputy Leader of the House
Minister for Immigration and Multicultural Affairs
Minister for Education, Science and Training and Minister Assisting the Prime Minister for Women’s Issues
Minister for Families, Community Services and Indigenous Affairs and Minister Assisting the Prime Minister for Indigenous Affairs
Minister for Industry, Tourism and Resources
Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service
Minister for Communications, Information Technology and the Arts and Deputy Leader of the Government in the Senate
Minister for the Environment and Heritage

(The above ministers constitute the cabinet)
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<td>Minister for Revenue and Assistant Treasurer</td>
<td>The Hon. Peter Craig Dutton MP</td>
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<td>The Hon. Gary Roy Nairn MP</td>
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<td>The Hon. Bruce Frederick Billson MP</td>
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<td>The Hon. Dr Sharman Nancy Stone MP</td>
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<td>Nicola Louise Roxon MP</td>
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<td>Stephen Francis Smith MP</td>
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Wednesday, 24 May 2006

The SPEAKER (Hon. David Hawker) took the chair at 9.00 am and read prayers.

BUSINESS

Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.01 am)—I move:

That so much of the standing and sessional orders be suspended as would prevent the Member for Perth’s private Members’ business notice relating to the disallowance of Workplace Relations Regulations 2006, as contained in Select Legislative Instrument 2006 No. 52 and made under the Workplace Relations Act 1996 and the Workplace Relations Amendment (Work Choices) Act 2005, being called on immediately.

Question agreed to.

WORKPLACE RELATIONS REGULATIONS

Disallowance Motion

Mr STEPHEN SMITH (Perth) (9.02 am)—I move:

That the Workplace Relations Regulations 2006, as contained in Select Legislative Instrument 2006 No. 52 and made under the Workplace Relations Act 1996 and the Workplace Relations Amendment (Work Choices) Act 2005, be disallowed.

I have moved that these regulations be disallowed because the source of authority for these regulations is the font of public policy evil. That is the government’s extreme, unfair industrial relations changes reflected by the Work Choices legislation, which this parliament adopted against our opposition at the end of 2005. As we have made consistently clear, on coming to office Labor will tear up that legislation and we will also tear up the regulations made under that legislation.

This is not the first occasion that I have sought to have the House consider these regulations. On 29 March I moved that standing orders be suspended so that the House could consider these matters. I moved that the matter be debated forthwith so that the House could:

(a) respond to the widespread community concern about the government’s industrial relations changes by debating and voting to disallow regulations to the legislation;

(b) record the House’s contempt for the Government’s extreme changes, particularly the removal of unfair dismissal rights which sees Australian employees at risk of being sacked, sacked unfairly for no reason or any reason;

(c) record the House’s contempt for the Government’s attack on the wages, conditions and entitlements of Australian employees without benefit to Australia’s economic future; and

(d) show by tearing up the regulations the House’s intention to tear up the Government’s unfair, unAustralian legislation.

All of those sentiments remain true today. Even before we go to some of the content of the regulations, which I will do in due course, the essential element of these regulations is that they have as the source of their authority the government’s extreme and unfair legislation. This House should tear up that legislation and, as a consequence, tear up these regulations.

There is an important starting point in this debate. The government now says that these changes are so essential to our way of life, so essential to our economy and so essential to our workplace arrangements. There is only one problem: we heard nothing about these measures at all in the run-up to the last election. I have a very distinct recollection of the last election being fought on the economy; we heard nothing about these measures. On the contrary, at the launch of the Liberal Party’s industrial relations policy in Brisbane, the Prime Minister was asked whether he was proposing to pursue what he described as a single national system. He said...
no. He was also asked whether he was proposing to pursue a reduction in allowable matters and he said no. So not only was there no mention of these measures but the Prime Minister on two issues affirmed the contrary. We heard nothing about these measures in the run-up to the last election, but we will hear plenty about them in the run-up to the next.

Why should this House tear up this legislation and these regulations? There are three essential points in my view. Firstly, these regulations and this legislation are a massive attack on the living standards of Australians. Secondly, they are a massive attack on our way of life and on characteristics, values and virtues that we as a nation have built up over 100 years. Thirdly, they are a massive attack on the capacity of the trade union movement to take part in the modern social and economic affairs of Australian society.

Let me deal with each of these in turn. Why are these regulations and this legislation a massive attack on living standards? They are a massive attack on living standards in two areas—firstly, in attacking the minimum wage and, secondly, in attacking entitlements and conditions. We know that, if over its 10 years in office the government’s submissions to the Industrial Relations Commission had been agreed to, the minimum wage would currently be $50 a week or $2,600 a year worse off. That is the sum total of the government’s objective. The government’s objective in the changes it has made to the minimum wage is to reduce the minimum wage in real terms. It wants to shift part of the economy from the wages section of the economy to the profit section of the economy, to shift part of a total factor income section of the economy from wages to profits.

The government wants to attack the living standards of Australian workers and working families, firstly, through an attack upon the minimum wage and, secondly, through an attack upon conditions and entitlements, by doing precisely what the Prime Minister said he would not do—that is, by reducing the number of allowable matters and removing the no disadvantage test, by reducing conditions and entitlements to the government’s so-called five minimum standards and by leaving swinging and to be torn away without any compensation things like overtime, penalty rates and leave loadings. These are things that many Australians depend upon to make ends meet and to pay their mortgages.

So far as the minimum wage is concerned, it is not just me or Labor that is asserting that objective. The President of the Australian Industrial Relations Commission, Justice Giudice, has said the government’s legislation leaves open the prospect of a fall in the minimum wage in real terms. The chairman of the ‘low pay commission’, Professor Harper, has reflected that attitude as well. I was interested to hear the Minister for Employment and Workplace Relations, who is at the table, complaining the other day about the fact that some of the state commissions are now hearing minimum wage cases at the state level. He asserted that what the New South Wales commission is doing is somehow not fair—as if the government were somehow worried about fairness when it comes to the minimum wage. What do we know about the changes the government has made to the legislative requirements that are now on the low pay commission? The government has removed the requirement in the
old act that the minimum wage be fair and that it have reference to prevailing economic standards and inflation. No longer does the minimum wage have to be fair and no longer are we to be concerned about whether the value of the minimum wage is reduced in real terms. That is the primary attack on living standards.

But the attack is also met with an attack on job security by the government’s removal of unfair dismissal rights and pushing people onto individual contracts, AWAs, without any of the underpinnings of the previously existing no disadvantage test and allowable matters. What do we know about the government’s changes to unfair dismissal? We know the government proposes that, if you are employed by a company with 100 or fewer employees, you have no unfair dismissal rights at all. You can be sacked for any reason or no reason. You can be sacked unfairly for no reason or any reason and not have a remedy. We also know—because we have seen it come into effect with the Cowra abattoir—the so-called operational reasons: if you are a company with more than 100 employees, you can determine for operational reasons that a person has to go, and that person loses his or her unfair dismissal rights. So the unfair dismissal rights of nearly four million Australian employees go out the window. For the remaining Australian employees it depends upon an interpretation of the very widely drafted ‘operational requirements’ provisions. That is the attack upon wages, conditions and living standards.

What about the attack on our way of life? We have always prided ourselves on being a society which is interested in safety nets, which is interested in minimum standards and which is interested in making sure that, whilst people have opportunity, there is a certain basement or floor beneath which people will not be allowed to fall. We have reflected that in the history of our industrial relations and workplace legislation by having sensible minimum standards, sensible safety nets and the operation of a strong and independent umpire. What do we see the government doing across the board with these measures? Gutting the effectiveness of the independent umpire—the Australian Industrial Relations Commission. The government could not get its view up before the commission on the minimum wage. So not being able to get through the front door what it could not persuade the commission of, it now goes through the back door. It trumps up the low pay commission to do that job, depriving the independent umpire of its wage-setting—and, effectively, its dispute-settling—powers and arrangements.

Secondly, by reducing the minimum standards, taking away the no disadvantage test and taking away the allowable matters, the government is removing from protection the things that people have come to rely upon—penalty rates, overtime, leave loading and the like. There is only one consequence when you take away the umpire, remove minimum standards and take away the safety net: Australia will end up with the equivalent of America’s ‘working poor’. People will not be able to make ends meet with the wages they get through employment. They will be dependent, as many American employees are, on what they find in the tipping bowl at the end of each day. The great social and economic danger is that we will end up with an American-style working poor and our way of life will change. We will change from a society that is interested in community standards, safety nets and making sure people do not fall through the cracks into a dog-eat-dog society.

The third area where you find the basis of the public policy evil of these measures is the attack upon the trade union movement. There is a fundamental difference between Labor’s attitude to the trade union movement
and the attitude of the government. The government’s starting point, the government’s political and philosophical policy position, is that there is no role for the trade union movement in the social and economic affairs of modern Australian society. That is not our view; we reject that view. I need only give two examples. I recall the Sunday morning in October last year on which the Minister for Employment and Workplace Relations and the Prime Minister called together all the business organisations and industry representatives for a briefing on what might be contained in the government’s Work Choices legislation. There was not one person in that room who had lifted a finger to help the asbestosis and mesothelioma victims of James Hardie. When the asbestosis and mesothelioma victims of James Hardie needed some assistance, who came to their assistance? The organised trade union movement, through the ACTU and its constituent unions. The second example, Beaconsfield, is a shining example of how trade union activity can assure a sensible approach to occupational health and safety. Despite these two examples, the government takes the view that there is no role for the union movement to play in the social and economic affairs of Australian society. We reject that.

The regulations in particular have a range of measures which seek to exclude what to date has been known as common and respected union activity. When you move to the regulations, there are a couple of points that are worthy of making. Firstly is the reference in the regulations to the so-called prohibited content. Prohibited content is where it is not open to an individual or a union to suggest in either an individual agreement or a collective agreement that certain matters can be subject to that agreement. One matter is unfair dismissal. If an employer and an employee decide that an employee ought to have some appropriate unfair dismissal rights, the government rules that out—that is prohibited content.

In accordance with the legislation, if you seek to include in an agreement prohibited content, an individual can be up for a fine of $6,600 and a union can be up for a fine of $33,000. So even if an individual employer and an individual employee determine that it is appropriate for an employee to have unfair dismissal rights, that is prohibited content so far as an agreement is concerned. We on this side always thought that the government’s attitude was that people should be free to make choices, that people should be able to agree about whatever they want to agree about; but, under this legislation and these regulations, people can only agree to what the minister regards as being politically or philosophically correct.

The second area of interest in the prohibited content is the prohibition of any agreement referring to trade union training. This has been the subject of conversation with the Minister for Employment and Workplace Relations, who is seated at the table, during question time this week and in earlier weeks. There is one issue that the minister refuses to seize in any way whatsoever and that he walks a million miles away from: he refuses to acknowledge that prohibited content in his regulation includes the granting of leave for trade union training, including occupational health and safety training. That is the issue the minister walks a million miles away from. When you actually look at the regulations, what do you find? You find this extraordinary effort by the government, by the Prime Minister and the minister to ensure that nothing can be contained in an agreement unless they think it is politically or philosophically kosher, and that is best reflected by the unfair dismissal arrangements and the training issue that I have referred to being made prohibited content.
The other point that needs to be made about the regulations and the legislation is its extraordinary complexity, evident in the volumes of legislation I have here. I have only bothered to bring down with me the act as amended and the regulations. I have not even bothered to bring down the volumes of explanatory memoranda for the legislation or the supplementary explanatory material for the regulations. Is this a single, simple system? It is massive complexity. And how much time did the government give its so-called friends in business, particularly small business, and industry to try and come to grips with this?

The government proclaimed the legislation effective for 27 March. The regulations were published on the website in the dark of night on the weekend of 18 and 19 March. That was a week. Thanks very much! So we have here miles and miles of complex legislation—a jurisdictional and regulatory dog’s breakfast. It is not just me who is saying that. We remember the No. 3 man in the government—the Minister for Finance and Administration, Senator Minchin—going off to his soul mates at the HR Nicholls Society, the society that the Treasurer and Acting Prime Minister drew up the documentation for and was one of the founding members of. When Senator Minchin turned up to the HR Nicholls Society, he said two things: ‘We apologise for not going as far as we would want to, but we do have to take note of community concerns. But rest assured, be reliably assured, that when we win the next election we will have a third wave.’ The government, not having gone to the last election telling the Australian community that it had this in mind—on the contrary, saying precisely the opposite—now has the secret plan that, should it get elected at the next election, we will have the third wave and truly satisfy the government’s friends at the HR Nicholls Society.

I was interested to hear a representative of the HR Nicholls Society make a point on the issue of complexity and regulatory burden. Far from taking the view that the government’s legislation and regulations were somehow an attempt at deregulation, he said that it was massive regulation and described it as a ‘Soviet style command control state’. He did so not just because of the reason that I have outlined but also because of the extraordinary reporting provisions and requirements that the minister has inserted into the legislation and regulations concerning the Office of the Employment Advocate and the Industrial Relations Commission.

So what do we have in this legislation and regulation? And why should the House disallow these regulations and set the scene for the tearing up of this legislation? It should do so because there is a massive attack on the living standards of Australian working families, a massive attack on the living standards of Australian employees, a massive attack on the characteristics and values and virtues that Australians have held dear for over 100 years and a massive attack on the legitimate activities of the trade union movement to play a role in the modern social and economic affairs of Australian society. It is not as if it were even done competently. It is a jurisdictional and regulatory dog’s breakfast. It is massively complex and places onerous burden on business, particularly small business. We have seen since the legislation came into effect on 27 March any number of examples of how these measures are working to massively disadvantage Australian families. If it is not unfair dismissals, it is shoving people onto AWAs of inferior standards. And for what—to achieve any so-called economic effect?

One interesting point about the budget was that the Prime Minister, at the time the legislation went through the House, made the assertion that the mere adoption of these
proposals would see employment growth in our economy. What do we find in the Treasurer and Acting Prime Minister’s budget papers? We find in the out years an indication that employment growth will fall. So there is no economic benefit. It is a massive attack on living standards, it is a massive attack on the Australian way of life and it is a massive attack on the trade union movement. As a consequence, this House should disallow these regulations and, in due course, under a Labor government, rip up this legislation.

The SPEAKER—Is the motioned seconded?

Mr Beazley—I second the motion and reserve my right to speak.

Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.22 am)—If anybody listening to the debate this morning on the motion to disallow the Workplace Relations Regulations had been out of Australia or somewhere isolated in the world for the last 10 years they would have thought that they had come back in 1996 because the rhetoric being used today once again by the Labor Party was exactly the rhetoric that we heard 10 years ago when the workplace relations legislation was introduced and passed by this parliament. I remind the House that the member for Perth, who moved this motion, and his seconder, the Leader of the Opposition, used precisely the same rhetoric in 1996 and 1997 about the Workplace Relations Act. They told us that the sky was going to fall in in 1996 and 1997. They told us then that the living standards of Australians would be driven down as a consequence of the changes made to workplace relations in Australia. They told us that all sorts of adverse impacts would result for the men and women, the families and children of Australia as a consequence of these changes.

In the last 10 years, partly because of those economic reforms and partly because of the good management of this government over that decade, we have seen just the contrary occur. We have seen the creation of almost two million jobs for Australians over the past decade. We have seen wages increase in this country by something like 16 per cent in real terms over the last 10 years. I contrast that with what happened to wages for 13 years under the previous Labor government in Australia when real wages increased by about 1.2 per cent. Indeed, part of that time during the 1980s, real wages in Australia went backwards as a result of the accord between the ACTU and the then Labor government.

Whatever piece of economic data one likes to take—or, collectively, the economic data that is published—it corresponds to the anecdotal evidence and the experiences of ordinary Australians and that is that the last decade has seen rising prosperity for the men and women of this country. Part of the reason for that is the preparedness of this government to undertake economic reform so that we can build for the future rather than, as we hear once again this morning from the member for Perth, simply looking at the past.

In a sense, this debate is a proxy for the differences between the government and the Labor Party. It is a proxy in the sense that the government is prepared to engage in continuous reform in this country so that prosperity can continue in the future, versus an opposition whose rhetoric is about ripping up and rolling back and taking us backward.

Ripping up these laws is ripping up, including the Work Choices laws, the workplace relations laws of 1996. What the opposition would like to do is undo the change that has been brought about in this country over the last decade or so and take us back to the 1980s and beyond. But the reality is—
and I believe the people of Australia know this—that the preparedness of a government to undertake continuing reform has been one of the hallmarks of ensuring that this country continues to prosper.

The rhetoric, of course, has not really changed from the opposition. The phrase today is ‘rip up’. It reminds me of that other phrase which was used a few years ago by the Leader of the Opposition—‘roll back’. It is a similar sort of thing—‘we’re going to roll it all back, we’re going to rip it up, we’re going to look backwards to the past,’ rather than looking to the future and how we can ensure that the prosperity of this country continues.

The member for Perth commented about living standards. What has happened to living standards in Australia over the last 10 years? Those living standards have substantially increased for Australians. I do not think anybody in this country denies the increased living standards that ordinary Australians have experienced over the last 10 years, yet we still have this head-in-the-sand attitude from the opposition towards moving to the future. The member for Perth talked about the way of life and the capacity of the trade union movement as something which may be closer to the objectives of the Labor Party with regard to its opposition to this legislation. He talked about the minimum wage. He said that there is some unfairness about having an Australian Fair Pay Commission set the minimum wage—not only the minimum wage. I should point out, but all the classification wages in Australia in the future—as somehow suggesting that trying to give people the opportunity of a job and also maintaining a safety net is not about fairness for ordinary Australians.

Whilst a national unemployment rate of five per cent is a far cry from the double digit figures that we saw under the Labor Party when, I remind the House, the Leader of the Opposition was the minister responsible for employment in this country, the reality is that there are still some hundreds of thousands of Australians without a job. Policies that give more of our fellow men and women in Australia the opportunity to have a job are surely policies based on fairness in this sense.

We have also heard about the unfair dismissal laws but nothing about the rorting and the abuse of those laws in the past. What about the situation where an employee is caught red-handed thieving from their employer and an industrial tribunal orders reinstatement or compensation? What about the situation of an employee engaged in gross sexual harassment of another employee in the workplace, where an industrial tribunal orders reinstatement? What about the range of other abuses of the unfair dismissal laws, but we hear not a word from the opposition about those? The reality is, as I have gone around Australia over the last few weeks since the introduction of the Work Choices legislation, that small and medium sized business operators have told me how they have employed another worker or two because they no longer fear what would happen with the unfair dismissal laws. In every state of Australia I have had small and medium sized business operators come to me and volunteer information that they have employed somebody else because of the removal of the fear about what would happen under an unfair dismissal regime. But, obviously, we hear nothing about that from the opposition.

The member for Perth was getting to the core of his real objection to the Work Choices legislation when he said that it was an attack on the trade union movement in Australia. After all, it is the trade union movement in Australia that not only funds but controls the Australian Labor Party. What
is it? Since 1996 $50 million has been donated by unions in Australia to the Australian Labor Party. Look at the backgrounds of the members who sit opposite, and overwhelmingly they are from the union movement. Overwhelmingly they represent that single occupation in life in Australia—that is, officials of trade unions.

But the reality is that trade unions continue to operate under this legislation. The right of entry of trade union officials is protected under this legislation. The right of trade unions to represent workers is protected under this legislation. The reality is that collective agreements, since 27 March when Work Choices came into operation, have continued to be negotiated by trade unions in Australia and are being lodged and renewed under this system. In addition to that, trade union officials can act as bargaining agents where people are seeking to enter into an individual contract. Again, the role of the trade unions is protected in this legislation. The right to take protected industrial action, which can be motivated by a union, is not only protected under legislation but has actually been used by trade unions under this legislation.

This overblown rhetoric that somehow Work Choices is destroying the role of trade unions in Australia and the place that they have had in this country for a century is simply nonsense. It does not stack up when you look at the facts. This is the problem with the argument the opposition continues to mount against this legislation. The problem essentially is that it does not stack up when the facts are taken into account. If you just want overblown rhetoric about ripping up legislation and ripping up regulations, that is fine. But, in the end, rhetoric is not going to do anything for the advancement of the economy in this country. The member for Perth talked about its complexity. As my friend the Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs, who is at the table, pointed out, the complexity we have in Australia is a situation where there are something like 4,000 separate awards operating. Somebody calculated that there is an industrial award for every 27 employees in this country. That is the complexity which has built up over time in this country.

We are saying that we should have one single national system of industrial relations. We cannot achieve that overnight because of constraints in the Constitution. But what we have been able to do, by using the corporations power in the Constitution, is effectively bring 80 to 85 per cent of employees in this country into a single industrial relations system. If the other states beyond Victoria, which handed over its powers some years ago, were to follow the course of Victoria then we would finally achieve one national system of industrial relations in this country. The Labor Party is defending an industrial relations system that was established in the early part of the last century—when Australia operated as separate colonial economies largely removed from one another—an industrial relations system established over a century ago to address the industrial problems of the 1890s in Australia. That is the attitude of the Labor Party: there is a sentimental attachment to the conditions and the economy of this country at the time of Federation rather than a preparedness to look forward to the way in which we grow our economy into the future.

As I said before, this debate is a proxy for the different attitudes of the parties in Australia as to our economic performance. Do we want to grow this economy into the future by continuing to take significant economic reforms that will best place us to grow into the future or do we simply say we are going to rip things up, roll them back and take Australia back to the 1970s and the
1980s? That is essentially what this debate is about, when we go beyond the subject matter we are looking at today—namely, the industrial relations regulations. That is the argument being advanced by the Leader of the Opposition and the member for Perth in the comments they have made today, will make today and no doubt will make into the future. The criticisms basically go to the fear of the union bosses that their privileged place in the sun will be removed. They are concerned with that rather than with what is good for Australian families and Australian workers.

We have seen a major economic increase. Our current prosperity is even the subject of comment in overseas newspapers. In recent weeks an English newspaper reported that Australia is:

... rolling into its 16th year of uninterrupted growth ...

and that it manages to combine:

... the vigour of American capitalism with the humanity of European welfare, yet suffering the drawbacks of neither. And it manages this while keeping a consistent budget surplus.

That is what this is about. It is about how we continue to grow Australia into the future at a time when we face significant challenges. One challenge is the demographic change this country is moving through—that is, the ageing of the population and the fact that, as a consequence of that, a massive reduction in the growth of the workforce in this country is starting to occur. The Productivity Commission said in a report a year or so ago that we have to ensure we grow our productivity and increase the number of people participating in the workforce in Australia if we want to sustain the economic growth that we have enjoyed in this country in the past. That is the reality behind this. We know, for example, that greater flexibility in the workplace correlates with higher productivity. Those industries, those businesses and those sectors of the economy that have embraced the flexibility of the workplace relations legislation tend to have the highest productivity of businesses in Australia. Consequently, they pay the best wages and provide the best conditions to the employees. Conversely, those locked into the rigidities of the old award system tend to have little or no productivity and there is a corresponding outcome for the workers in that area.

This essentially is about whether we go forward or backwards. This government is committed to going forward, to making careful, significant reforms such as these so that the conditions that Australian workers have today are more likely to continue into the future and the prosperity that this country is enjoying today is more likely to continue into the future. The alternative is the backward-looking rhetoric that we have heard from the member for Perth and no doubt are about to hear from the Leader of the Opposition. The motion should be defeated.

Mr BEAZLEY (Brand—Leader of the Opposition) (9.37 am)—We have just heard 15 minutes of pure humbug about the propositions that we are deliberating on in this place, the regulations that are associated with the Workplace Relations Act. The Minister for Employment and Workplace Relations talks a lot about going forwards or going backwards. These regulations and the act on which they are based, via a Soviet process of bureaucratisation in terms of centralising power in the hands of the minister, take us back to a 19th century master-servant relationship. We have here a curious mix in these regulations of Soviet-style, line-by-line regulation of the relationships between employers and their employees, with an ultimate, Soviet works minister, power of intervention on the part of the minister to strike out anything that he finds offensive in any agreement, collective or individual, reached anywhere in this country, basically to enforce the precept
which underpins this legislation—that we need to get back to the 19th century master-servant relationship.

It is true that, until very recently, in this community we enjoyed a substantial increase in productivity in our workplaces. That productivity has gone off the boil in the last two years. But that surge in productivity coincided with the implementation of the changes to the industrial relations legislation made by the Labor Party in 1994. The enormous expansion that you have seen in the ability of workers, through enterprise agreements, to earn substantial payments above the awards that once existed and to introduce flexibility into the practices under those awards were entirely a product of the negotiated arrangements between the then government, business and the union movement on what we ought to do to improve the productivity in our workplaces by enhancing the capacity of our industrial relations systems to reflect the needs of every workplace. The product of that has been substantial improvement in the living standards of many Australians and, until recently, substantial improvement in productivity.

The minister talked about the remarks made by Mr Smith and me on a number of occasions on the legislation that has been brought down. He identified those remarks with remarks that we made at the time the government had its first go, the first wave of their changes to industrial relations legislation in this country. I remind the minister that there were 230 successful amendments to that legislation. The legislation, when it passed through the parliament, bore no resemblance to the act put into this place by the minister at the time, which was appropriately characterised, by me and others, as attacking the basic living standards, conditions and rights of the ordinary Australian. So there is no point in his defending himself on this occasion by reference to our words then.

The government of the day was not permitted to do what it wanted to do—to recreate 19th century conditions in the Australian workforce. At the time, the act that it was attempting to put in place bore absolutely no resemblance to one aspect of what the government is intending to do here: to assign to the minister of the day such exceptional interventionist powers in every agreement, collectively or individually arrived at by workers and their employers. That was his particular innovation. He took the unfair aspects of the original, unamended, legislation of the first wave, and added to it a level of Soviet bureaucratisation which surprised and took aback those on this side of the House, who had never anticipated that we would have to debate Soviet-style legislation in this country.

The simple point is that ordinary hard-working Australians expect to be rewarded when they work hard. They expect to be able to negotiate hours that sustain decent family life—that they can advance their families, advance their interests and participate as constructive members of the community. They expect to have job security. They expect to know that they can go to their workplace and that, if their employer or supervisor suggests something to them that is untoward, they can express an objection to that without fear of being sacked. They expect to be able to go into their workplace and not be harassed by their employer or supervisor, improperly or in any other way, and they expect that, if they are so harassed, they can raise a complaint and not find that it becomes a pretext, or that some other pretext is used, to sack them. They expect to emerge from the workplace rewarded for effort, with security for their families, and secure in their dignity in this most important aspect of their lives.

The two most important aspects of anyone’s life are their family life and their
workplace life. That is where they spend most of their lives; that is where they put all their energy and creativity. And they do not expect, in either place, to live with intimidation, indignity and deprivation. That is what ordinary Australians, middle Australians, expect, and that is what this government intends, in its regulatory arrangements here, to deny.

The member for Perth made a whole lot of relevant points about the extraordinary complexity of this legislation. The Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs shouted across the table to me, ‘But what about the 4,000 awards?’ I replied, ‘So you actually are going to knock off every award in this country?’ He very quickly came back and said, ‘No, no; it would be merely the simplification of those awards.’ So what we are going to have is this legislation, plus 4,000 awards that we are going to fight over. That, apparently, is their view of what a simplified system would be.

What we actually have here, as was pointed out by Mr Smith, is a massive bureaucratisation of the workplace process. As with the so-called reform of the tax act through the GST, we now have an act instead of regulations that we can take around this country, and, as we denounce them before we rip them up, we can use them as a soapbox from which we can speak. Even the shortest members of the opposition will be capable of being seen when they stand upon these regulations and this act in order to denounce them.

I want to go into what has been the practical effect of the new arrangements so far. The intention here is absolutely clear. The intention of this government is to make it easy to rip away penalty rates, which are the principal mechanism by which employees in this country are rewarded for their decision to work overtime, on difficult shifts or in holidays. The intention is to use these regulations to rip away all those payments.

Everybody who knows anything about family life in this country, particularly in areas where people are heavily mortgaged, knows that the way in which ordinary Australian families organise their financial affairs to withstand the consequences of high mortgage payments is for one or both spouses to work a great deal of time at penalty rates. That is simply the case for most Australian families, at least for a substantial period of their lives. You could not cut to the heart of family life and family stability more quickly and more atrociously than to produce a set of regulations that produced the conditions these ones do.

Let us not kid ourselves here. The new arrangements have had an immediate impact. This act is impacting on ordinary working life in this country much faster than I anticipated it would. When we were debating the original legislation in this chamber, I used the analogy of an infestation of termites. From what we have seen so far, I have to say that they are a very hungry bunch of termites indeed. They are chomping away very solidly.

We have the example of 100 victims of WorkChoices—garbage collectors employed by local councils on the New South Wales Central Coast. They stand to lose up to $340 a week after their jobs were put out to tender in a form that meant that if they took those jobs back they would effectively lose their penalty rates. We saw another impact in the negotiations currently occurring with childcare workers in New South Wales. They have been offered contracts that slash between $138 and $313 from their wages and reduce or remove sick pay entitlements, rest breaks, annual leave loadings and overtime payments.
In a school in recent times we saw another way in which the regulations permit these matters to be dealt with in a negotiation. The employees in all positions at that school—the teachers and all the other workers at the school—had it pointed out to them that their jobs are now up for grabs. They can reapply for those jobs, but they will have to reapply on the basis of a very substantial reduction in their earning capacities and other rights.

There is the situation of the Cowra abattoir workers—sacked one day and offered their jobs back the next, all with slashed pay packets and reduced conditions. The minister panicked when he saw what the employers had done at Cowra and ensured that there was intervention. He proudly boasted of that. But what was the one question he could not answer at the press conference he conducted subsequently, when the journalists were wise enough to say, ‘Okay, the employers have backed off for the moment, but was what they did legal? Was what they did legal under the laws that you have put in place?’ The minister could not answer that question—not because he did not know the answer to it but because he knew that the answer would embarrass him grossly. He knew that he would have to say: ‘Well, what they did was not opportune, but it was legal. They embarrassed us by acting too fast, not by acting illegally.’ We have had that case.

We have had another case in Ballarat where 39 local workers were sacked while their company continued to rely on employing Chinese workers. We are seeing more and more examples of this around the country now. People are brought into this country on temporary working visas. These are not long-term skilled migrants who are part of the process of building this nation, enhancing our long-term wealth and improving the character of our community by bringing into it new and interesting ideas and cultures. They are not that section of skilled workers. These are people brought into this country explicitly and specifically to undermine the working conditions of Australians. When an employer decides—on the basis of what they are permitted to do under these massively complex regulations—to mount an attack on the living standards of modestly well-paid Australian workers, there is somebody else there to do the work. They have to be put out on the grass by the employer while they go through the process of negotiating their conditions down.

On other occasions in this place we have had occasion to mention practices such as bringing in foreign youngsters to replace our young Australians as apprentices—all of these things to do with the provision of temporary work visas. Every aspect of these regulations and all aspects of that act—we are simply going to rip them up. They are malevolent and evil in their intent, absolutely unnecessary in the workforce that we have and un-Australian. These have not been Australian practices at any time since the 19th century. There is no saving any aspect of them.

We will put a fair system in place in this country, a system with the flexibilities that will ensure that people are able to bargain in good faith and produce the decent sorts of outcomes that we have been capable of producing in this country and that we continue to be capable of producing in this country.

(Time expired)

Mr BARRESI (Deakin) (9.52 am)—One reason we are here this morning debating this disallowance motion is that the Leader of the Opposition’s leadership is under pressure. He has Combet and Shorten looking over his shoulder. Another reason we are debating this motion today is that the member for Perth is under pressure. The member for Perth has every member of the backbench and the union movement looking at him and
saying, ‘You’re not muscling up.’ Combet told the ALP, ‘Muscle up, get your act together or we’ll review our support.’ And what support is that? It is $50 million worth of support.

Make no mistake: the ALP is under pressure. The Leader of the Opposition is under pressure and the member for Perth is under pressure. They have the hide to come into this chamber and say that our Work Choices legislation is extreme legislation. I will tell you what is extreme: the language that is creeping into the member for Brand’s speeches these days. That is what is extreme. It is interesting that an article in today’s Australian talks about the growing tendency for members of the ALP to use xenophobic type language. It is not about skilled migration from other countries; it is: ‘Let’s talk about India, let’s talk about Chinese migrants and divert people’s attention.’ That is extreme.

Opposition members interjecting—

Mr BARRESI—The fact that members on the other side are interjecting in such a loud way when I at least had the courtesy to listen to them—

Mrs Irwin—Mr Speaker, I rise on a point of order. It is quite obvious that the member opposite is not interested in the workers of Australia. He is not talking to—

The SPEAKER—The member for Fowler will come straight to her point of order.

Mrs Irwin—The point of order is on relevance, Mr Speaker.

The SPEAKER—The member for Fowler will resume her seat. I will rule on the point of order. The member for Deakin has only just begun his speech and he is in order. I call the honourable member for Deakin.

Mr BARRESI—In fact, skilled migration was not introduced by me into the debate on this motion; it was introduced by the member for Brand. Extreme language was not introduced by me; it was introduced by those on the other side. The motive behind this disallowance motion is very much what I am talking about. The motivation is that they need to muscle up.

This motion represents nothing more than a final attempt to delay the implementation of the Work Choices act. It is simply a last-ditch effort by the opposition when they know that the Work Choices legislation is being embraced by the Australian community. The ALP’s last-ditch effort is just a sham. The member for Perth is under pressure. He claims that this legislation is an attack on unions, that we on this side believe that unions will have no role as a result of this legislation. It is an exaggerated position and one which would be great for the union movement to hear. It is wrong. The unions’ role, as evidenced at Beaconsfield—and I take my hat off to the AWU—will continue to exist and is very appropriate. There is nothing in this Work Choices legislation that will prevent that role from taking place. In fact, I would say to the union movement that they will have greater opportunities to show their relevance in the industrial relations setting because of this legislation.

Mr Adams—What about penalty rates?

The DEPUTY SPEAKER (Mr Jenkins)—The member for Lyons knows better.

Mr BARRESI—The regulations are claimed to be extraordinarily complex. That, too, is a fraudulent argument. Those on the other side know that the great bulk of the Work Choices legislation and the regulations are very much transition arrangements which need to take place over the next three to five years. The regulations are largely machinery or transitional in nature and are necessary for the effective operation of the Workplace Relations Act. Disallowing these regulations
will do nothing to assist employers and employees, and it is absolutely irresponsible of those on the other side to move this motion.

The regulations subject to the disallowance motion fall broadly into two categories. They are machinery regulations made under the Workplace Relations Act—and the Labor Party knows that—and are necessary for the effective ongoing operation of the act. They are also transitional regulations. Despite the hysterical ranting of the Labor Party and the union movement, there is nothing new or earth-shattering in these regulations.

I will go through some of the content of the regulations. They prescribe the relationship between state and territory laws and the Workplace Relations Act. They provide detail on when a workplace agreement provides a more favourable outcome for an employee than the Australian fair pay conditions and when a preserved award term relating to annual, personal or parental leave is more generous than the standard. They clarify the circumstances in which medical certificates are valid. They set out prohibited content for the purposes of workplace agreements. They provide for a trade union membership deduction from an employee’s wages, something which those on the other side should be in agreement with. They confer a right or remedy in relation to unfair dismissal, and they set out procedures for secret ballots on protected industrial action, which has actually been in force since a few days ago. They provide for retention and inspection of employee records and establish a system on infringement notices. They deal with the handling of matters which were part heard in state and federal jurisdictions and with matters before state tribunals. These are some of the things that the regulations cover. And these are the regulations that the ALP are moving to disallow through this motion and, of course, they will fail.

The Labor Party and union campaign is a ridiculous campaign. We have heard from Labor and the unions, and particularly from the Leader of the Opposition, that these measures allow the minister to interfere in every aspect of people’s lives. That is wrong. Currently, under section 43 and 44 of the old Workplace Relations Act, the minister can intervene in proceedings before the Industrial Relations Commission. That responsibility and that right is there now. So there is nothing new there. This power of intervention is replicated in sections 102 and 103 of the act.

But those opposite have not looked at the act; they have not looked at these sections. They are simply mouthing the rhetoric that Combet, Burrow and other members of the union movement have asked them to utter. They can go back to their offices today; they can send an email back to Sussex Street and Lygon Street and say, ‘Hey, we moved a motion today. It got defeated but, listen, we’ve done our bit—so lay off.’ Of course, their language will continue to become more extreme and more xenophobic as the days go on. It is a shame to see the Leader of the Opposition resorting to those sorts of tactics.

The other thing about the union and Labor campaign is that the requirement for the Industrial Relations Commission to provide detailed information to the minister on a range of matters is not new. It broadly reflects section 48A of the previous act and schedule 12 of the previous regulations, which set out detailed reporting requirements for the Industrial Relations Commission. The new regulations provide that the commission and the Office of the Employment Advocate can provide certain information to the minister that is essential, and those elements are replicated from the old system into the new system.

The campaign by the union movement and the ALP has been characterised by untruths,
misleading claims and scare tactics. The opponents of the government changes have slandered and maligned employers, labelling them as reactionary scrooges. This self-indulgent rhetoric of the union movement and the Labor Party ignores the reality of the modern workplace, where employers and employees are not pitted against each other in a battle of supremacy but simply want to ensure that individual skills are fully and fairly utilised. They do not like it, but they are proposing to take us back to pre-Keating days, and they say they will rip up the legislation and the regulations. If they take us back to pre-Keating days, let me remind those on the other side of what Mr Keating said in 1993:

Let me describe the model of industrial relations we are working towards. It is a model which places primary emphasis on bargaining at the workplace level within a framework of minimum standards provided by arbitral tribunals.

... ... ...

Over time the safety net would inevitably become simpler. We would have fewer awards, with fewer clauses.

... ... ...

We need to find a way of extending the coverage of agreements from being add-ons to awards to being full substitutes for awards.

That is what Paul Keating, the then Prime Minister, said. And what the members on the other side are trying to do now is to take us to before even those days. The statement by Keating that ‘we need to find a way of extending the coverage of agreements from being add-ons to awards to being full substitutes’ is precisely where we are today with this third stage of reforms. We are simply freeing up the marketplace. We are providing the opportunity for individuals and their employers to have greater flexibility and to come to arrangements which suit and fit the needs of both parties.

The Labor Party supported the old system because it gave power to the unions, and the unions, of course, are the ones that provide financial support to the Labor Party. We heard from the minister about the $50 million contribution since 1996. That is a lot of money.

Mr Adams—Talk about productivity.

Mr BARRESI—Talk about productivity? Sure, talk about productivity, member for Lyons, because what we have at the moment in this country is productivity improvements, and these industrial relations changes we are introducing will further extend the productivity gains we have made over the last 10 years. We will have economic prosperity for this nation. We have seen real wages growth of 16 per cent and employment growth of over 1½ million people, and that will continue. We have a shortage of workers out there in the marketplace, and the union movement and the Labor Party simply want to get in the way of those productivity gains and the economic prosperity that we have already seen.

This parliament has already given significant consideration to the Work Choices reform. It has passed this important legislation. It gives Australia a workplace relations system designed for the 21st century, a system which looks to the future, not to the past. The legislation was debated in this House, and over 23 hours of debate took place. The other place debated Work Choices for more than 32 hours, and now we have this stunt. Contrary to what the critics suggest, Work Choices will not usher in a system that exposes employees to exploitation. Rather, Work Choices puts in place a clear set of minimum wages and conditions and a less confusing and bureaucratic process for agreement making at the workplace.

The government has enshrined in law minimum conditions of employment and has
ensured that pre-reform award wages and basic working conditions, including the right to be represented by a union, are protected by law. Under Work Choices there are comprehensive transitional arrangements to assist employers and employees in the move to the new system, and these regulations set out a lot of those transitional arrangements. The government wants to give more Australians the chance at a job and to drive down our unemployment rate even further.

**Mr Ripoll**—And drive down the wages.

**Mr BARRESI**—We are determined to put economic reality back at the centre of workplace regulations—it is where we should have been all along—to give more Australians the opportunity to participate in the Australian workplace. Those on the other side say that we will be driving down wages. The Australian Bureau of Statistics has shown that workers on AWAs in fact earn 13 per cent more than workers on certified agreements and 100 per cent more than workers on awards.

**Ms George interjecting**—

**Mr BARRESI**—The intervention from the other side is laughable, when we have people on AWAs earning 30 per cent more than those on certified agreements. This motion is a sham. Put simply, it is a reaction to pressure from the union movement. We have had a $50-million tail wagging the dog. As we know, whenever our little pet dog strays from home, it must be brought back, disciplined and reminded of where home and the food bowl are. We need to make sure that our dog is trained not to stray from home again. We have here a $50-million tail wagging the dog. That is the only reason we have this motion before us today—and it should be rejected.

**Mr HAYES** (Werriwa) (10.07 am)—Mr Deputy Speaker—

**Mr ANDREWS** (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (10.07 am)—I move:

That the question be now put.

Question put.

The House divided. [10.11 am]

(The Deputy Speaker—Mr Jenkins)

| Ayes........... | 78 |
| Noes........... | 56 |
| Majority....... | 22 |

AYES

Anderson, J.D.  Andrews, K.J.
Baird, B.G.  Baker, M.
Baldwin, R.C.  Barresi, P.A.
Bartlett, K.J.  Billson, B.F.
Bishop, B.K.  Bishop, J.I.
Broadbent, R.  Brough, M.T.
Cadmans, A.G.  Causley, J.R.
Cibos, S.M.  Cobb, J.K.
Downer, A.J.G.  Draper, P.
Dutton, P.C.  Elson, K.S.
Entsch, W.G.  Farmer, P.F.
Fawcett, D.  Ferguson, M.D.
Forrest, J.A.  Gash, J.
Georgiou, P.  Hardgrave, G.D.
Hartsuyker, L.  Henry, S.
Hockey, J.B.  Hull, K.E.
Hunt, G.A.  Jensen, D.
Johnson, M.A.  Jull, D.F.
Keenan, M.  Kelly, D.M.
Kelly, J.M.  Laming, A.
Ley, S.P.  Lindsay, P.J.
Lloyd, J.E.  Macfarlane, J.E.
Markus, L.  May, M.A.
McArthur, S.  McGauran, P.J.
Moylan, J.E.  Nairn, G.R.
Nelson, B.J.  Neville, P.C.
Panopoulos, S.  Pearce, C.J.
Prosser, G.D.  Pyne, C.
Randall, D.J.  Richardson, K.
Robb, A.  Ruddock, P.M.
Scott, B.C.  Secker, P.D.
Slipper, P.N.  Smith, A.D.H.
Somlyay, A.M.  Southcott, A.J.
Stone, S.N.  Thompson, C.P.
Ticehurst, K.V.  Tollner, D.W.
Question agreed to.

Original question put:
That the motion (Mr Stephen Smith’s) be agreed to.

The House divided. [10.18 am]

(The Deputy Speaker—Mr Jenkins)

Ayes............. 55
Noes............. 78
Majority......... 23

AYES
Adams, D.G.H. Albanese, A.N.
Andren, P.J. Beazley, K.C.
Bevis, A.R. Bird, S.

NOES
Anderson, J.D. Andrews, K.J.
Baird, B.G. Baker, M.
Baldwin, R.C. Barresi, P.A.
Bartlett, K.J. Billson, B.F.
Bishop, B.K. Bishop, J.I.
Broadbent, R. Brough, M.T.
Cadman, A.G. Causley, I.R.
Ciobo, S.M. Cobb, J.K.
Downer, A.J.G. Draper, P.
Dutton, P.C. Elson, K.S.
Entsch, W.G. Farmer, P.F.
Fawcett, D. Ferguson, M.D.
Forrest, J.A. * Gash, J.
Georgiou, P. Hardgrave, G.D.
Hartsuyker, L. Henry, S.
Hockey, J.B. Hull, K.E.
Hunt, G.A. Jensen, D.
Johnson, M.A. Jull, D.F.
Keenan, M. Kelly, D.M.
Kelly, J.M. Laming, A.
Ley, S.P. Lindsay, P.J.
Lloyd, J.E. Macfarlane, I.E.
M markus, L. May, M.A.
McArthur, S. * McGauran, P.J.
Moylan, J.E. Nairn, G.R.

* denotes teller
NATIONAL HEALTH AND MEDICAL RESEARCH COUNCIL AMENDMENT BILL 2006

Second Reading

Mr LLOYD (Robertson—Minister for Local Government, Territories and Roads) (10.25 am)—I move:

That the bill be now read a second time.

Australia has a proud heritage in health and medical research, which I am sure we all on both sides of the House support. Australian health professionals, scientists and academics have helped to improve the quality of life of millions of people in Australia and throughout the world.

Since September 1936, the National Health and Medical Research Council (otherwise known as the NHMRC) has played a pivotal role in funding and supporting health and medical research in Australia. The NHMRC’s role, responsibilities and functions were eventually enacted through legislation in 1992.

In 1999, the government undertook to increase annual funding for health and medical research through the NHMRC from $165 million in 1998-99 to more than $350 million in 2004-05. Further, the Minister for Health and Ageing announced on 21 March 2006 that the Australian government will provide a further $9.8 million for health research into chronic diseases, Indigenous health and the recovery process of older Australians who have been hospitalised. This brings the federal government’s investment in health and medical research through the NHMRC to more than $490 million this year, more than double the 1999 figure.

The council has provided high quality advice on medical research, health ethics and health. A number of recent reviews have, however, identified governance concerns. These are:

- the Governance of the National Health and Medical Research Council report published by the Australian National Audit Office in February 2004; and
- the Sustaining the virtuous cycle for a healthy, competitive Australia: investment review of health and medical research—final report published by the Investment Review of Health and Medical Research Committee in December 2004.

In response, this bill improves the NHMRC’s corporate governance, including reporting and accountability frameworks, congruent with the principles of good governance as adopted by the Australian government in 2003 following the review of corporate governance of statutory authorities and office holders by Mr John Uhrig AC.

It is proposed that, from 1 July 2006, the NHMRC be established as a statutory agency for the purposes of the Public Service Act 1999 and as a prescribed agency under the Financial Management and Accountability Act 1997.

The new agency will remain within the Health and Ageing portfolio, with reporting and accountability frameworks that clearly
separate the NHMRC roles and functions from those of the Department of Health and Ageing. The bill’s provisions strengthen the NHMRC’s independence, promote clear lines of responsibility for governance and financial accountability and allow the council to focus on issues relating to medical and biological research and advice.

Previously, the NHMRC’s chief executive officer has had a cumbersome accountability framework with three concurrent lines of reporting, including:

- the Minister for Health and Ageing
- the Secretary of the Department of Health and Ageing and
- the council itself.

Under this bill, the chief executive officer will report directly to the Minister for Health and Ageing, while keeping the Secretary of the Department of Health and Ageing informed on a ‘no surprises’ basis. These changes will provide the NHMRC with clearer delineation of responsibility and accountability in management, advice and strategic development. The NHMRC will retain its name and will include the CEO, staff, council, principal committees and working committees.

Whilst the accountability and reporting structure has been streamlined, the roles and functions of the council, the principal committees and working committees have not been altered. The council will continue to provide independent expert advice and inquire into medical research and health related issues, including issuing guidelines and advising the government and community on matters relating to:

- the improvement of health;
- the prevention, diagnosis and treatment of disease;
- the provision of health care;
- public health research and medical research; and
- ethical issues relating to health.

The proposed legislation prescribes that membership of the council consist of 19 members, with provision for additional expert members as required from time to time. Whilst this represents a reduction from the current 29 council members, requirements for appointments, including qualifications and experience, remain largely unaltered. This will enable the council to be more effective whilst retaining its high level of expertise.

The administrative requirements for appointment processes have also been streamlined. Whereas previously it has taken up to eight months to complete some appointments, more effective consultation and administrative processes will help to ensure appointments can be made in an efficient and timely manner. The term for council membership will continue to be three years.

The new agency will be financially autonomous, with direct appropriations, and the CEO will be responsible and accountable for the financial and day-to-day operations of the agency. As the biotechnology, health and medical industries in Australia continue to strengthen and grow, the provisions included in this bill will enable the NHMRC to:

- be more responsive to emerging health priorities and issues;
- explore innovative collaborations and industry joint ventures; and
- provide greater transparency and accountability in its operations.

The research committee will continue to recommend funding for research proposals and monitor the use of research funding. The research committee, as with all principal committees of the agency, will report to the CEO on operational and financial matters,
but will report to council on technical matters concerning health and medical research.

The bill will not affect the level of funding the government has allocated for health and medical research, but provides for a more effective, efficient, accountable and responsive agency. These changes will see the NHMRC better placed to operate as a leader in Australia’s internationally recognised health and medical research sector.

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

Leave granted for second reading debate to continue immediately.

Ms GILLARD (Lalor) (10.32 am)—Can I thank the Minister for Local Government, Territories and Roads for standing in for the Minister for Health and Ageing. Whilst it is not like me to be generous to the minister for health, I think perhaps the House could note that he is in attendance at the National Palliative Care Week function, particularly the launch of Parents in Care, which is an important event and one that I had intended to be at myself but for the unfortunate clash that the National Health and Medical Research Council Amendment Bill 2006 is before the House now. So I think we can forgive the minister for health his lack of attendance to his duties in the House for this hour. His lack of attendance for the remaining hours in the week still requires explanation, but at least we have an explanation for this hour.

Mr Lloyd—I thank the shadow minister for her comments.

Ms GILLARD—Thank you. As the minister has outlined, the purpose of this bill is to amend the National Health and Medical Research Council Act 1992 to introduce new governance arrangements and to clarify accountability and reporting functions for the National Health and Medical Research Council. These new arrangements will establish the NHMRC as a statutory agency. The chief executive officer will be responsible for the primary functions of the agency and will report to the Minister for Health and Ageing. Previously the council of the NHMRC was responsible for both governance matters and expert scientific advice. The new division of responsibility will allow the council to focus on expert scientific advice whilst the chief executive officer will have day-to-day responsibility for the operation of the agency.

As the minister has outlined, the proposed changes also streamline the reporting lines of the chief executive officer and the council. The previous arrangement with the NHMRC having three concurrent lines of reporting obviously added complexity to the arrangements. Those three lines of reporting were to the minister, to the Secretary of the Department of Health and Ageing and to the council itself. This bill provides for the chief executive officer to report directly to the minister while keeping the secretary informed. Those streamlined arrangements have much to recommend them.

The amendments enacted in this bill address the governance issues identified in four major reviews:

- Sustaining the virtuous cycle for a healthy, competitive Australia: investment review of health and medical research, better known as the Wills report, which was published in December 2004;
- Governance of the National Health and Medical Research Council, which was an audit report from the Australian National Audit Office in February 2004;
- Review of corporate governance of statutory authorities and office holders, better known as the Uhrig report, which was published in June 2003; and
- Investment review of health and medical research, better known as the Grant review, which was published in December 2004. These changes which are incorporated in this bill were outlined in a media release from the Minister for Health and Ageing on 7 September 2005.
It is interesting to note that, given all of these reports have been around for some time—the most recent of them being in December 2004, which, as we would all know, is some time ago—clearly the minister has been no hurry to make the changes. These changes are claimed by the government to—and this statement was made in the second reading speech:

... strengthen the NHMRC’s independence, promote clear lines of responsibility for governance and financial accountability and allow the council to focus on issues relating to medical and biological research and advice.

Given this is the claim made for the bill and these matters are important, it seems that it would have been better if the government, and in particular the minister for health, had brought forward this legislative change far more quickly than leaving it to this stage of 2006.

Indeed, both the second reading speech and the minister’s media release from September last year highlight the need for the NHMRC to build better links with business to improve investment in research and to explore industry joint ventures. So, beyond the governance arrangements, the statements made in support of the bill have included statements about the need for the NHMRC to build better links with business. Labor is very supportive of the need for more industry support for research and development. We are very supportive of the building of better links with business. We certainly need to see better translational research, but we would be concerned if this is a foundation stone for the government at some point in the future—and I acknowledge it would be some point in the future—seeking to withdraw levels of government support which otherwise would have flowed on the basis that private funds have gone in to meet that gap. We obviously want to see the government keeping up effort in this area and private sector involvement being on top of that. I will come to the specific issue of the recent budget and the allocations to health and medical research a little bit later, but I make that comment in the context of the longer term.

At the same time that the bill was introduced, the government also introduced the Australian Research Council Amendment Bill 2006, which takes a very heavy-handed approach to the Australian Research Council, abolishing the board and the council’s ability to conduct inquiries into national research issues and make decisions about the effective use of research funds. There is a concern that this will lead to even more examples than those that are already known of and on the public record, where the Minister for Education, Science and Training has objected to funding for specific projects. So we are very concerned about what is happening to the Australian Research Council and the possibility of even further party political style ministerial intervention into research projects.

We are very strongly supportive of the Australian Research Council’s independence and, given that this bill was introduced at the same time as the bill dealing with the Australian Research Council, we think it is very important to make the point at this stage that Labor would be very deeply concerned about any similar attempt with respect to the National Health and Medical Research Council. We do not contend that this bill about the National Health and Medical Research Council is such an attempt to enable political interference by the minister in the work of the National Health and Medical Research Council but, given the way in which the government is going with the Australian Research Council, we think it is important to indicate our concerns about that direction of government policy at this stage.
Labor will be supporting this bill, but we do have some concerns about it and about the willingness of the Howard government to invest in the incredibly important research efforts that are funded by the National Health and Medical Research Council. Our concerns go to the following areas. First, we have concerns about the membership of the council. We oppose the removal of the requirement that membership of the council must include ‘an eminent scientist who has knowledge of public health research and medical research issues, a person with expertise in the trade union movement, a person with expertise in the needs of users of social welfare services and a person with expertise in environmental issues’. We recommend that the requirement for these various areas of expertise remain and that the legislation make it clear that multiple categories of expertise may be found in individuals on the council.

Put simply, we do not think that there has been sufficient explanation as to why the removal of these particular categories of appointment to the council is warranted. We think these categories are worthwhile ones to make sure that the council has available to it that broad depth of expertise. We note, of course, that given the Howard government’s hatred of the trade union movement and its policy bent of making sure the trade union movement is destroyed in this country—notwithstanding that free trade unions are fundamental to any democracy—we are not surprised to see the removal of the category of a person with expertise in the trade union movement, but all of these categories have been removed. They ought not to have been removed and we would certainly be recommending to the government that they be re-included.

Whilst we support the inclusion of expertise in ethics, particularly in medical research, we seek clarification from the government as to whether the chair of the Australian Health Ethics Committee is a member of the new council, as is the case at present. The legislation deals with having a person with specific expertise in ethics relating to research involving human beings. We want to know whether the satisfaction of that requirement will be that the chair of the Australian Health Ethics Committee will be a member of the council. So we have concerns about the membership of the council.

Secondly, we have concerns with and are opposed to the removal of the need for the federal health minister to consult with state and territory health ministers before appointing the chair of the Australian Health Ethics Committee. The bill now requires ‘consulting appropriately’—that is a quote from the bill itself—but it does not contain a definition of what this might mean, nor any means of certifying that the consultation has been done. So there is a reference to consulting appropriately but no content as to with whom you need to consult or how you need to evidence that that consultation has been done. In our view, this undermines the principle that the NHMRC should be at arm’s length from government and a body that has broad acceptability and responds to national interests rather than those of the particular federal health minister in question.

Appointments should always be made on the basis of merit and there should be a formal process in place to ensure that this occurs. This is of course a point that would endure without depending on the political complexion of the government at the time. I think Australians have a right to be assured that appointments to bodies like the NHMRC are not being made on a party political basis. One of the ways of ensuring that is to make sure that there is consultation between the federal government and state and territory governments so that a variety of views are put and that you are getting people on the
NHMRC who are respected across the board—respected nationally and respected across the levels of government.

Our third concern is in the area of disclosure of interests. We note that the minister is not required to be advised if a member of the council has disclosed an interest. We consider it the responsibility of the minister to know if a member or members disclose an interest. We regard this as a basic accountability issue, not an administrative task as noted in the schedule prepared by the department for the bill. Of course, accountability has not been a strong suit of the Howard government. We certainly do not want to see any repeats of the Robert Gerard appointment, where a responsible minister—in this case the Treasurer—can stand up in this House and say, on a matter that would cause concern about accountability, that he did not believe it was his job to check, which is what he said in this House. He simply did not believe it was his job to check. He does not believe that encompassed in his duties as Treasurer is the need to check on the veracity of qualifications and any issues that might arise when you are making an appointment like the Robert Gerard appointment. We are worried that this bill institutionalises a minister not knowing, not checking and not caring, and that is not good enough on accountability matters.

On the question of accountability, we further believe—and we note in this regard the advice of the Australian Vice-Chancellors Committee—that the altered reporting arrangements raise some accountability issues. We agree with the AVCC recommendation that the bill should be amended to enable expert advice to be provided directly to the minister. So that is a further accountability issue.

We would also raise—particularly I suppose this week, of all weeks, though the issue is of ongoing and deep concern to us each and every day—the question of Indigenous health and, consequently, Indigenous health research. We acknowledge the inappropriateness of defining particular research priorities for the NHMRC, but we indicate that we would be concerned if the proposed restructure has the result of diminishing the capacity of the NHMRC to strategically respond to the serious problems of Indigenous health. As we know, Indigenous Australians in this country still have an average life expectancy of 20 years less than the rest of Australia. That continues to be a source of national tragedy and something that we all need to be focused on. We would be concerned if there was a withdrawal of effort in the area of Indigenous health research.

We note that significant progress has been made in the area of Indigenous health research in recent times through the involvement of members with Indigenous expertise working across the current committee structure. We certainly would not want to see that good work come to an end as a result of restructured arrangements.

That is our list of concerns about these new arrangements. They are not sufficient to stop Labor supporting the bill, but we do think that there is considerable food for thought there for the government. Some of them are matters about which the minister could offer a reassurance in dealing with this bill. Some matters require further legislative change. But we believe they should be seriously considered by the Howard government.

We are all aware of the value of biomedical research to this country. The NHMRC is Australia’s primary funder of biomedical research and development. In 2005-06 the NHMRC provided $447 million for health and medical research. A recent Access Economics report clearly found that support for
biomedical research is one of the best investments our nation can make in the well-being of our people. The report states:

... the returns from health R&D are so extraordinarily high that the payoff from any strategic portfolio of investments is enormous.

And:

Health R&D must be seen as an investment in wellness with exceptional returns.

Historically, Australian health research and development give an annual average return of $5 for every $1 spent on research and development. This can be as high as $8 for cardiovascular research and development and $6 for respiratory research and development.

The Access Economics report found that, despite the additional funding flowing as a consequence of the 1999 Wills review, continued boosts to investment in health research and development relative to GDP are warranted, given Australia’s poor ranking relative to other OECD countries. As this nation ages and the dependency ratio increases and health spending rises, breakthroughs in research and development are seen as the best way to address the challenge inherent in the cost and impact of chronic disease.

The investment review of health and medical research, the Grant review, recommended that the government continue to invest and build on the Wills funding by increasing federal government investment in health and medical research to $1.8 billion by 2008-09, bringing Australia up to the OECD average level of investment of 0.2 per cent of GDP. A key finding of the Grant report was that the government investment through the Wills funding package had already started to deliver results and that further increases in funding for health and medical research will yield similarly considerable health benefits and economic dividends.

We do know that Australian researchers are finding life increasingly difficult. A December 2005 paper in the Medical Journal of Australia highlighted the extent of researcher dissatisfaction with funding and the inadequacy of infrastructure support. It is not surprising, but indeed very disturbing, that so many of our best scientists are attracted overseas and stay there.

We are concerned in this context that, while there is additional investment in medical research, the budget actually represents a lost opportunity. We believe that the Howard government has no real future strategy for health and medical research. Whilst the Treasurer talks about the need to cut health spending to address the ageing population, he does not seem to appreciate the wise words of the Grant report.

Indeed, we have seen in the post-budget period the Prime Minister, the Treasurer and the Minister for Health and Ageing big-noting themselves, in this place and outside, about the funding for the National Health and Medical Research Council that is in the budget. But when you actually work your way through the budget papers you can see that, in contrast to this big-noting, there is a huge opportunity missed here to make a real difference.

The government has announced $905 million in research funding in the budget. But let us look at where this funding comes from and when it will be spent. If you do that, the package is considerably smaller than the $905 million that is being boasted about by this arrogant government. Only $590.7 million in funding is provided in the four years from 2006-07 to 2009-10, the four years normally in the budget papers—$215 million is provided in 2005-06 and $99.3 million is provided for the five years beyond July 2010. Mr Deputy Speaker, you would be familiar with the fact that, when govern-
ments want to pump numbers, they engage in these kinds of devices.

Of the total funding package of $900 million, $670 million is provided due to the decision to sell Medibank Private. Labor simply do not agree that $670 million of funding for health and medical research should be made contingent on the sale of Medibank Private. We are opposed to the sale of Medibank Private. The arguments that have been put in support of the sale are completely spurious, particularly the argument that the sale of Medibank Private will increase competition in the private health insurance industry. This does not pass the laugh test. If the government sells Medibank Private as a going concern, at the end of the sale we will have exactly the same number of private health insurers. If the government breaks Medibank Private up into parts, and allows existing private health insurers to buy those parts, then we will have fewer private health insurers available in the market. Either way, there is no way one can assert that competition will be increased by the sale of Medibank Private. We are opposed to the sale of Medibank Private and we are most certainly opposed to anything as important as health and medical research funding being made contingent on the sale of Medibank Private.

While the government is yet to explain where the $215 million to be provided in 2005-06 comes from, we are afraid that this apparent largesse comes at the expense of current health programs that were not delivered. We know across the Health and Ageing portfolio that there are programs that are littered with underspends due to incompetence in delivery by the current government. We do not think that you can claim it as a great advance to collect up that underspent money and rebadge it as money for health and medical research.

In any event, the spend in the budget, which is described as being a response to the Grant review, is dramatically less than that recommended by the review. The review recommended that the NHMRC budget rise to $1.8 billion by 2008-09. We are certainly not going to achieve that. Indeed, the funding in the budget package will mean that by 2009-10 NHMRC research funding will be $664 million—that is, only one-third of what has been recommended by the Grant review.

We are also concerned, as I indicated earlier, that the government may in the long term be seeking to substitute, for government effort, effort from the private sector. We believe in partnering with the private sector but certainly not in private sector money being used to substitute for what ought to properly be government effort in the area.

Generally, the failure to invest in our research capabilities is yet another example of the Howard government squandering our national resources and failing to build our skills base. The Australian community supports increased health and medical research efforts. Research Australia’s annual health and medical research public opinion polls in 2003-04 showed that most Australians wanted to see increased government and industry investment and are prepared to contribute to that investment themselves. In fact, 47 per cent of Australians said they would rather see surplus government funds invested in health and medical research rather than in tax cuts—a rather selfless approach.

Securing a strong, enduring, sustainable economic future for Australia requires a long-term view for building on the valuable investment to date. This will only be achieved by a continued focus and leadership by government in partnership with researchers, industry and the community. Government commitment to the recommendations of the Grant review would be a good first
step towards showing this leadership. If the additional needed investments in biomedical research come only as a consequence of the sale of Medibank Private, then that simply is not good enough and it demonstrates only too clearly the cynicism of the Howard government, its lack of commitment to biomedical research and its failure to make real investments in Australia’s future.

The second reading amendment standing in my name raises a number of these areas of concern about the content of the bill. 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) failing to make the substantial long-term investments in biomedical research needed to keep Australia at the forefront internationally and to keep Australian researchers in this country;

(2) linking the increases in biomedical research in the Budget to the sale of Medibank Private;

(3) failing to understand that Australians want to see more of the Budget surplus spent on research to improve health outcomes; and

(4) failing to address the concerns raised in the Senate Community Affairs Legislation Committee report on the bill that go to:

(a) the expertise represented in the membership of the Council;

(b) the requirement for full consultation on the appointment of the Chair of the Australian Health Ethics Committee;

(c) the need for the Minister to be advised if a member of the Council has disclosed an interest;

(d) the ability of the Council to provide expert advice directly to the Minister;

(e) the need to ensure that the Council has a continuing capacity to strategically respond to the problems of Indigenous health; and

(f) the importance of role of the CEO and the need to ensure that this position is filled by an independent expert”.

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

Mr Ripoll—I second the amendment.

Mr SOMLYAY (Fairfax) (10.59 am)—Like the member for Lalor, I wanted to be at that launch by Tony Abbott, the Minister for Health and Ageing, a very important event. I hope the minister will be in the chamber before I end my comments on the National Health and Medical Research Council Amendment Bill 2006 so that he may respond to some of the concerns the opposition expressed in the amendment moved by the member for Lalor. The member for Lalor talked about the value of medical research. I do not think there is much debate between members of this parliament on the value of medical research with respect to the benefits not only to individuals’ wellbeing but also economically. Similarly, medical workforce issues are affected by medical research. A nation like Australia should not be in a position where we have to import doctors and medical professionals. Representatives from the six states and the two territories are travelling around different countries of the world, competing against each other, to get foreign trained doctors into this country. The opposite should be the case. We should be in a position to export doctors to the rest of the world. I think we should use quite a substantial portion of our aid budget to train doctors for countries that desperately need medical practitioners.

The purpose of this bill is to amend the National Health and Medical Research Council Act 1992 for the purpose of introducing better governance arrangements and clarifying the accountability and reporting functions of the National Health and Medical Research Council, or the NHMRC, under
that act. These amendments are not ad hoc changes. They are considered and thoughtful. They address governance issues identified by three major reviews in the past few years, but they go further than fixing the perceived problems. The amendments also aim to implement opportunities identified in those reviews, opportunities for improving health and medical research outcomes through a more accountable and independent council. This bill is aimed at strengthening the independence and accountability of the NHMRC. It clarifies the reporting lines of the CEO and the council and replaces the previously cumbersome accountability framework, which had three concurrent lines of reporting.

I am pleased to see the minister has entered the chamber to answer the concerns raised in the member for Lalor’s amendment, which I am sure he will do at the conclusion of my comments.

Currently, financial responsibility and operational accountability are divided. This bill clearly aligns accountability and responsibility. It makes the CEO fully responsible for the overall daily operation and administrative governance of the agency and has him or her reporting directly to the Minister for Health and Ageing while still keeping the secretary to the department informed. This enables the council to focus its full energy on providing expert medical and biological research and advice.

While the accountability and reporting structure has been streamlined, the roles and functions of the council, the principal committees and the working committees have not been altered in any way. The new agency will remain within the Health and Ageing portfolio but with reporting and accountability frameworks that clearly separate the NHMRC roles and functions from those of the department. It will be financially autonomous and the bill in no way affects the level of funding allocated for health and medical research, as was proven by the recent budget. This bill does reduce the size of the council from 29 to 19 members. However, this in no way reduces the breadth and depth of the council’s expertise. In fact, council members themselves have acknowledged problems with the current council size and no member has put forward any concerns regarding the proposed changes.

Established in 1936, the NHMRC is Australia’s leading expert body responsible for raising the standard of individual and public health. It does this by fostering health, medical research and training and by monitoring ethical issues relating to health throughout Australia. The NHMRC has an internationally recognised reputation for medical research, and these amendments are designed to keep Australian medical and health research among the world’s best.

Australians should be proud of what the government and the NHMRC have achieved in the past and aim to achieve in the future. Australian health professionals, scientists and academics have helped to improve the quality of life of millions of people not just in Australia but throughout the world. The council looks at not just ways of curing disease or controlling symptoms but prevention and minimising the long-term impact of disease for the person and for society. This is particularly important when we have an ageing population with increasing longevity. While we are living longer, many of us do so with chronic problems such as arthritis, cardiovascular disease and diabetes. While the research undertaken through the NHMRC may not cure those problems, it can help people to control and manage them, enabling us to continue to lead active and productive lives instead of becoming invalids and possibly needing high care.
The government recognises that the work of the council is important to our personal and national wellbeing. This was evidenced in March this year, when the Minister for Health and Ageing announced a $9.8 million boost for health research into chronic diseases, Indigenous health and the recovery process of older Australians who have been hospitalised. These are all important to the long-term health and wealth of our communities. As the minister said when he announced this funding boost:

The Federal Government’s investment in health and medical research through the NHMRC is more than $490 million this year, more than double the 1999 figure. Australia is a world leader in health and medical research—on a per capita basis, our research output is twice the OECD average.

There is more. This government is doing even better. In the recent budget, the Treasurer announced an additional $905 million for Australian health and medical research as a major investment in our future health. On top of the $200 million extra over seven years announced in the last budget, this year’s budget committed an additional $500 million over four years for research grants provided through the NHMRC.

On top of that extra $500 million to the NHMRC, the budget also provided $170 million over nine years to establish a new health and medical research fellowship scheme, which will allow Australia to attract and retain world-class researchers, which, of course, is also important to our scientific and economic wellbeing. The budget also provided a further $235 million in grants for a number of medical research facilities, to expand research in areas such as cancer and neuroscience.

As you can see, this government is very serious about health and medical research being done in Australia. It is not surprising that industry has also benefited from our strong position in medical research. Since 1992 it is estimated that the commercialisation of health and medical research has created over 350 companies and 3,000 to 4,000 new knowledge based jobs. As Senator Kemp said in his speech on the bill in another place:

The NHMRC has performed a pivotal role in supporting such research and fostering talented researchers in these fields.

What this means for Australia is that, in supporting the work of the NHMRC, we are benefiting not only from the health and research outcomes but also from the development and retention of scientific expertise in Australia and from the subsequent development of facilities and industries supporting both the research and its end product. Because this research is important to Australia, it is important that it be managed well. That is what this bill is about—good governance which still allows the council to have scientific independence and flexibility. I commend the bill to the House.

Mr ABBOTT (Warringah—Minister for Health and Ageing) (11.09 am)—I rise to conclude, I hope, the debate on the National Health and Medical Research Council Amendment Bill 2006 and to thank both the member for Lalor and the member for Fairfax for their contributions. I particularly thank the member for Fairfax for putting on the record in this place some of the achievements of the government in the field of health and medical research.

This is actually quite a simple bill. It implements the administrative recommendations of the Grant and Wills review of health research funding programs. The essence of that review was that the National Health and Medical Research Council needed to be made more clearly independent of government and, while the CEO of the NHMRC will certainly be reporting to the minister,
and while the government will certainly be funding this organisation, some of the lack of clarity in who was reporting to whom will be dealt with by this bill. Of course, the other half of the Grant and Wills review recommendations was a very large increase in National Health and Medical Research Council funding. I am pleased to say that, as a result of the budget, that has now been substantially delivered.

I think we can say that, while it has taken some time for the recommendations of the Grant and Wills review to be fully implemented, they have now been substantially implemented. I know that both of those two gentlemen are very happy not only with the NHMRC governance changes which this bill implements but with the very large increases in research funding which the government announced in the budget.

I should just briefly respond to the second reading amendment that has been moved by the Manager of Opposition Business. I accept that, had this amendment been moved prebudget, there may well have been some justification for it, but I think that it is wholly unjustified subsequent to the budget announcements.

There is a suggestion in the member for Lalor’s amendment that there may be some problem with future appointments to chair the Australian Health Ethics Committee. I am not in a position, at this time, to announce the new chair of the Australian Health Ethics Committee, but I can certainly assure the member for Lalor and the House that the new appointment will be someone of impeccable credentials and long and distinguished service in this area. I can also assure the House and the member for Lalor that the incoming Chief Executive Officer of the National Health and Medical Research Council, Professor Warwick Anderson, is an absolutely outstanding administrator. He was in fact offered an equivalent position in a country which is normally regarded as rather larger and more important than Australia, but he declined that offer to take up the position of Chief Executive Officer of Australia’s NHMRC.

I think that we have long been extremely well served by our health and medical researchers. I think that not only Australia but the wider world has been immeasurably improved by the work of Australian medical researchers, stretching back 100 years or so. It is impossible to fully estimate just how many tens if not hundreds of millions of people worldwide have been saved because of the work stemming from the research of Howard Florey. And while he is, justly, the most famous Australian medical researcher of all time—the Bradman, if you like, of medical research—there have been many others in the past and there are many today who are carrying on that fine tradition, and I hope they are somewhat assisted by the measure that I trust the House will shortly pass.

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

Question agreed to.
Original question agreed to.
Bill read a second time.

Third Reading

Mr ABBOTT (Warringah—Minister for Health and Ageing) (11.14 am)—by leave—I move:

That the bill be now read a third time.
CHAMBER

Question agreed to.
Bill read a third time.

CHILD SUPPORT LEGISLATION AMENDMENT (REFORM OF THE CHILD SUPPORT SCHEME—INITIAL MEASURES) BILL 2006

Second Reading

Debate resumed from 10 May, on motion by Mr John Cobb:

That the bill be now read a second time.

Ms PLIBERSEK (Sydney) (11.15 am)—The Child Support Scheme was set up in 1988 by the Hawke Labor government and has become an international model and the basis of a similar scheme established in the United Kingdom. However there are genuine concerns about the scheme, including the fairness of the scheme, the assessment formula and, in particular, compliance.

Let me begin my speech on the Child Support Legislation Amendment (Reform of the Child Support Scheme—Initial Measures) Bill 2006 by saying that Labor acknowledge the need for reform. We believe that the interests and wellbeing of children must always come first and that, as far as possible, child support policies should serve to support the child in security and in economically acceptable conditions.

When it comes to child support, the reform process has been lengthy. The House of Representatives Standing Committee on Family and Community Affairs report Every picture tells a story dealt with child support and other family separation issues and made 29 bipartisan recommendations. Among its recommendations was the establishment of a ministerial task force to evaluate the Child Support Scheme, including establishing the costs of children’s upbringing after parental separation, recognising different income levels of households and reflecting the costs for both parents of maintaining meaningful contact with their children.

The May 2005 report of the Ministerial Taskforce on Child Support, the Parkinson report, was the first systematic evaluation of the child support arrangements. It recommended a new formula for child support assessment, based on evidence of the actual costs of raising children, shared parental responsibility for those costs and recognition of each parent’s level of care.

The proposed changes also included increased compliance activity, more use of courts to recover debts, a new approach to parents understating income to avoid liability, and access to administrative review through the Social Security Appeals Tribunal. The 2006-07 budget measures show an allocation of $165.1 million over five years for transitional and ongoing compliance and $146.6 million to improve service standards and carry out organisational change in the Child Support Agency. We note that income minimisation investigations over the last six months have seen an increase in child support of more than $2.3 million. Of course, that is welcome.

The report examined the scheme using sound principles and was generally well received. Labor believes that the report provides a constructive basis for moving forward. The principal concern raised about the recommendations—the heart of Labor concern—is the effect the new assessment formula will have on low-income resident parents with children under the age of 12.

The government supported the report and has picked up most of the recommendations, which it now seeks to implement. Labor wish to take a constructive approach to the reforms. This is not an issue we want to politicise. We seek to support positive improvements to the scheme. We have endeavoured to work with the government on this to
achieve a better system, and there has been some constructive engagement between Labor and Minister Brough’s office.

The changes the government is seeking to implement cover various areas. The government plans to introduce them with three sets of legislation coming into effect between July this year and July 2008. We recognise that the package has been carefully crafted by the Parkinson task force in an attempt to provide a balanced approach based on the research of the task force.

In coming to a new payments formula, the task force has based its calculation on research into the actual costs of raising children. It found that the costs of care for older children are greater than those for younger children. It noted that regular contact between children and non-resident parents increases the costs of care considerably due to the duplication of infrastructure and that the costs of children change according to parent income levels. The formula attempts to divide these costs fairly between both parents in a way which recognises the level of care that each provides. This contrasts with the current formula, which is not based on research into the actual costs of raising children and therefore lacks some of the intellectual rigour of the new formula. The resulting package presents a trade-off in costs between resident and non-resident parents. The Parkinson report stated that the new arrangements do not alter the amount of resources available for raising children in total; rather, they alter the allocation between households.

The task force states that the new formula is grounded in evidence about the costs of raising children and the most defensible principles for allocating those costs. It notes the presence of anomalies in the current system and that the correction of these means that obligations ‘must go up or down’. It also says that its recommendations ‘can best be assessed by reference not to a comparison between the outcomes of the current and proposed formulae, but by reference to the principles and evidence upon which these recommendations are based’.

The task force package is the result of expert examination and analysis and seeks to balance competing factors in an intellectually sound manner. This is reflected in the package of measures. The new formula is balanced by increased compliance measures and attempts to make it harder for parties to hide their incomes and so reduce their child support liabilities.

The House of Representatives standing committee noted that the CSS—the Child Support Scheme—‘has a number of complex interrelated components’ and that changing one aspect impacts on other aspects of the scheme. I believe that this is also the case with the reform package. After some consideration, the government has picked up the package largely in its entirety. Labor feels that to unpick the package by amending certain measures would undermine the integrity of the package and could lead to further inequities.

Labor will support this bill to implement the first stage of the package, although we are concerned about the effect on some families of the reduction of the income cap, a subject I will return to later. However, Labor has made clear that its support for the entire child support reform package is conditional upon being satisfied that the government has put in place satisfactory protections against income reductions for low-income families. To that end, I would like to indicate that I will be moving a second reading amendment to this bill on behalf of the opposition.

Labor has serious concerns about the impact the new formula will have on low-income single parents of children up to the age of 12. In general, these households are
headed by women. The House of Representatives report noted that 91 per cent of child support payees were female and only nine per cent were male. Many single parent families are among the poorest in the country and among the most likely to fall into poverty. Labor accepts that the new formula is based on a fair estimation and division of costs, but, in implementing it, the parliament cannot be blind to the practical consequences. The aim behind the reforms is to share the costs fairly between parents, recognising the level of care they provide. The reforms impose very little financial cost on the Commonwealth, but the Commonwealth does bear a responsibility and should bear a broader responsibility in ensuring that there is some protection against loss of income for low-income resident parents.

The reforms attempt to encourage contact with the nonresident parent by reducing their support liability in line with their level of care. Currently, the liability for the nonresident parent is the same whether they have no contact or care for 29 per cent of nights. This does not take into account the costs of care for that parent. The task force report recommends that, where the nonresident parent has care of a child for between 14 and 34 per cent of nights of the year, their liability should be reduced by 24 per cent. This attempts to recognise the cost of providing domestic infrastructure such as a second bedroom. Clearly, the rent on a two-bedroom unit as opposed to a one-bedroom unit does not change depending on how many nights the parent has care of the child.

This attempt to recognise costs for nonresident parents and therefore encourage contact is sound and should be supported. We have to note, however, the possibility that a nonresident parent might have their liability reduced by saying that they will care for their children for a higher number of nights per year and then not carrying through with that commitment. We also have to recognise that resident parents face fixed infrastructure costs, such as rent, which do not decrease at a rate commensurate with the other parent’s level of care, yet under the proposed changes she or he faces a 24 per cent cut in their child support payments. Fairness has to work both ways. It is fine to be fair to the nonresident parent and recognise the fixed costs they face, but we must apply that same fairness to resident parents. This is the area where real concern exists. This is the measure which most starkly calls into question the fairness of this package.

We should also acknowledge that many who face cuts in their child support payments will also be hit at the same time by the government’s Welfare to Work changes. I do not want to make this a debate about the Welfare to Work changes, because Labor’s opposition to those changes is well known. However, we have to acknowledge that some of the poorest families in the country face the prospect of increased work obligations, reduced welfare payments, more punitive taper rates and a reduction in child support payments all hitting at the same time.

If we put the interests of children first and respect the original intent of the Child Support Scheme—to reduce child poverty—then we cannot ignore the impact of these changes on families and, in particular, the cumulative effect that these changes will have by hitting at the same time. Thus, while Labor are signalling our broad support for the government’s package, we are also indicating that we have serious reservations about the impact on low-income families that will need to be addressed before the final legislation is agreed to.

Labor argues that there is a clear responsibility for government in ameliorating the negative effects the changes may have on children in some of the poorest families in
the country. We call on the government to examine ways of ensuring that carer families are not penalised and how greater protection can be provided for them if they are disadvantaged by the application of the new formula.

This first set of reforms included in the legislation before us today, however, does not include the detail of the new formula. It refers to changing capacity to earn provisions, increasing the minimum payment and its indexation to the consumer price index, increasing the amount of the child support payment that the nonresident parent can direct to specific purposes and reducing the cap on the income of nonresident parents which is assessable for child support purposes from just under $140,000 to just under $105,000.

This final measure is also of concern. It means a reduction in payments by nonresident parents on incomes of over $104,702 of up to $180 a week and, of course, the commensurate loss of that income for the resident parent. This is a substantial income decrease and will take effect from 1 July this year. Of course concerns have been raised by the people affected, and this is certainly Labor’s main concern with the measures in the first tranche of the legislation before us today. Given that the first stage reforms are minimal, Labor encourages the government to consider phasing in this measure to ease this sudden substantial decrease in income faced by residential parents.

In summary, Labor will support the legislation before us today. We have serious concerns about the effect of the new assessment formula on low-income resident families, and we see a responsibility for government in ameliorating any disadvantage resulting from the new formula. But, as I said, the formula is not before us today. We also encourage the government to consider a phase-in of the new income cap for high-income earners. Consequently, 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 calls on the Government to provide protection against income reductions for low income households raising children”.

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

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

Mr CADMAN (Mitchell) (11.29 am)—This is a long process that is coming to fruition. The original proposals were made, I suspect, by the parliamentary inquiry into child custody arrangements in the event of family separation, which was undertaken in 2003 by the House of Representatives Standing Committee on Family and Community Affairs. That committee received 1,700 submissions and heard from over 200 witnesses. I was a member of that committee, and the committee’s report, Every picture tells a story, was a comprehensive study of the pain and trauma that can often occur with family breakdown and separation. Above all things, as a group from the House of Representatives, we were conscious that the people who suffered the consequences of family breakdown more than any others, even more than the separating partners, were the children of any union, marriage or arrangement. So it was on the future of the children that the committee tended to focus.

Initial responses to our inquiry were generally favourable, although there is continuing concern in men’s groups—understandably—about the recommendations in that they did not go far enough, particularly in the area of fifty-fifty shared care. We as a committee felt that the first thing that separating parents should apply their minds to was the future of the children, so we fo-
cused not on shared care so much as on equal parental responsibility. That is not the case at the moment. At the moment, the person who has custody of the children seems to have more say than others about their future. We considered that both parents should have equal responsibility in deciding the future of the children, no matter who was the custodial parent. We also felt that grandparents should play a part in this process, as well, so grandparents receive attention in the report.

There was general community support for the committee’s report and general support from community groups for the concept of shared responsibility. We have requested the courts—and I am pleased to find that the Attorney-General is giving instructions to the Family Court—that, as a starting point, fifty-fifty shared care should not be rejected but should be considered. The way it will work—and the implementation stages are already moving ahead—is that, firstly, there will be shared parental responsibility and then, flowing from that, the prospect of shared care. The proposals also included more services to assist parents in reaching workable post-separation arrangements and more child-focused programs.

On 29 July 2004, in response to the committee’s report, the government announced a process to look at the arrangements for child support, and a ministerial task force on child support was established following the reforms to the family law system. An improvement in the outcomes for children was the goal of the task force. The task force presented a report to the government entitled *In the best interests of children: reforming the Child Support Scheme*, and it is a very interesting and well prepared report.

The Child Support Legislation Amendment (Reform of the Child Support Scheme—Initial Measures) Bill 2006 before the House today is the first part of a three-part response to that task force report and to the committee’s effort. In the area of child support, the committee made a number of observations. The House of Representatives Standing Committee on Legal and Constitutional Affairs particularly remarked on the complexity of the formula used to decide the amount of financial support children should receive in the case of separation. The formula applies fairly rigidly unless there are some very definite indications that it cannot be complied with. We found as a committee that the weapons used by separating parents revolve around the children, and they are generally these: the weapon of the custodial parent is to deny access to the children; the weapon of the non-custodial parent is not to pay for the support of the children. So that is where the battleground is, and it is a vicious and hateful battleground. It is a tragic battleground on which the children alone are the ones who really suffer.

I remember one lady in Gunnedah who gave evidence to the committee that she had spent $260,000 on legal costs, the entire pro-
ceeds of the settlement she had received from her former husband, in order to spear him and make him comply with her wishes. She said:

I’ve spent the money and he’s still the same, but at least he’s seeing kids now and that’s all I wanted. I wanted proper acknowledgment from him. I failed to get him to pay, which is part of what I wanted, but above everything I wanted him to continue to be a good dad.

She had wasted the family’s entire savings because of viciousness between her and her former husband. That story is not unusual—the hatred and viciousness of, on the one side, women, who are generally the custodial parent; and, on the other, men, who can resort to violence and become unemployed purely to get back at their former partner. However, the kids suffer from the lack of support given for their accommodation, from changes in the provision of their shelter and from disruptions to their schooling. There is a whole range of factors that work against the interests of children, simply because men will not support women in such a situation.

The formula caught the attention of the Standing Committee on Family and Community Affairs, of which I was a member. The Child Support Consultative Group, which gave evidence, pointed out that separating the discrete costs of children from the total family costs is a problem confronting all studies where an examination is made of the cost of raising children. Regarding the development of the formula, the Child Support Consultative Group said that, as the number of children in a family increases, the per-child cost declines. I think we all know that; that is commonsense. More money is spent on children as they grow older. On average about 20 per cent of a family’s income is devoted to the first child. When the Australian data was separated from the international data, a lower figure of about 16 per cent was arrived at, so we were delving into difficult areas in trying to establish such facts. The Child Support Consultative Group said that the shares of income devoted to the second and third child were each about half of that devoted to the first child; and shares devoted to subsequent children were about half of that devoted to the second and third children—their cost reduces to about 25 per cent of the cost of the first child. It costs less to maintain an intact family at a given standard of living than it does to maintain the same family with separated parents. That is not obvious to many parents who are in the process of separating. They think they can carry on their former lifestyle without penalty. That is not possible. The share of income devoted to a child in a one-parent family is higher than in a two-parent family.

The recommendations of the House of Representatives committee were taken up by Professor Parkinson. The first recommendation in his report to the government, entitled In the best interests of children, dealt with the difficult issue of the formula. In recommendation No. 1, he said:

The existing formula for the assessment of child support should be replaced by a new formula based upon the principle of shared parental responsibility for the costs of children.

One would think that is self-evident and would have always been the case—but that is not so. The government, taking these steps in the legislation as the first part of a three-part program, has made a number of changes. One change is to increase the minimum payment. The current payment is $5, which is nothing. But if a parent—and generally it is the male—is unemployed and has little likelihood of gaining employment, $5 is the cost and many do not pay it; in fact, 40 per cent do not pay it. As there needs to be greater acceptance of responsibility for children, this legislation contains a provision for an increase in the minimum payment.
This legislation lowers the cap on income considered for child support purposes, thereby reducing the maximum rates of child support. Let me give the House an example. One of the major criticisms we came across was that, for high-income earners, the formula currently applying produces an impossibly high level of funding capable of being expended on children. The figure of $34,000 a year currently being received by a parent for two children will be lowered to $24,000. I do not know how anybody could possibly spend $17,000 a year on a child under the age of five. It is just not possible, so the formula has been changed. If, in the view of a court when considering separation and Family Court matters, there is a need to maintain a certain lifestyle, that should be considered as a separate issue and not as a maintenance of children issue. That was the goal of the committee, which was universally agreed by members of the committee, picked up by Professor Parkinson in his report and now endorsed in legislation by the government—a sensible change.

The legislation provides for fairer decisions in relation to whether a parent has extra earning capacity. This is the overtime factor. The non-custodial parent is required to pay according to a formula, and I need to give the House some understanding of what that might be. For one child, it is 18 per cent of gross income; for two children, it is 27 per cent; for three children, it is 32 per cent; for four children, it is 34 per cent; and for five or more children, it is 36 per cent. That formula, which was locked in place, is now in the process of being changed—but not by this legislation; that comes next. So the process of change is down the track.

This legislation makes provisions for circumstances where a person is locked into the current formula and it is impossible for them to maintain themselves. We had evidence from many people in dire circumstances endeavours to live up to their responsibilities, maintain rented accommodation, provide for their children when they have custody as part of a shared arrangement and endeavouring to provide for the odd needs such as clothes or other items that the children need when they are in that casual accommodation arrangement from week to week, maybe every second weekend and half the school holidays. To have all of their overtime efforts counted as part of the child support process was something we considered to be unfair. The formula is changing in regard to a person making extra effort and providing extra capacity.

There is also an increase in the legislation on the amount a parent can have spent directly on the essential needs of their child, from 25 to 30 per cent—that is not a recommendation of the committee; the committee thought it should be higher than that. I will give an example. Somebody may be married to a person who is quite wealthy and is able to provide well for additional children. The non-custodial parent may demand that the children have essential needs—such as for school fees, clothing, school excursions, perhaps medical services—but only 25 per cent of their contribution can be directed towards payment for those things.

There is a weird proposal that a doctor has to say that a child is in need of medical services before these payments can be allocated to medical care. I would have thought a doctor’s bill is sufficient to say that a child is in need of medical care, rather than having to first of all get a letter from a doctor to decide whether these payments can be allocated to the medical care of children. It seems to be absolute bureaucratic overkill to say that doctors need to advise the CSA that this care is needed. Nobody is going to take a kid to a doctor just for the sake of it. There are some real problems with the whole way in which this was bedded down in the first place, but
the changes we are making now are fairer, and they are really going to help couples focus on the children.

Australia has one of the most interventionist family courts in the world. Most courts worldwide force parents to consider for themselves what is best for the children. We do not do that. We let the court get involved in these relationships from day one. This legislation is going to change that slightly. It is going to force parents—recognising they are probably never going to like each other very much—to think of their children first. That must be a goal that this House maintains for any future changes. Another provision in this legislation ensures that the child support arrangements for exnuptial children in Western Australia are constitutionally valid, which is a change that one would expect in order to recognise the role of the Family Court in Western Australia.

So the prescribed non-agency payment is rising to 30 per cent, which allows the non-custodial parent, where necessary, to direct more funds specifically towards the care of the children. Many paying parents would like this percentage to be higher, because they consider their children may not be well looked after, but the government settled for 30 per cent. I commend the minister, Mal Brough. He has been working on this issue ever since he came into the parliament, trying to get a better deal for both parents. He saw the pain of dads and he saw the problems in families, and he is trying to rectify them.

Ms CORCORAN (Isaacs) (11.49 am)—The bill we have before us today, the Child Support Legislation Amendment (Reform of the Child Support Scheme—Initial Measures) Bill 2006, has taken quite a few years to get here, and the issues it addresses are very difficult ones. The beginnings of the bill are found in the community’s dismay and frustrations with how decisions are made about parenting and child support when a family breaks up.

In June 2003 the Prime Minister established an inquiry into child custody and child support. This was undertaken by the House of Representatives Standing Committee on Family and Community Affairs. In December 2003 this inquiry delivered its report, Every picture tells a story. In instigating this inquiry, the Prime Minister talked about three things in particular: he talked about the idea of rebuttable shared time with each parent, that equal time would be the default situation; he talked about the need for people other than parents, mainly grandparents, to be considered; and he talked about the need for the child support formula to be revamped.

It is impossible to bring in legislation that is going to meet the demands or expectations of everyone involved in family separations. By its very nature, the issue is emotional and every aspect is often overlaid with other issues or frustrations. Every member of parliament has experience in trying to help people immersed in the family law and/or the child support systems. We see the frustrations of men and women trying to work through the process. Many of us have personal experience of the system or of our family members dealing with family breakdowns. There is no easy answer, and there never will be.

It is interesting to note the language that is often used in this area and to think for a minute about how language influences attitudes. We talk about failed marriages, failed relationships, family breakdowns. This language presupposes that a marriage or a relationship ending is a bad or undesirable thing. I would like to float the idea that some marriages or relationships, which might be good for a time, come to a point where they should
end. I would like to get to a point where a relationship can end without those involved being told or being made to feel that they have failed. I would love to see us accepting in a non-judgmental way that some people decide to end their relationships for their own reasons.

I am not in any way trying to suggest that we want a world full of relationships endlessly coming and going. We do need to find ways of helping those relationships that will continue to grow and be satisfying if a bit of help or support is available at a critical time. We also need to understand that some relationships do have a finite life. We should accept that only those in the relationship itself are the ones who know whether it should end.

When the Prime Minister established the inquiry into child custody and child support some three years ago, he talked about looking for a recommendation from the inquiry supporting the presumption of shared custody or equal time with each parent. This was mischievous, misleading and even cruel. We all have a number of constituents, usually men, who do not see their children as often as they would like and who see the system as being unfair and biased towards mothers. Many of these men were, understandably, delighted with the thought that once the inquiry was over legislation would be introduced and they would have, automatically, equal time with their kids.

I cannot dismiss the thought that this was a deliberate ploy by the Prime Minister to quieten down a group in the electorate and offer them false promises in the lead-up to an election year. The inquiry did not recommend that equal time be the standard or the starting point. It did recommend shared parenting, meaning sharing the responsibility for major decisions affecting a child. Unhappily, once again misunderstanding crept in. Many parents misunderstood the term ‘shared parenting’ and thought it meant equal time. Many parents are only now starting to understand what the term means.

What all this means is that a group of already unhappy parents who feel that the world, or at least the family law system, is against them have been tricked into thinking the system would dramatically change and are now feeling abandoned again. Some of this unhappiness was inevitable as some expectations are and were unreasonably high, but some of it has evolved from, at best, loose language and the leading statement from the Prime Minister, anticipating the result of the inquiry and getting it wrong.

The committee’s report Every picture tells a story, which was tabled in December 2003, made 29 recommendations that covered the family law process, the Child Support Scheme and parenting arrangements. In August 2004 the government announced the establishment of a ministerial task force and reference group to examine the Child Support Scheme, partly in response to the report. The report of the task force was released by the chair of the task force, Professor Patrick Parkinson, on 14 June 2005 and made a number of recommendations to overhaul the Child Support Scheme. In February 2006, the government released its response to the task force report and indicated the intention to adopt most of the recommendations for change of the ministerial task force. The government proposes that these changes will take place in three stages, the first from 1 July 2006, the second coming in in January 2007 and the third from July 2008.

The main changes that are being introduced are, firstly, the introduction of a new formula for determining a parent’s child support obligations. It will move to base the obligation on the actual cost of raising children, it will more equitably share the cost between
parents based on their respective incomes and it will better balance the needs of first and second families. The bulk of these changes are planned to start from July 2008. The next change is increased enforcement and compliance powers for the Child Support Agency that should enable the agency to take more effective action against parents who fail to support their children. These changes are part of the bill being debated today and are to come into effect from July 2006. Another change will introduce the ability to have Child Support Agency decisions reviewed by the Social Security Appeals Tribunal. At the moment the review processes are by the CSA itself or the courts. These changes are planned to start in January 2007.

The purpose of the bill here today is to introduce the first set of changes. It will increase and index the minimum rate of child support payments. The minimum will move from $5 per week to $6 per week and will be indexed to keep pace with the CPI. The increase from $5 to $6 is to restore the value of the minimum payment to what it was when it was introduced in 1999. The bill will reduce the maximum income cap from about $139,000 to about $105,000 per year, which will reduce the amount of child support payable by high-income nonresident parents. This change is likely to be an interim step to tide the system over until the more substantial changes are made to how the support payments are calculated. If the legislation to come follows the Parkinson recommendations and the direction the government is suggesting it will follow, the maximum cap will become irrelevant. This is because the new formula is likely to be based on the cost of raising a child rather than the income of the paying parents.

The bill will alter the way the earning capacity of parents is assessed. At the moment parents are deemed to have a greater capacity to earn even if their income has dropped for good reason—for instance, because they need to work less in order to provide care for their children or because they have lost their job. The new arrangements will move closer to the recommendation that parents should be deemed to be earning more than they actually are only if it is likely or apparent that the motivation for reduced earnings is to reduce the level of child support payments. The bill will enable nonresident parents to offset 30 per cent of their payment against any credited amount spent directly on the children. This is an increase from 25 per cent. The bill has technical changes relating to arrangements in Western Australia.

The Parkinson report—that is, the report that responded to the financial recommendations of the Every picture tells a story report—made good and broadly sensible recommendations. It is good to see these recommendations starting to be acted upon. I look forward to the remainder of the changes being introduced, although I am intrigued about the delay in bringing them forward. As I understand it, the following changes are still to come. From January 2007 the government will introduce independent review of all CSA decisions by the Social Security Appeals Tribunal, broaden the powers of the courts to ensure child support obligations are met, strengthen the relationship between the courts and the CSA to make the process easier and more responsive to parents’ needs and give separating parents more time to work out their parenting arrangements before the family tax benefit is affected.

From July 2008 the government will introduce a new child support formula; change the way income from second jobs and overtime is treated, noting that often this income is sought to help with re-establishment costs after separation; change the treatment of parents with dependent stepchildren when calculating child support payments; simplify the change of assessment rules; and deal with a
number of other matters. I note that the government has said it will do all these things and I hope that it does. If the matters due to be changed from January 2007 take place sensibly and effectively, this will take some of the frustration out of the system. Changes to the child support formula are needed too, but I am concerned about how this will be done as there are many low-income families who are dependent on child support and, if these changes happen, may be vulnerable to increased financial stress.

Mr Deputy Speaker, one of the most common issues raised with me in my electorate office, and no doubt with you in yours, relates to child support or custody. There is almost universal frustration with the way the Child Support Agency works. I hasten to make the point that, by definition, I do not see those parents who are happy with how their arrangements are working out. Like everyone else in this place, the constituents who approach me are usually the ones who are having difficulties.

Their complaints usually fall into one of two or three categories. One source of frustration is about the perceived rigidity in the way payments are assessed and the slow and complex process of varying the payments. Some payers feel that their ex-partner is misusing the money and some feel that they are being taken advantage of by their ex-partner. Another category is the parents in receipt of payments. Some of these parents are unhappy because they feel that their ex-partner is deliberately hiding their income to reduce the amount they pay in child support. Some are unhappy because their ex just is not paying at all. Both payers and payees will come to see me because they are unhappy with decisions that the CSA has made. To date these decisions are reviewed by another CSA officer, with the only other recourse being to the courts. This in itself is another source of frustration and leads some people to question the transparency of the system.

Not long ago a small business operator in Isaacs contacted me about the CSA. His issue is that the paperwork required by the CSA is becoming onerous. I spent some time with Tim in his factory and I can understand just what he means. Tim’s business is typical of many small businesses. The admin function is handled by one person. This person looks after the accounts receivable, accounts payable, purchasing and payroll and is usually the receptionist. Very often a large amount of the corporate memory rests in this person. This very busy person, often a woman, does not have the time to seek out and understand every nuance of the child support system.

Tim’s attitude is that he is happy to do the things he needs to do in deducting child support payments from his employees’ wages, but he is not prepared to spend hours completing forms, particularly when the information sought is already available. He has even indicated that he is getting to the point where he will be avoiding employing people who are clients of the CSA for this reason. I wrote to the minister with Tim’s concerns and the reply I received was less than encouraging. Essentially the minister advised Tim to do the CSA work online. This advice makes assumptions about internet skills and internet availability that do not always hold. The response is an indication that the minister is out of touch with how very small businesses operate.

It is clear to me and to my constituents that the child support system needs a drastic overhaul. I want to be clear that, whilst I am firmly convinced that the child support system needs an overhaul, this reflects the legislation that has existed to date; it is not a reflection in any way on the staff of CSA. My experience with CSA staff is that they work
very hard to provide the best service they can within the constraints of the legislation and the resources made available to them. The CSA people we deal with through my office are always very efficient in responding to our questions and dealing with the matters we raise on behalf of our constituents.

I put on record the efforts the CSA has gone to in my area in conducting what we call child support forums. We have held three in the last 15 months in Isaacs, the most recent being last week. These forums are a collection of agencies who offer services to separating families. At last week’s forum we had people from the Child Support Agency, Family Court, Victorian Legal Aid, Council of Single Mothers and their Children, Dads in Distress, Mensline, Centrelink, Australia family support service, Lifeworks Australia and Relationships Australia. I put on record my thanks to all these agencies and their representatives for taking part in the forum. These representatives gave up their Thursday evening to present their material and to be available to people to have one-on-one discussions about their particular problems or to seek information. The Child Support Agency arranged one-on-one interviews throughout the day for those clients who asked for one and then spent the evening discussing child support issues in general with those who attended. Over the three forums we have managed to give information to something like 200 people. Most of the work in arranging these forums was done by officers from the CSA, each of the forums was well attended and the feedback from those attending was very positive. I encourage my colleagues to sponsor similar forums for their constituents, because they are well worth doing. I want to congratulate the CSA for taking the initiative in arranging these forums.

The Parkinson report, the report that responded to the financial recommendations of Every picture tells a story, made good and broadly sensible recommendations. It is good to see these recommendations starting to be acted upon. I look forward to the remainder of the changes being introduced, although I am, as I said before, a little intrigued about the delay in bringing them forward.

Before I finish I would like to make a point that is probably obvious but needs to be made, and that is that many couples who separate do so, if not amicably, at least in a cooperative manner and manage to sort out their child custody and child support issues themselves. Sometimes these arrangements come unstuck later, but very often they do not and there is no need to get involved with the CSA. Other couples, of course, do not separate in a friendly manner and need outside help to sort out their arrangements. These are the families that are affected by the legislation and the changes that are being discussed today. In summary, I support this bill and look forward to the rest of the changes being introduced.

Mr Lindsay (Herbert) (12.05 pm)—I am disappointed to see the second reading amendment to the Child Support Legislation Amendment (Reform of the Child Support Scheme—Initial Measures) Bill 2006 by the opposition. The amendment calls on the government to provide protection against income reductions for low-income households raising children. This is a populist comment. It says that the taxpayer should pick up the cost because a particular family separated. I do not think the world works like that. I would have much preferred to have seen from the Australian Labor Party an amendment which said that the opposition congratulates the government on doing the hard work that was necessary to bring forward this legislation—the first tranche of legislation that will see very significant reforms in the child support arrangements. We all know as members of parliament that this area is a minefield—that for every winner there is a loser—but the
government has bitten the bullet, made hard decisions and brought forward some very sensible legislation indeed.

In fact, I think on balance most parents who are subject to this legislation agree with what the government is proposing. For once I would have thought perhaps the Labor Party could have said, as the member for Isaacs just said in this place, ‘Yes, it is good legislation.’ For once the Labor Party might have considered not tacking on a populist bit, which is not going to succeed—and I do not think any parent or taxpayer would want it to succeed. Professor Parkinson is highly regarded in the work that he has done in the ministerial task force. He has considered all of these issues and reported to the government, and the results of that report appear in the legislation before the parliament this afternoon.

There is bipartisan support for this legislation and I am pleased to see that. I recognise that and I thank the opposition for their support. Over the years many Labor members have done a lot of work on this, and so have many government members. All of us have struggled to know what we can do, but we have had this tremendous guidance, first from Kay Hull’s committee, the Standing Committee on Family and Community Affairs, which produced the Every picture tells a story report, and then from Professor Parkinson’s report. It is good to see that bipartisan support.

I was intrigued with the history of all of this and I went to have a look at what has been said previously. Back on 24 March 1987 the then Minister for Social Security and member for Batman, Brian Howe, indicated to this parliament that in that year we would see the start of a system to ensure a new deal for children of separated and divorced parents. In that year—I think it was 1988 when it became the law—there was a child support process to address the areas of community concern in relation to child support and the inadequate support provided by non-custodial parents to children living in Australia’s sole parent families.

A lot has changed since then and a lot has remained the same. There is a need for child support. The overwhelming majority of cases that we see are a result of marriage breakdown or a split in de facto relationships. Most of the children in these families come from homes where two parents once shared the responsibility for expenses and care. A situation has developed where too many parents no longer share a house with their children and they now fail to share their income with these children. That situation remains.

What has changed, of course, is the government’s determination to make sure that children know both their parents. Children should be able to be cared for by both of their parents. That is a good thing, and that has been recognised and incorporated in the government’s philosophy. So the philosophy now is not only that parents should share the cost of supporting their children according to their capacity to pay but that adequate support should be available for the children from both parents and that access should be available to both parents. The government is agreed on that.

We are now making some very major changes. This bill represents the first tranche of legislation—the first phase of implementation. The legislation has some notable changes, including changes that incorporate the need to reward nonresident parents on income support who have contact with their children. There will be more dollars available there. The current provision will be broadened to parents who have care of their children for at least one night per week, and that is really going to increase the number of parents who will benefit from that particular measure. There will be a fairer assessment of
the capacity of parents to earn income. We have all heard some horrendous stories where the CSA, operating under the current law, have just deemed a parent to be able to earn a certain amount of income, whether or not they can do it in practice.

This sort of thing is happening in my area, and I will give the House an example. A person may be working in the mining industry on a fly-in fly-out basis: a person who may live in Townsville will fly to Cannington, for example, to the silver-zinc mine. They are on extraordinarily high wages compared to the rest of the community because they stay away for an extended period and then fly back home again. The wages are paid in recognition of them being away for such a long time, but sometimes people get sick of this sort of lifestyle. It is kind of like being a parliamentarian, flying down to work and being away for a long time from your home and family and so on. These people may choose to say: ‘I’m not going to do this anymore. I’m going to seek a job on the coast and stay at home.’ The CSA was looking at their income from the mine and basically saying, ‘You’ve got to pay child support because you are capable of working in a mine; therefore, you’ve got to pay a high rate.’ But that is condemning a worker to not having choice over where they work. They have not in the past wilfully decided not to work at a mine because they want to reduce their child support payments; they have done it because of lifestyle issues. The point I come to is that there is this fairer assessment of the capacity of parents to earn income.

But the key thing in the legislation is the ability now to go to an appeal process if the payer thinks that he has been unfairly assessed. Previously you were not able to do that. It is a credit to the Minister for Families, Community Services and Indigenous Affairs, Mal Brough, for introducing this in the legislation so that people now will be able to ensure that they are treated fairly. That is what happens in other areas of payments, where you can go to an appeal tribunal. You will now be able to do it in this case. Legislation will be introduced later to reduce the maximum payments and do more to ensure that child support is paid in full and on time.

In the couple of minutes left to me before we hear from the member for Canberra, I want to observe a very important change in the government’s philosophy, which is encapsulated in a few words: improved service delivery by the Child Support Agency. We have all heard the horror stories. We have all heard the accusations that the Child Support Agency hates men. I have never believed that. I have always found the Child Support Agency people to be really decent people. Of course, we have to remember on the other side of the ledger that, almost on a daily basis, they have to deal with very aggressive customers who bring their marital problems into the Child Support Agency office. It is not CSA’s fault that a marriage breaks down. CSA staff quite properly just enforce or deal with the legislation that currently exists. But as a government we are now pouring a whole lot more resources into helping our Child Support Agency staff to know and understand the psychology of their customers, to know and understand how best to deal with them, so that people who do come in in a very aggressive manner can be professionally assisted and their aggression dealt with. That is a really big change in what we are doing. I thank the government for that. I know that the CSA will now go on to be a better organisation to help the mums and dads who have unfortunately separated. I support the bill and I commend it to the House.
The purpose of this bill is to implement the first stage of the government’s child support reforms in response to the report of the ministerial task force on child support, the Parkinson report. The government’s reforms will be introduced in stages from July 2006 to July 2008.

The Parkinson report provides a strong and constructive basis for moving forward. Labor acknowledges the need for reform of the Child Support Scheme. We support this bill. We also recognise that the package as a whole is the result of careful consideration by an expert committee and that it has used sound principles to develop a balance of measures. To unpick the package by amending certain measures would undermine some of the integrity of the package and could lead to further inequities. Therefore we support the package, albeit with the amendment that has been moved by the member for Sydney.

As I said earlier, the bill that we are debating today introduces the first stage of reforms and includes a range of measures. This bill will increase the minimum payment and index the minimum to ensure that child support payments keep pace with inflation. The current $5 a week minimum payment is not indexed. I wholeheartedly agree with this measure. If the cost of caring for a child increases, then it is only fair that child support payments keep up with those costs.

This bill will also provide more detailed and workable arrangements for determining a liable parent’s capacity to earn. Under the Child Support Scheme, parents can be required to pay additional child support, or parents may be entitled to receive less support, if the Child Support Agency determines they have a higher capacity to earn. Under the current scheme, the provisions are too broad, and this can lead to payments which do not take into consideration changed circumstances. For example, a child support payer may need to work less because of new caring responsibilities or they may have lost their job; however, they may still be required to pay child support based on their previous income.

This bill will enable nonresident parents to offset 30 per cent, up from 25 per cent, of their payment against any credited amount spent directly on the children—for example, school fees and medical costs. Currently, nonresident parents can spend up to 25 per cent of their child support liability directly on the children. The Parkinson report recommended that the limit be increased to 30 per cent because it allows the paying parent to be confident that the children are benefiting from the child support and it gives them some sense of control over how the child support is used.

Whilst we can legislate as best we possibly can, it is impossible to legislate against human nature—something that we often would like to try to do. When we talk about additional costs being paid—and I have just referred to the direct costs incurred in caring for the child—that immediately brings to mind a constituent’s case some little while ago now where the nonresident parent was so intent on being difficult that the resident parent and the child concerned at one stage owned something like 40 school jumpers. I am not making it up. So, whilst I can fully support the changes that I have just referred to, we have to be aware that some people, regardless of our best intent across this chamber, will remain hell-bent on being difficult to their ex-partner or ex-family. That was the starkest example I ever saw, when the nonresident parent walked in carrying two large black plastic garbage bags in which resided something like 40 school jumpers, all of them in pretty good nick. We must remember that people who are no longer in a relationship but share responsi-
bilities for children can be in a very stressed state, so I support any measures that help parents do what is best for their children.

Another measure of this bill will reduce the maximum income cap from $139,347 to $104,702, which will reduce the amount of child support payable by high-income non-resident parents. This will see a substantial reduction in the child support paid by some higher income earners as of 1 July this year. This may cause some hardship for some resident families; therefore Labor is calling on the government to consider phasing in this change so as to provide a period of adjustment for those resident families. It is important to note that this measure will become redundant if a new formula for the assessment of child support is introduced.

The Parkinson report recommended a new formula for the assessment of child support, which would be based on evidence of the actual costs of raising children, the principle of shared parental responsibility for those costs and a recognition of each parent’s level of care. The new formula is planned for introduction in the third stage of the legislation. Labor’s principal concern is the effect of the new formula on low-income families with children under 12. While we support a new formula that is based on the actual costs of raising children in separated families, and which attempts to fairly divide those costs and recognise the level of care provided, we cannot ignore the effects that the new formula will have on low-income resident families.

While Labor supports the fairness of recognising the costs of care incurred by the nonresident parent, we also recognise that the consequent decrease in child support liabilities paid to the resident parent may not correspond to any decrease in that parent’s costs. Labor believes that there is a responsibility for government in limiting the negative effects of these changes on low-income resident families. These families are already under significant financial pressure and, in implementing these reforms, we must consider their effects to ensure that children in these families are not disadvantaged. It is here that I strongly support the amendment moved by the member for Sydney.

One of the most challenging aspects of my job as a local member in this parliament is seeing the difficulties that can follow family breakdown. I would dare to say that there is not a member in this House who would not share that view. I see resident parents who are struggling to make ends meet and support their children who believe their children’s other parent is not contributing according to their capacity. On the other hand, I also see nonresident parents who miss their children and believe they are providing support beyond their means.

The other aspect that I and many others have seen is the very sad aspect where, in some cases, a nonresident parent believes that they should have access purely on the amount of money they pay in child support, regardless of the circumstances within the family that may exist. We have also seen resident parents who, for one reason or another, decide to make it difficult for the nonresident parent in accessing their children when there is a legitimate case for that access to occur. There is such a mix of human emotions and human circumstances. I think we have probably seen every mix there could be. It is an extremely traumatic situation for everyone involved, and my aim in assisting any of these constituents is to ensure that whatever influence I can bring will mean that they do what is best for their children. At the end of the day, the needs of the child simply must come first. I would like to quote part of article 3 from the United Nations Convention on the Rights of the Child:
1. In all actions concerning children, whether undertaken by public or private social welfare institutions, courts of law, administrative authorities or legislative bodies, the best interests of the child shall be a primary consideration.

2. States Parties undertake to ensure the child such protection and care as is necessary for his or her well-being, taking into account the rights and duties of his or her parents, legal guardians, or other individuals legally responsible for him or her, and, to this end, shall take all appropriate legislative and administrative measures.

In conclusion, I want to very briefly mention and commend the work done by all of the committees in this House, basically since the CSA came into being. There has been the Parkinson committee, which was a task force set up by government. Before that there was the committee chaired by Kay Hull and deputy chaired by the member for Fowler. Before that I understand there were committees under the chairmanship of the current opposition whip and many others, all of whom have put an enormous amount of effort into trying to untangle the emotions of this issue as much as possible. We have now got to the point where we have this piece of legislation, the majority of which we very strongly support. I commend all of that back work, because that is the basis upon which we stand this legislation today.

Mr TICEHURST (Dobell) (12.27 pm)—I have been fighting for changes to our child support and family law systems since I first became a member of this parliament, particularly after learning of local men who had committed suicide because of the unfairness of the system. Tony Miller, from Dads in Distress, contacted me in about August 2002 and let me know that there were probably 2,500 men a year committing suicide because they could not access their children. My attention was then drawn to the plight of other fathers out there—and mothers and grandparents—who all suffered needlessly because of the insufficiencies of our system.

I formed an informal backbench committee with some colleagues in 2002 to pressure the Prime Minister and cabinet for a formal government committee to address the need for family law reform and an overhaul of our child support system.

Five years on, we are introducing legislation in response to the recent recommendations of the child support task force regarding changes in the way child support is calculated: the Child Support Legislation Amendment (Reform of the Child Support Scheme—Initial Measures) Bill 2006. I cannot emphasise how pleased I am that we have got this far. These changes, once fully implemented, will bring about some equity in the system, possibly making it one of the fairest systems in the world. The proposed child support system is no longer about favouring one parent over another. It also recognises that there is no such thing as a standard family breakdown, nor is there a standard child to raise after the separation. The costs of children vary depending on what type of household you are talking about and the spending patterns of that household. These changes are significant and implementation of the new scheme requires extensive legislative and other changes. We cannot rush it and take the risk of getting it wrong.

The new formula will therefore be introduced in July 2008.

This bill introduces some measures in the interim to address some of the major pressure points in the system. Firstly, the bill increases the minimum child support payment to $6.13 a week, or $320 a year, and indexes the payment according to rises in CPI. The minimum is currently not indexed, so it is losing value due to inflation. The minimum payment recognises that all parents with the capacity to do so should contribute to their child’s welfare. The minimum is mostly paid by parents on income support benefits and pensions, which are linked to CPI and other
indices, so this minimum payment will remain affordable for all paying parents.

One major criticism of the current child support scheme is that the cap on assessed income is far too high. In 2006 it is $139,347. This leads to very high child support payments that significantly exceed the costs of caring for children in the majority of cases. This measure will reduce the cap by linking it to the average weekly earnings of all employees, rather than to the earnings of full-time workers only. The new cap will be $104,702, which is still quite a substantial sum. This gives a fairer and more realistic maximum amount of child support payable. It is an interim measure until the revised formula is implemented. This is particularly important where both parents are professionals and the custodial parent may even be in small business and in fact does not submit proper tax returns. Where parents will receive less child support as a result, they will still receive a substantial amount. For example, a parent currently receiving about $34,000 a year for two children will still receive more than $24,000 a year.

For the first time, the costs of children will be distributed between the parents according to their capacity to pay. Currently, parents who change their working patterns and earn less income can be assessed to pay the same amount of child support as before the change, on the basis that their former income indicates a higher capacity to earn. This is to protect against parents deliberately reducing their income to avoid child support, which is not fair to their children. However, the rules are sometimes applied to parents who have a good reason for earning less—for example, caring for a new child may mean they cannot do shift work anymore. This is unfair and a major source of concern about the scheme. I have been contacted by non-custodial parents who have been adversely affected by this ruling in the course of my push for a fairer system. Particularly on the Central Coast, where we have a high number of commuters, people who are made redundant from a job in Sydney have no opportunity to gain the same employment on the Central Coast as they previous held.

This measure strikes a fair balance for parents and children. It means that parents who can demonstrate that they have a good reason to reduce their income will not be subject to child support assessments based on their capacity to earn. It also means that parents will not be expected to work overtime, by restricting earning capacity to standard full-time hours for a person’s industry and occupation.

One complaint that paying parents have against the current scheme is that they have no say in how their child support is spent. Measures in this bill mean that nonresident parents will be able to spend a greater percentage of their payments directly on their children. If the parent receiving child support does not agree, a paying parent can still satisfy up to 25 per cent of their child support liability by paying directly for certain essential items, such as school fees and health care, when they pay the rest of the liability in cash. Many paying parents would like this limit to be much higher, but because the parent receiving child support does not have to agree to these payments it is important to find the balance between letting paying parents spend money on their children directly and ensuring that resident parents can meet their day-to-day costs. This measure adjusts this balance by raising the limit on prescribed non-agency payments to 30 per cent of liabilities.

This bill also seeks to reward nonresident parents who have contact with their children. Currently, parents who have the care of their children for at least 30 per cent of the time receive a higher ‘with child rate of Newstart
and related payments. This is an additional $16.50 a week. To encourage contact between low-income parents and their children, this provision will be broadened to parents who have care of their children for at least one night per week.

This bill will also aim to address issues with some non-custodial parents shirking their responsibilities when it comes to payments. While some parents pay too much child support, others do not pay enough for the support of their children, and this is something we need to fix. The Child Support Agency will increase its existing activities that target serious avoiders and debtors. The Child Support Agency will increase its use of court action to recover outstanding amounts. As well, the number of parents investigated for deliberately understating their income will be increased and action will be taken to ensure that parents lodge proper tax returns.

At the heart of the government’s family law reforms are the new family relationship centres, which aim to help separating families make custody and other arrangements without going to court. These centres will better integrate the Child Support Scheme with the family law system, by helping parents to reach agreement on parenting and child support arrangements. There will also be improvements in the way in which the Child Support Agency does business. A more customer focused approach will include improved training, increased staffing and more intensive case management for difficult cases. The bill also addresses a constitutional issue with the application of the Child Support Scheme to exnuptial children in Western Australia. More specifically, the amendments confirm the validity of the longstanding practice of administering two parallel schemes during periods that fall between amendments to the Commonwealth legislation being enacted and Western Australia adopting those amendments for its exnuptial children.

Everyone knows the child support system needs fixing. This is the first stage in the implementation of the government’s Child Support Scheme, which will promote fairness that has never before existed in our child support system. The current system defies real world experience, and this bill and subsequent bills will overcome that limitation. The new scheme is more focused on the costs and the needs of children, including where care is shared. This is expected to reduce conflict between parents about parenting arrangements, encourage shared parental responsibility and help to ensure that child support is paid in full and on time. It is difficult enough going through the ugly process of divorce, especially for children, without being then subjected to the relentless child support and family law processes. I know these reforms will result in a better outcome for the most important and vulnerable people in our society—that is, our children. I look forward to the full support and implementation of the Child Support Scheme.

Ms GEORGE (Throsby) (12.37 pm)—I am pleased to have the opportunity to participate in the debate on the Child Support Legislation Amendment (Reform of the Child Support Scheme—Initial Measures) Bill 2006. I was a member of the House of Representatives Standing Committee on Family and Community Affairs which produced the report Every picture tells a story, which led to some fundamental changes to the family law system and the creation of family relationship centres. As part of that reform process, the committee made numerous recommendations about adjustments and changes to the existing child support formula, which are being given effect by the further detailed consideration undertaken under the chairmanship of Professor Parkinson. That comes to us today in the child sup-
port legislation amendment bill which, regrettably, though, only addresses some of the many important issues that need to be considered in the revision of the child support system.

By way of introduction, I want to quote a paragraph from the Parliamentary Library Bills Digest that accompanies this bill, because I do think we need to see this issue in context:

The Child Support Scheme has been in place since 1988. The introduction of the Scheme was a major, controversial reform. It was expected that it would take many years to refine and become accepted. The CSS represented the government intervening in one of the most sensitive and traumatic points in the family life cycle. Given the acrimony and emotions associated with family breakdown, the proposal for a government administered maintenance collection process could not avoid being the focus for dissatisfaction and also grief and anger for individuals caught up in the turmoil of loss of family life and children.

It has been quite a vexed, difficult and emotional issue—an issue that all of us as representatives of our local communities deal with on a very regular basis. You have constituents who come to you with claims that their partners’ taxable incomes have been deliberately minimised to avoid their obligations and, on the other hand, you have non-custodial parents arguing that the system is all geared to maintaining the lifestyles of their former partners—you know the kinds of arguments that go on.

One of the things I have always found difficult in trying to come to a reasoned and rational position about the formula is that I could never understand the rationale for the setting of the formula in the percentage terms that have applied. Part of the difficulty was always the inability to give a reasoned argument for the way the system was structured in the first place. I am sure that, at the time it was introduced, people had all the arguments. But it has been difficult, as the committee found, to get to the basis of those arguments. We thought it would be fairer if we could reach some independent and objective analysis of the actual costs of raising children which would take some of the heat out of these vexed arguments.

The child support system was an important government intervention. It was important because it aimed to strike a fair balance between public and private forms of support for children, and to alleviate the poverty of sole parent families. We all know that sole parent families raising children are likely to be very much at the bottom end of the scale in terms of wellbeing and standard of living. We have always believed that any policy must put the interests of children first, reduce child poverty and operate in such a way that both parents contribute to their children’s well-being. It must also encourage both parents to maintain ongoing roles in their children’s lives. I welcome many of the long overdue changes that will come with the introduction of the staged changes to the formula. But, as the member for Sydney indicated, our support for the package as a whole is conditional on improved protection against income reductions for low-income households raising children. I will come back to that argument later.

The bill before us today seeks to implement only the first stages of change, and other speakers have gone into the detail of those changes. I think it is really regrettable that we are not in a position to debate the changes as a total package because, had we had that, it would have been much easier to assess the winners and the losers, and the equity considerations, of justice and fairness for all, that have to be part of the outcomes.

You cannot argue against the fact that the existing formula has been the cause of a great deal of angst in the community. The
research undertaken recently by the Australian Institute of Family Studies found that more than 60 per cent of nonresident fathers and 45 per cent of resident mothers thought the system was not working well. This was confirmed in the evidence that came before us in the inquiry that led to the report Every picture tells a story. As we know, many constituents who have come to see their politicians have raised concerns about the application of the formula and what they perceive to be the many anomalies contained within it.

The formula as it now stands is, I think, based on the notion that somehow the living standards that applied in the intact family would continue to apply postseparation—that is, what is referred to as the ‘continuity of expenditure’ principle. I find the rationale for the continuity of expenditure principle a little bit hard to fathom, because family breakdown does cause a different outcome in living standards before and after separation. But, also, I have always been concerned that I could not explain to my constituents the reason why the percentages were struck as they were, at 18 per cent for one child and 27 per cent for two, increasing depending on the number of children. I could not explain the rationale for those percentages being struck and applied in that manner.

On top of that, we had arguments about the adjustments to recognise a range of different circumstances. Coming with that were the argument about what was perceived by many to be the unfair treatment of children in second families; the issue of contact above the threshold of 110 nights, which reduces the payer’s liability; and the fact that the formula applied the same percentage of income regardless of the age of children. There was also the issue that it did not properly take into account the income of the custodial parent if that income was under average weekly earnings. In other words, the formula had not really kept pace with workplace changes, the greater participation of women at work and the issue of why their income was not part of that equation if it was under AWE.

In addition to concerns about the rationale and basis for the current child support formula, constituents continue to air grievances about what they see as inconsistencies and anomalies in the application of the formula. It is not uncommon for constituents to argue a case as to why the formula, in their view arbitrarily set, is on taxable income rather than on disposable income. There is the argument that the level of exempt income is too low for non-custodial parents. As we know, it is now struck at about 110 per cent of the single rate of the pension, around $13,500 a year. Constituents tell me—and it is the evidence produced to the inquiry—that the application of that level of exempt income leaves many non-custodial parents in a situation where they have little disposable income to sustain a decent lifestyle, let alone make arrangements for repartnering or for children in second marriages or their new relationships.

From the grievances that have come before me, there is no doubt that the self-employed are able to manipulate their taxable income and that others are able to minimise their income. As we all know from published data, the lack of enforcement provisions has seen a huge increase in debt recovery problems for the agency. As at the end of June 2003, the CSA had not collected $844 million due in liabilities.

Another vexed issue was the belief by many that in second families a child from the second relationship was treated with less consideration than a biological child from the first relationship. As we know, payers with new biological children are given a dollar figure increase in their exempt income before the relevant percentage is applied.
Many nonresident parents who have repartnered and have further children in their new relationships constantly complain about the impact of overtime and second jobs on their liability for the children of their first marriage. To put it simply, let me quote from one of the submissions to the inquiry:

As it now stands, any person paying child support has little or no incentive to work any longer than they have to, knowing that any extra money earned is going to increase their child support payments ...

that is, it will increase payments to the children in their first relationship. So there has been a widespread raft of concerns about the basis for the formula, in the first place, and about the many anomalies that people on both sides of the equation—both payer and payee—see in terms of its application.

It was a vexed issue. I am delighted that the government followed the recommendations of our inquiry and set up the ministerial task force chaired by Professor Parkinson to undertake a detailed analysis and try to come up with a child support formula and system that addressed many of the issues that were causing concern in the community.

As we know, the task force has recommended fundamental changes. Those changes will see parents share in the cost of supporting their children according to their capacity. The new proposals move away from the notion of continuity of expenditure—somehow trying to artificially maintain the intact family standard of living post separation—towards what the task force refers to as an ‘income share approach’. I think that better reflects the notion of shared parental responsibility and changes in workforce participation by women.

It is proposed that in future the costs of raising children are worked out based upon the parents’ combined income, with the costs distributed between the mother and the father—or the resident and nonresident parent, with the mother usually being the resident parent—in accordance with their respective shares of that combined income and their level of contact with their children. Both parents will now have a component for their self-support deducted from their income.

Very importantly, in moving away from the arbitrary percentages applied to taxable income, we now have, for the first time, courtesy of the University of Canberra’s National Centre for Social and Economic Modelling, a much more objective and realistic assessment of what the actual costs of raising children might be. As NATSEM themselves say, the calculations cannot be perfect but they are as close as researchers believe it is possible to come. For example, they estimated that for a single child of up to four the average cost was $91 per week in a two-parent family and $115 in a single-parent family. For a five- to 12-year-old, the costs rose to $95 in a two-income family and $119 in a single-parent family. I give those as examples, because it makes it much easier to address complaints and concerns when you can say to people who come to see you that, at least for the first time, we have the best calculations possible as to the actual costs of raising children.

As I said earlier, calculating the costs of raising children is based on the parents’ combined income and is done in two age bands. I think one of the problems with the arbitrary formula applied previously was that the age of the children made no difference. As the NATSEM modelling shows, the costs of raising children increase as the children become older. The new proposal recommends that the support be calculated in two age bands—for children aged nought to 12 and for children aged 13 to 17—and that the costs are capped at a combined income of 2½ times the average weekly earnings, which means that at $104,702 the cap would apply.
Some people will argue that high-income earners are going to be advantaged by this change and will ask whether that is fair. I guess that is a judgment people will come to with regard to their individual assessments, but I would note that a nonresident parent supporting two children under the age of 12 would still be making payments of $472 per week under this lower cap, and that those payments are higher than the objective data that NATSEM has produced on the cost of raising children.

The task force recommended an increase in the self-support amount, that it should be the same for both parents and that children from first and second families ought to be treated as equally as possible. They also believe that regular face-to-face contact should be recognised in the formula. I have some concern about the withdrawal rate for child support liability. They suggest that regular contact—that is, contact of at least five nights per fortnight—should entitle the nonresident parent to a 24 per cent reduction in their child support liability. I would urge the government to review that, because I think that rate of reduction is too high and is one of the reasons why there is concern that low-income resident families will be left in a very precarious position.

Finally, as legislators we have an obligation to ensure that all parents meet their obligations to their children. As a member of the inquiry, I was appalled to learn that, based on figures that I think went back to 2003, more than 40 per cent of all payers in our scheme today are paying $5 per week or less for child support, 56 per cent pay $40 per week or less and the average child support paid in July 2003 was $57.

They are appalling statistics and well below the actual costs of raising children. That is why the amendment moved by the member for Sydney expresses Labor’s concern that, whilst we do not decline to give the bill a second reading, we call on the government to provide protection against income reductions for low-income households raising children. We believe there is strong evidence to show that many people in the system are understating their taxable income, which does not properly reflect their capacity to pay a reasonable amount towards the support of their children. Only about half of the people paying $5 per week for their children are on minimum entitlements such as Newstart, DSP or other income support. So, in my judgment, there are a lot of people who are minimising their financial responsibilities to avoid providing for their children.

We will have ongoing debate about the impact that all these changes will have on resident parents raising children in sole parent households. I think it is incumbent upon the government to ensure that the overall package and its relationship to welfare policies will ensure in future that low-income households raising children are not left in a worse position than they are now where rising child poverty becomes an unintended consequence of the child support changes.
recommended by the task force. *(Time expired)*

Mr FAWCETT (Wakefield) (12.57 pm)—I rise to speak in support of the Child Support Legislation Amendment (Reform of the Child Support Scheme—Initial Measures) Bill 2006. As other members have rightly highlighted, this legislation has come out of the government’s response to the House of Representatives Standing Committee on Family and Community Affairs *Every picture tells a story* report, which captured in no uncertain terms the high degree of hurt and cost, both financial and emotional, that is wrought upon families, particularly children, in Australia when their parents decide to separate for whatever reason. It highlighted a number of areas of concern regarding the impact on families and, in particular, the effectiveness of the systems we have in place to assist those families and their children.

The government’s response was to set up a task force which was chaired by Professor Patrick Parkinson. A wide range of people were involved to try to make sure that all stakeholders in the process, both groups representing children and those representing the primary carers—often the mums, but also the dads—had their interests represented in coming up with a solution that is reasonable and practical for government to implement but that also has just and equitable outcomes to the greatest extent possible for each of the parties involved. I make that statement ‘to the greatest extent possible’ because no piece of legislation will be able to account for every individual circumstance. I recognise there will still be some people who will feel they have been treated unjustly by these changes, but I am satisfied that, on the basis of the task force set up by the government, these changes do represent a good and solid compromise from a range of positions to get the best possible outcome for the greatest number of people.

This is part of a package of reforms announced by the government in response to the task force’s findings, and they constitute a major overhaul of the scheme. Probably one of the most important aspects is the new child support formula, which for the first time tries to put some quantifiable data around the concept of how much it actually costs to raise a child, as opposed to the fairly arbitrary application of a system that really does not take into account many of the variables that individual relationships face.

The package recognises the fact that our demographics are changing and that there are more women in the workforce. There are also more men who have realised that the importance of work and family balance means that they need to perhaps reassess how much of themselves, their time and effort they choose to put into purely career and how much they choose to invest in their families. I will digress briefly and say that my hope is that the realisation that has occurred to many post separation will start to dawn on people prior to separation and that they will choose proactively to invest in their relationships so that there is that quality of relationship built, such that separations are certainly reduced if not eliminated altogether.

This reform is being implemented in three stages, and there will be a number of extensive and complex elements coming down the path. The reason for the phased introduction is that there is such a high degree of interaction between the new formula and the various software packages and other pieces of legislation that will impact on each of the stakeholder groups that, despite the fact that people have waited an awfully long time to see this change, we are far better served to take the time to get it right the first time to the greatest extent possible before implementation, rather than to rush it and end up confusing the situation and having failures in the
system that will make the situation of many families, and of children in particular, even less fortunate than they are at the moment. Whilst I recognise and appreciate the concern and angst of some people who have spoken to me about the fact that there will be yet another delay before complete implementation, I do support the fact that we are taking this measured approach and putting in the resources to make sure that, when it is rolled out completely, to the greatest extent possible each of those interrelationships with other agencies will have been thought through so that we do not have unintended consequences and we do not have families, particularly children, who are disadvantaged financially through a rushing of the process.

However, in order to try to mitigate that delay, I think the government have wisely decided to bring forward whatever steps they can in the reform package to benefit families, and this bill addresses a number of those measures. I do not intend to address all of them but they include the increase in the minimum child support payment and the cap, which is one measure that I would like to speak about. Specifically I will also address the ‘capacity to earn’ decisions as well as the increase in the proportion of a child support liability that can go towards prescribed non-agency payments. Lastly, for the sandgropers, it is good to see an element dealing with the Western Australian legislation, which I must confess was news to me when I read it because I had not realised that situation stood with Western Australia.

I will now turn to the key areas that I would to discuss—that is, the cap, the capacity to earn and the percentage for non-agency payments. The schedule amends the figure that sets the cap on a liable parent’s adjusted income. Having spoken to a number of payers, predominantly men but I have also spoken to women in this situation, this change will be very welcome because it is in line with the underlying philosophy of evaluating the true costs of raising a child and for each biological parent to play a just and equitable role in supporting that child in accordance with those costs, as opposed to a system in which somebody who works hard, who shows innovation or who runs an effective business is almost penalised—which is certainly the way it is perceived—by increasing the take from those people.

I think one of the outcomes of that process has been to see a number of people disengage from the system. I have spoken to professionals who had tremendous things to offer the community, whether in the medical field or in other fields, who have walked away from that field of endeavour purely because of aspects like this ever-encroaching take by the Child Support Agency for maintenance payments. I believe that it is not only in line with the principle of looking at the true costs; I certainly hope that it will again increase that participation. As pointed out by members opposite, even with the reduction in the cap, by looking at the all employees average weekly total earnings we will still see payments under the new system that are substantially higher for children than those that currently exist. If we can particularly get that increased participation in the scheme, I believe we will see a far broader range of children who will benefit from that support from biological parents that has not existed previously.

The next area I would like to talk about is the one that is probably the most important and which looks at a new way of assessing a parent’s capacity to earn. These changes provide for a great more detail under the legislation to look at how that decision is made as to whether the parent has that greater earning capacity. The scheme at the moment has a number of flaws, and the outcomes are quite devastating for the people involved. The scheme at the moment means that if you
have been working huge amounts of over-
time, perhaps as a truck driver, as a shift
worker or even as a professional to earn a
given level of income, that is taken as the
benchmark that you are capable of earning,
with no consideration given to whether those
hours that you were working were in fact
reasonable or safe, and very little considera-
tion given obviously to whether it was one of
the primary reasons that the relationship ac-
tually broke down in the first place.

The lack of a clear statutory definition of
capacity to earn has really worked against
the payers in many situations. The new
method is intended to be flexible enough to
allow parents whose earning capacity has
been assessed to pursue a different career
path or to reduce their working hours. To my
mind, that is just and equitable because it
provides for them the same opportunities that
people who are not in a payer situation have.
There is nothing that says to somebody who
is in an intact family or is single that they
cannot change their job. There is nothing that
says they cannot reduce their hours of work
if that is a reasonable thing to do from their
perspective. So I think some of the outcomes
that we will see through this change will go
to the heart of some of the great concerns
about the current system.

I will look at safety. We have heard for a
number of years concerns in the road trans-
port industry about people driving incredibly
long hours and we have put in a number of
measures to try to reduce the hours that driv-
ers drive. Likewise, workplace safety re-
quires that we manage people’s fatigue. Even
in the professions, such as the medical pro-
fession, we have seen a growing concern
about people working excessive hours. So
whilst these really positive steps have been
taken in one area, we have this arm of gov-
ernment requiring people to work hours
which are plainly unsafe. I think this change
will have a terrific outcome in terms of rec-
ognising that just because they may have
worked that at some point previously in their
life there is no moral justification for requir-
ing them to continue that work. In fact, the
legislation looks specifically at setting addi-
tional guidelines so that the assessment is
based on the level of normal full-time work
for the occupation or industry in which the
payer is involved. That is a terrifically im-
portant change. Also importantly, it ad-
dresses the issue of equity. As I touched on
before, payers are now free to make the same
choices that any other Australian can make.
If they wish to go from full-time work to
part-time work and training or, in fact, to
full-time study to further their qualifications
and opportunities, they are not prevented
from doing that or sent into poverty through
choosing to do that. This provides a very
welcome relief valve for the purposes of
people being able to change the work imbal-
ance in their life.

There are some good safeguards in this
bill in that the courts making that decision
can see what the primary motivation is and
there is ample opportunity to make sure that
the parent can demonstrate that the change is
not purely for the reason of reducing their
maintenance payments and that there is a
justifiable reason, which is now spelt out in
some of the guidelines, for making the
change. I think the most important outcome,
though, will be in terms of relationships. So
many relationships come under stress and
break down because of the imbalance be-
tween work and family time. As people are
working to try to build what are often mate-
rial assets and are perhaps working in two
jobs or are working excessive overtime to
pay off the family home, the stresses that are
put on the relationship are often a direct
cause of the relationship’s breakdown. To
then require those people to continue work-
ning those hours has two quite negative ef-
effects. It dramatically affects their availability
to participate in a meaningful way in the ongoing lives of their children. For many of them that was difficult enough when they were working in partnership with the mother or father of the child but when they are living in a separated situation it becomes almost impossible for many people to have that meaningful input. So the ability to reduce working hours to something that is around the industry standard will play a large role in increasing the quality of ongoing contact. A number of studies highlight the very negative impacts of fatherlessness in our society. As the vast majority of non-resident parents are fathers, I believe this measure, which will allow fathers to adjust their work so that they can have more meaningful time with their children, will have longer term positive effects that we have yet to even start to factor into measures such as this.

Importantly, in terms of quality relationships, it will also enable subsequent relationships of people who have separated to have some chance of success. If somebody is moving on to a new relationship and is establishing and maintaining that relationship but is still being required to work the excessive hours that they worked previously while trying to maintain the difficult juggling act of involvement in their children’s lives, we are almost condemning them to failure. I think that is reflected in a significantly higher percentage of separations and divorce for subsequent marriages than for first marriages. So given this reason of reducing the damage to future relationships, I think the specific outcomes of this measure will be very beneficial to our community.

Proposed subsection 117(7B) looks at what a court needs to do to be satisfied that the parent’s earning capacity is greater than is reflected in his or her income. It talks about the safeguard that they should be able to come back, almost by default, to the industry standard full-time hours or working pattern without any question about their motivation. The other factor that I think is quite important concerns the amendment to subsection 125(5) of the act that talks about the decision that is made being just and equitable. As I come to proposed subsection 117(7B)(b), I see it talks about ‘caring responsibilities’. I wish to highlight the fact that I think this is an important clause because it comes to the outcomes of future relationships and the ability to make quality future relationships. But I believe there may be a need to actually provide even some more clarity as to ‘caring responsibilities’ and the definition of those. While it talks about those including responsibilities to people other than children in relation to whom support is paid, such as parents or a new partner, alternative caring arrangements can be perceived as being things that are for someone who is in need of care, such as disability care, child care or elder care. One of the positive outcomes is going to be in the area of being able to invest in relationships to keep those together and strong, which will benefit the children that may come from that relationship, while also allowing meaningful involvement with previous children. So I believe that there needs to be clarity in that area such that if somebody wishes to reduce their working hours so that they can invest in their relationship with a new partner that needs to be very clearly a reasonable motivation for that action.

The last point I wish to specifically address is the increase to 30 per cent of the child support liability that can be credited in relation to prescribed non-agency payments. I am hoping that that this will, again, play some part in reducing some of the frustration that payers feel when they have questions about where their maintenance payments are going. In conjunction with the parenting plans that people will now be encouraged to reach with their previous partner, the other
parent of the children, I am hoping that we will see more benefit for the child because there will be an agreement by both parents as to the significant milestones and directions in the child’s life and there will be agreement about where some of that money should go and the opportunity for the payer to direct where some of that money should go as part of this new provision—in fact, it will be a larger amount, up from 25 per cent to 30 per cent. I am hoping that the combination of this measure and the parenting plans that people will be encouraged to work through at the family relationships centres will, again, see a less adversarial and more beneficial outcome for the children who are so sadly affected by separation.

In summary, I would like to highlight that I support the bill. I support the fact that it is being phased in so that we get the complex parts of it right the first time around. I support the cap and I particularly support the changes to how capacity to earn is decided. I note that the outcomes of that have the potential to have very long-term benefits for relationships and communities which, at the core, define our society and how functional our society is, so I greatly welcome that. Not only are things like the parenting plans going to help facilitate this but some of the other outcomes of things like the family relationships centres will be focused on relationship education which I hope will manifestly change the culture of relationships in our country, so that people invest in them so that many of the measures that we are talking about today will become less and less required as relationships are stronger and last longer.

**Mrs IRWIN** (Fowler) (1.17 pm)—Of all the issues that stir the emotions of people living in the electorate of Fowler—whom I have the pleasure and honour of representing in this House, and I am sure the same could be said by every member of this House—the issue of child support payments or, you could add, their nonpayment ranks No. 1. It is not hard to understand why. On the one hand, nonresident parents, mostly men, pay, in many cases, a large proportion of their income to their former partner as a child support payment. This leads to disputes over the amount paid in child support and very often over the use to which the payment is put. On the other hand, resident parents face the full cost of caring for children in circumstances where, generally, the costs remain the same but the level of household income is lower. The issue of child support in the context of child custody arrangements was examined by the House of Representatives Standing Committee on Family and Community Affairs, of which I was deputy chair. It was reported under the title, *Every picture tells a story*, in December 2003.

The issue of child support was an area of the inquiry which deserved close attention and the committee should have spent more time on the issue of child support. I think all members of the committee would agree that, while its findings in general terms have in many ways been incorporated in this Child Support Legislation Amendment (Reform of the Child Support Scheme—Initial Measures) Bill 2006, the fine detail work as seen in the Parkinson report provides a sounder base for the detail of this legislation. Professor Parkinson did give evidence to the committee and later briefed committee members on his report. In fairness to Professor Parkinson, I should point out that this legislation owes more to his detailed study than to the report of the committee.

The terms of reference for the family and community affairs committee required an inquiry into whether the existing child support formula worked fairly for both parents in relation to their care of and contact with the children after separation. The committee’s conclusion was:
... it is imperative that independent modelling of the cost of children in separated families should be undertaken and published to establish what the impact would be if child support payments were based upon those results. In any event, the results of the study should be used to determine the basis of future child support payments.

In effect, the Parkinson review provided that independent modelling and other principles on which this legislation is based. It has to be said, however, that this legislation is just one small step. There is still a great deal of work to be done before we even get close to a fair system of child support arrangements. The minister acknowledged this in his second reading speech when he stated that the reform package would be introduced in three stages, with the more extensive complex elements included in the formula being the third stage. I can accept that there may be some wisdom in leaving the hard bits of the package until later but we need to keep in mind that the reforms will bring greater fairness to 1.4 million parents and they should not be delayed indefinitely.

In looking at the measures contained in this bill, it is clear that it really only scratches the surface of this problem. The increase in the minimum child support payment from $5 per week set in 1999 to the indexed figure of $6.15 week is hardly an earth-shattering reform. The issue of the $5 minimum payment was of great interest to the family and community affairs committee. When the original child support formula was introduced, the Child Support Consultative Group believed that such a payment would force some nonresident parents into poverty, that the amount would be so low as to be of little help to the child, that it may lead to further demands on the social security system to avoid poverty by the nonresident parent and that it would not be cost-effective to collect. Welfare groups and nonresident parents opposed the minimum at the time of the introduction of child support payments.

The 1994 Joint Select Committee on Certain Family Law Issues recommended a $5 per week minimum, and this was introduced in the 1999 legislation. The principle that there is an obligation on a parent to share income with their child, however low that income may be, can be seen as the overriding justification for imposing a minimum payment. When you look at the number of nonresident parents paying the minimum $5 a week, you can see why some members of the Standing Committee on Family and Community Affairs were alarmed. According to the June 2003 figures from the Department of Family and Community Services, 39.7 per cent of child support payers paid only the minimum $5 per week. To put it another way, that represents 268,000 out of a total of 684,000 child support payers who are paying just $5 a week. I know that many people in this country are doing it very tough, but I just cannot accept that all of those 268,000 nonresident parents are doing it so tough that they can barely afford to pay $5 a week to support their children.

By comparison, in overseas countries minimum payment figures were $NZ677 in New Zealand and £260 in the UK. I will not convert those figures because you also need to take into account cost-of-living figures for those countries, but it should be obvious that at least a doubling of the Australian minimum payment from $5 to $10 would be appropriate. That was the recommendation of the Standing Committee on Family and Community Affairs. It is indeed a very small amount but, as the committee saw it, that extra $5 a week would make a difference to the 217,000 children who would benefit from such an increase. The increase in this legislation from $5 to $6.15 is laughable. It would not even buy a loaf of bread. Although the indexation is commendable, because it is
starting from such a low base it will never really be worth while.

You might think I am mean-spirited asking nonresident parents to pay a reasonable minimum. I do not think that even $10 is reasonable in some cases. When you look at the proportion of Child Support Agency payers, you see that 43 per cent pay more than $40 a week and 21.5 per cent pay more than $100 a week. Of course, there are thousands of cases where the amount is several hundred dollars a week. If you consider the fairness of the child support payment system, it is reasonable to ask how those nonresident parents who pay their full share of child support feel about those who pay just $5 a week or, from July this year, will pay the grand sum of $6.15 a week.

Finally, on the issue of minimum payment, I would repeat the stand of the Standing Committee on Family and Community Affairs, which expressed its strong support for section 3 of the Child Support (Assessment) Act, which states that a parent’s responsibility to support his or her child or children takes priority over all other financial obligations other than that necessary to support themselves and any other legally dependent children and that this obligation is not affected by any other person’s responsibility for the child.

This legislation also deals with the level of maximum payment. Changing the basis for assessing the cap from 2.5 times the yearly value of full-time average weekly earnings to 2.5 times all employees’ average weekly earnings has the effect of reducing the maximum income cap from $139,347 to $104,702. This represents a 25 per cent reduction in the cap and has the potential to save high-income non-residential parents up to $180 per week. This of course will be at the expense of resident parents. The Standing Committee on Family and Community Affairs looked at the income cap and reducing the cap by changing it to either two times full-time average weekly earnings or, as is proposed in the legislation, 2.5 times average weekly total earnings for all employees. The change proposed does give a slightly lower cap than the alternative 2.5 times full-time average weekly earnings, which will benefit some nonresident parents. However, time will tell which of the two figures is more volatile over the years. Given we are dealing with a maximum payment and not a minimum payment, I would have thought that the full-time average would be more appropriate. Given that the figure is $104,000 a year, I do not think many people working part time get anything like that amount. It seems to me that, since we are talking about incomes of over $100,000, we are really talking about full-time employees and it would be fairer in the long run to use full-time earnings as the base rather than total earnings for all employees.

The bill also makes changes which will limit the circumstances under which a parent’s income for child support assessment purposes can be increased, and additional guidance will also be provided for decision makers to improve consistency and clarity of decisions. These determinations have generated a large number of grievances when nonresident parents have been assessed on their capacity to earn rather than on their actual earnings. These changes will give some immediate relief in this area but will be seen to greater effect when changes are made to the child support formula.

The bill also increases the percentage that a nonresident parent can offset against payments, from 25 per cent to 30 per cent. These offsets can be used to pay for items such as school fees and medical expenses. As I said at the beginning of this speech, for many nonresident parents, how the child support payment is spent is often as contentious as
the amount of the payment. But I do have some reservations about the discretion that this gives nonresident parents over what will become 30 per cent of child support payments.

Going back to the Standing Committee on Family and Community Affairs report Every picture tells a story, its main recommendation, which has since been included in the legislation, involved the concept of shared parental responsibility. The concept requires that both resident and nonresident parents share in the major decisions which affect the care of their children. I am concerned, however, that having discretion over 30 per cent of child support payments may impact on some low-income resident parents. I know just how much private school fees and treatments such as orthodontistry can cost and I am concerned that, by increasing this discretionary amount to 30 per cent, it may begin to eat into the everyday costs of caring for the child.

There is also the matter of second families. While we look at child support in terms of the responsibilities of the child’s parents, we should acknowledge that many resident and nonresident parents are part of second families, with dependent children of the second relationship. With the changes to the nonresident parent offset, I will be closely following the experience of families and problems which may arise from the change.

Another matter which needs consideration, and which the family and community affairs committee found to be a barrier to shared parental responsibility and to the desirable outcome of shared parenting was the issue of the 109 nights—the number of nights that a child may stay with a nonresident parent before the amount of child support is reduced. There are two sides to this issue: the nonresident parent receives no concession if their child stays with them for fewer than 109 nights and the resident parent can have their child support payment reduced if the child stays with the nonresident parent for more than 109 nights per year. The Family Court, in full knowledge of this, shows a clear preference for contact arrangements of below 110 nights. This was identified by the committee as a major barrier to shared parenting; however, changing this figure would have consequences for resident parents. This will need to be closely considered in the next phase, when the payments system is reviewed. I raise this matter at this time because it is a barrier to expanding shared parenting and should be looked at with greater urgency.

Another matter which we will need to follow closely is the issue of the use of taxable income or after-tax income as the basis for calculating child support payments. This is a longstanding complaint, with reviews dating back to the Child Support Evaluation Group in 1991, the Joint Select Committee on Certain Family Law Issues in 1994 and, more recently, the Every picture tells a story report, which concluded that after-tax income gives a more accurate indication of the income available to non-resident parents to pay child support.

It is recognised that such a change would also require a change to the formula for calculating child support. It would also require a further change to the income cap, which has been changed in this legislation. As with all these issues, because they affect people day by day, any further delay in carrying out reform extends the unfairness and disadvantage that result from the faults in the present system. I know that the task in coming up with a formula that will be fair to the greatest number of parents of separated families is definitely not an easy one. The data from the Parkinson report can provide the starting point for reform. What we need now is the political will—we definitely need the politi-
cal will—to frame and fund the complete reform of Australia’s child support system.

Mr PRICE (Chifley) (1.34 pm)—This important Child Support Legislation Amendment (Reform of the Child Support Scheme—Initial Measures) Bill 2006 follows the tradition since the introduction of the initial legislation where both sides of parliament support the legislation. I do acknowledge the presence of the Parliamentary Secretary to the Minister for Industry, Tourism and Resources in the chamber.

Mr Baldwin—I was waving to the children!

Mr PRICE—I beg your pardon. It is a privilege to follow the honourable member for Fowler, who is the Deputy Chair of the Standing Committee on Family and Human Services. I have recorded in the *Hansard* on a number of occasions my praise for the tremendous job and for the bipartisan way that its predecessor, the Standing Committee on Family and Community Affairs, developed *Every picture tells a story*, because that is where the genesis of these changes lie. I would like to say two things about the honourable member for Fowler: firstly, she was so conscientious that she insisted on reading every one of those 6,000 submissions. How she did it, I will never know. On every issue that she takes up, she is always a champion of that cause and I thank her for it, as I do other colleagues who served on that bipartisan committee.

I have had a bit of a history in this area, and I particularly welcome this first tranche of changes. It has been difficult to get effective reviews in the areas of family law and child support—and counselling, for that matter. I need to repeat at the outset one of the most important principles that we all subscribe to: that parents must have the children as their first priority, and they would be ours. We need to develop systems, and family relationship centres are one of the outcomes, that will encourage parents to have a productive and constructive dialogue about their children if they cannot have a constructive and productive dialogue in any other area after the dissolution of their relationship or marriage.

It is important for people to see these things moving forward step by step. We cannot solve the problems just by changes to family law and we cannot solve the problems just by changes to child support. There was tremendous time pressure put on that committee, and the area that I thought we did least well in was child support—not because of any lack of motivation or intent. I therefore acknowledge the good work of Professor Parkinson in his report and also the ministerial task force. I want to repeat that the Australian Labor Party supports the changes in this bill and wants a constructive dialogue with the government about further changes that to be implemented.

The honourable member for Fowler referred to non-agency payments. It has been possible for a non-resident parent to pay up to 25 per cent of their child support by way of worthwhile expenditure in favour of their children. This is an extension of five per cent. If you believe that the changes being put in place by this bill and other measures will increase the likelihood of constructive dialogue between separating parents about the needs of their children, this is a very good measure. It first came from a report I was associated with in the mid-1990s. We always had the view that, by agreement, additional amounts of money could be spent directly by the non-residential parent. It is not a means of attacking the authority or undermining the expenditure of the residential parent; it is about reflecting good dialogue and the mutual responsibility that two parents have to their children.
One of the most common requests any committee or member of parliament receives is for some super accounting mechanism that fully accounts for and audits every dollar of expenditure received in child support. Such a system is completely impossible. But I hope that those who are not directly involved in divorce can understand that it is frustrating for a parent to be paying significant amounts of money towards the wellbeing of their children and having absolutely no say in how that money may be spent. I fully support the increase in the non-agency payments to 30 per cent.

I also support the lower cap on child support. In the explanatory memorandum, there is a justification for the change from average weekly earnings to all employees’ average weekly total earnings. This actually results in a lower figure. My disappointment is that, when the cap was originally set at 2.5 per cent of average weekly earnings, there was no capacity for anyone to appeal a decision on the amount of child support, so you then had to take the appeal directly to the Family Court—a superior court more costly for litigants. That is why that original figure was derived. Here I again place on the record my admiration for the former member for Bowman, Con Sciacca, who got that internal review mechanism going in the child support scheme. As flawed as it is, I welcomed it. It was a big change and made a big difference to a lot of people but, once that happened, there was no adjustment to that cap. There is a fair amount of argument and some evidence to suggest that, with very high income earners, not all the child support money goes to the best interests of children. I repeat again something that I am on record as saying: one of the flaws underpinning the initial scheme, and even the scheme today, is the belief that somehow when parents separate they can maintain the same standard of living that the children had. That is just a mathematical nonsense. It can never happen. I support lowering the cap.

There is another measure in this bill that I have long sought regarding the review process that currently exists in the Child Support Agency. As I said, I welcomed it and it was a welcome change. The only thing I disagreed very strongly with was the review not being a proper external review. It has never been a proper external review; it has always been an internal review process. We have lacked a proper external review. If we think that giving citizens the right without the means to challenge these things in the Family Court is a privilege, we are mistaken. That is no right or privilege whatsoever. This legislation sets up the opportunity for matters to be referred to the Social Security Appeals Tribunal. I strongly endorse that. I strongly endorse mechanisms that do not involve parents in outlaying hundreds and thousands of dollars in exercising their appeal rights, and I believe that agencies benefit from proper external review. By the way, I think citizens should have a right to have decisions by those who work diligently in the bureaucracy subject to proper external review. For me, this is a long sought, very welcome change. I hope in the future we will see that it works very efficiently.

Another matter I wish to raise concerns the indexation of the $5 a week in child support that is required of all parents. This originally arose from what I think is a very sound principle—that no parent, no matter what their circumstances, should be free of the obligation to pay child support. Clearly, that presents some problems for those receiving welfare payments, but it is a very important principle which, again, was first articulated back in 1994. There is a lot of criticism of it on the not unreasonable ground that it probably costs more to be collected than the amount of child support received. I am not sure about that—certainly the cost-benefit
ratio in such a small amount of child support would not be great, but the principle is worth hanging on to.

To those non-resident parents who have opted to leave work and go onto social welfare as a means of evading their child support obligations, you may feel that you have good grounds for doing that. There may be difficult relations between you and your former spouse or partner, but I, for one, cannot accept, nor do I support, such action. That the amount is being indexed is all to the good, and again I say it should be supported.

I suppose I could say more, but let me just say that the most difficult task that we face in developing formulas for child support is applying it uniformly to everyone. A formula will not suit every case, so we do need some greater flexibility. If we do not have greater flexibility, then as legislators—as members of parliament and as an executive government—we should be prepared from time to time to go out there to voter land, where resident and non-resident parents are, and test how the formula is working. What are its impacts? Are we achieving what we actually set out to achieve or are we creating unintended consequences or hardship? We can all agree about principles, but at the end of the day we have an obligation to ensure that what we have intended is actually happening or, alternatively, we must be prepared from time to time to amend and change. If there is one thing that has been absent—particularly in the area of child support but also, I suspect, in family law—it is a willingness of legislators, members of parliament, to not so much accept that change is needed but to demonstrate the willpower and determination to undertake that change.

Labor will support much of the government’s package in all of this particular legislation, and we will approach the proposed changes in a constructive manner—and I think we have seen that in the debate today. We certainly support encouraging shared parenting and a fair balance in meeting the costs of children’s care and upbringing. As I understand it, there are two more packages that have yet to be presented to the parliament. I look forward to those, but in the end I do hope that lots of people who for a long time have given up hope of any changes will be heartened by this initial package of change. As I say, it is a twin approach. We have to get the family relationship centres up and running—as yet they are not—and there is a whole host of issues around their development, not in a negative sense but in the sense of dealing with problems, gaining accreditation et cetera.

Last but not least, I said that we are taking a bipartisan approach. It came out of a bipartisan committee. But I must say in question time yesterday, when asked a legitimate question about a relationship centre, the Acting Prime Minister could not help but escape from bipartisanship on this issue and give a very partisan response. I hope that members opposite will observe the tradition of a bipartisan approach to this difficult issue that affects so many parents but, even more importantly, so many children.

Mr ANDREN (Calare) (1.51 pm)—Before beginning, I must acknowledge the statements of the member for Chifley and his longstanding contribution to and constructive role in the area of child support over many years in this place. The Child Support Legislation Amendment (Reform of the Child Support Scheme—Initial Measures) Bill 2006 represents the first of a raft of changes to the child support system that will be implemented from July this year, January next year and July 2008. Those contained in this bill could fairly be described as the least contentious. The bill increases and indexes the minimum child support payment from $260 to $320 a year or $6.15 per week. Such a
payment is more of an indication of the obligation of all parents to contribute to the needs of children than of any substantial assistance with the care of children. The bill recognises and rewards non-resident parents on income support who have contact with their children.

Surely the aim of any child-support process should be not only financial support but also that essential physical and emotional support that an otherwise absent father or mother should be offering, and should have the opportunity to offer, to their children. Under these provisions, parents who have care of their children for at least one night a week will receive higher income support. As well, the legislation introduces a fairer assessment of parents’ capacity to earn income. This has been an area of concern for many constituents whose child-support payment is based on an earlier set of circumstances than applies at present—for example, they might have lost their job. The change will limit the circumstances under which a parent’s child support assessable income can be increased. I hope the provisions for a clearer determination in this vexed area will indeed provide the clarity and consistency that the government’s fact sheet claims.

The new legislation is aimed at ensuring that parents share the cost of raising children by assessing the combined income of both parents, which is further assessed to cover actual contact costs. The total income of a sole mother—including government payments to sole parents, which have increased significantly in recent times—is now assessed in the figure. While new support payment formulas that reflect the costs of raising children and create new teenage categories will come into effect from July 2008, from July 2006 there will be a reduction in the income threshold from $139,347 to $104,702. This is designed to eliminate the so-called subsidisation of the lifestyle of the former—now custodial—partner. This still requires a payment of around $24,600—at that capped income scale—by a parent who has little or no contact with his or her children.

No doubt, this will cause some consternation. But I am more concerned, quite frankly, to see that middle- and low-income families—which, after all, are the vast majority of child-support families—receive a fair payment to ensure the costs of raising the child are properly met. The increase from 25 per cent to 30 per cent in the amount a non-resident parent can direct to be paid for essential items for their children is very welcome. It will enable non-resident parents to have more say in how child-support payments are spent. But with many child-support clients engaged in ongoing personal issues—and many of us see that on a weekly, if not daily, basis—this needs to be carefully monitored. In almost all cases, it is the primary carer who is the most able to determine the child’s daily needs. But I accept that there is frustration among many non-resident parents who feel their child-support payments have not been used to best effect. Hopefully, this five per cent increase in prescribed non-agency payments will achieve part of the desired effect.

The bill also amends the provisions that deal with a parent’s capacity to earn. The current method can require a parent to continue to work extensive overtime if that had been their working pattern before the relationship broke down. Under this bill, a parent’s maximum capacity to earn is based on the level of normal full-time work for the occupation or industry in which he or she is involved. This will allow paying parents to reduce their working hours due to other responsibilities, due to no longer having to meet mortgage requirements or perhaps for health reasons. It allows payer parents to
make decisions about their work and life, such as pursuing a different career.

This all seems fair enough when one considers the greater enforcement and investigative powers that will be introduced to identify those who abuse the system. Studies show that about 40 per cent of parents misrepresent their capacity to earn. However, this also recognises the situation in which an overworked payer parent has to support a very disinterested former partner who has not contributed to the household’s income despite a clear ability and opportunity to do so. Above all, there are checks and balances in this process and an ability to appeal any decisions, notwithstanding the protracted and often frustrating appeals process.

So, overall, these reforms are very welcome and should ameliorate some of the concerns that bring so many parents to the offices of MPs. Child-support cases still represent about 10 per cent to 15 per cent of inquiries at my office, but that is a halving of the number I had when I first met the rush of disgruntled, disillusioned and mostly non-custodial fathers who came to see me from 1996 onwards. In fact, I was absolutely gobsmacked by the amount of work that had to be done in this area. There is no doubt that things have gradually improved over those 10 years, and these provisions will certainly assist in that process. The move from the tax office chasing the unpaid child support to a more humane Centrelink and Child Support Agency process, and the outreach of staff to conduct seminars in members’ electorates, has gradually helped to create an environment of far more trust and confidence in child-support clients and, I would suggest, has been welcomed by all members of this House.

The provision of family advisory services such as the family relationship centres must be welcomed if they achieve their aims. Many have doubts. The adversarial nature of much of the child-support process suggests that many partners will not accept counselling and will demand their day in court. Still, the lengthy delays in accessing the courts suggest that something must be done to provide some level of conciliation and counselling at the earliest possible stage.

This bill is the first in a three-stage series of legislative responses to the report from Professor Patrick Parkinson. The future bills, especially those to be introduced from July 2008, are likely to create far more debate than this one. While there are concerns about a proposal that non-custodial parents who see their child one night a week be relieved of 24 per cent of their child-support obligations, there is recognition of the need for differential payments for younger children aged up to 12 and teenagers aged 13 to 17. Many will welcome the recognition of first and second families in determining the child support payable. Also, in future legislation, some cuts in child support for residential parents will be balanced by the elimination of the requirement to split family tax benefits with former partners unless care is shared almost equally. I will reserve further comments until a future debate.

The SPEAKER—Order! It being 2.00 pm, the debate is interrupted in accordance with standing order 97. The debate may be resumed at a later hour and the member will have leave to continue speaking when the debate is resumed.

QUESTIONS WITHOUT NOTICE

East Timor

Mr BEAZLEY (2.00 pm)—My question is to the Treasurer and Acting Prime Minister. Can the Acting Prime Minister inform the parliament of the outcomes of any discussions he has had with the East Timorese President Xanana Gusmao or Prime Minister Alkatiri about the offer of Australian assis-
tance to East Timor, including the provision of Australian military personnel and police?

Mr COSTELLO—Contact between Australia and East Timor has been between the Minister for Foreign Affairs and the foreign minister of East Timor, and the Minister for Foreign Affairs will no doubt update the House and the nation on that later on. What I can advise is that the situation in East Timor remains dangerous, that there was continued fighting overnight and that the situation could change quickly and without notice. The travel advisory has been updated and, as a consequence, we are now warning Australians that if they are already in East Timor they should consider departing. I can also indicate that those Commonwealth government people who are non-essential are doing that, and arrangements are being put in place for Australians to protect their safety.

Can I indicate as well that Australia stands ready, if requested by the constitutional authorities in East Timor, to provide security to assist in stabilising the situation. I make it clear that this would be done in relation to a request—and it would have to be a constitutional request. Australia has an interest in having a stable region. We would respond to a request not only because it is in the interests of the East Timorese people but also because it is in the interests of Australia that the area be stabilised. Australia has already contributed both policing and troops to East Timor, and we stand ready to assist our neighbours if they should request assistance again. Relevant elements of the Australian Defence Force have been placed on a footing where they would be able to respond on very short notice indeed. Our objective, of course, would be not only to secure the situation in East Timor but, in addition to that, to defend the personal safety of Australians. This matter has been extensively discussed with the heads of security and Australian defence forces. The National Security Committee had a long discussion in relation to it yesterday, and it will continue to monitor developments and deal with them as they arise.

East Timor

Mrs VALE (2.03 pm)—My question is addressed to the Minister for Foreign Affairs. Would the minister update the House on his dealings with the East Timorese government on recent developments in East Timor?

Mr DOWNER—I thank the honourable member for Hughes for her question. Let me just say, as the Acting Prime Minister and Treasurer has just said, that the current security situation in East Timor is one we would describe as dangerous. I have received reports from our embassy in Dili this morning of further outbreaks of fighting between government forces and an opposition group near a place called Tasi Tolu, which is on the outskirts of Dili and very close to the headquarters of the East Timorese military forces. As the Acting Prime Minister has said, we have reissued our travel advice as well.

Of course, I have been in constant contact with my counterpart Jose Ramos Horta over the last few weeks in relation to this matter. I spoke to him just before question time and I also spoke to him last night. The point I have always made in my conversations with him is that we urge all parties to show restraint and respect for the rule of law and the constitution of East Timor in resolving the current crisis. We have had some discussions in the last 24 hours about the question of whether the international community, including Australia, would provide any kind of assistance, be it police assistance or military assistance, to East Timor, and there will be some further discussions during the course of this afternoon, including with our ambassador, with President Xanana Gusmao.

I have made the point, and the government have made the point, that we are ready to assist East Timor but that that would require
a formal request from the government of East Timor—and by a formal request I mean a letter signed by the President, the Prime Minister and, preferably, the Speaker of the parliament, but, most importantly, by both the President and the Prime Minister. In the event of a request of that formal nature being received, I have told Mr Ramos Horta that Australia could consider several options for assistance. We do have troops pre-positioned, as the Acting Prime Minister has said, and they are ready to be deployed quickly, either to assist in evacuation or, possibly, to help to stabilise the situation in Dili. We also have some police whom we can deploy quite quickly if required. We could indeed, as I have told the foreign minister, send a combination of the two.

We would await further contact from the East Timorese government during the course of this afternoon. We have not at this stage received a formal request, but we have had some discussions about this issue and about the terms under which assistance could be provided. We have also had some discussions about what other countries could do to assist, because it is likely that if East Timor does send out a formal request to Australia it will send formal requests to a small number of other countries as well. It is also important that the United Nations be notified and kept informed of all this. There is a special representative for the Secretary-General, Mr Hassegawa, who is based in Dili, who is being kept informed by officials, by the East Timorese and by New York. It is important that the secretariat of the UN is kept informed, along with the permanent members of the Security Council. I made the point to Jose Ramos Horta that, in particular, the five permanent members of the Security Council need to be kept in touch in relation to the evolution of East Timorese thinking.

Indigenous Communities

Mr BEAZLEY (2.07 pm)—My question is to the Acting Prime Minister. I refer the Acting Prime Minister to the fact that the government has now agreed with Labor that Indigenous child abuse and family violence should be placed at the top of the Council of Australian Governments’ agenda.

Government members interjecting—

Mr BEAZLEY—This is what I thought you wanted. In the light of this bipartisanship on such an important issue, will the Acting Prime Minister ensure that all agreements made at COAG’s next meeting will have benchmarks, targets and review mechanisms so that progress can be regularly assessed?

Mr COSTELLO—We would certainly welcome bipartisan agreement from the Australian Labor Party on the measures that are necessary to deal with violence in Aboriginal communities. The measures which are necessary include additional policing; they include bringing offenders before courts; they include ensuring that there are proper penalties; and they include a very clear and very direct message to all Australians, including Indigenous Australians, that there is no justification—for offences against persons. We would certainly welcome the assistance of the Northern Territory Labor government in ensuring that adequate police resources are made available in relation to those communities.

Mr Beazley interjecting—

Mr COSTELLO—This is where we would welcome bipartisan support, which I do not hear from the interjections now coming from the Leader of the Opposition. Whatever he says, it is clear that the people behind him do not agree with that position and are not supporting the government in those efforts. I would make it clear that this
government called a summit to put those matters back on the agenda.

Mr Beazley—Mr Speaker, I rise on a point of order that goes to relevance. My question was about COAG and about benchmarking.

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

Mr Wilkie interjecting—

The SPEAKER—Order! The member for Swan is warned! I remind the Leader of the Opposition that, when he is asked to resume his seat, I expect him to do so. He has raised a point of order. I have been listening carefully to the Acting Prime Minister; he is answering the question.

Mr COSTELLO—A national summit, the call for which was made by the minister for Indigenous affairs, will be held next month—I have written to all premiers and chief ministers—and it is to get agreement on these points: to make sure that we are strong, tough and clear about stopping violence in Aboriginal communities. It will be reporting back to COAG and COAG will be involved in the procedure. Let there be no mistake about this: this government believes very strongly in protecting innocent children and women in Aboriginal communities and we will not let political correctness get in the way of that.

Indigenous Communities

Mr WAKELIN (2.11 pm)—My question is addressed to the Acting Prime Minister. Has the Acting Prime Minister seen calls for customary law to be taken into account to reduce punishment for serious and violent offences? What is the government’s view of these calls?

Mr COSTELLO—I thank the honourable member for Grey for his question and I can tell him that there are calls for customary law to be taken into account to reduce punishment for serious and violent offences. Even the Law Council of Australia came out yesterday calling for Aboriginal customary law to be given consideration by courts and saying that proposals to exclude that were ‘misconceived, dangerous and promoted the issue ahead of more demanding social problems’. We do not agree with that. We believe that there can be no more demanding social problem than the protection of innocence, particularly of children in Aboriginal communities or, for that matter, in the white community.

I noticed in the paper today that the Chief Justice of the Northern Territory, Brian Martin, said that he had made a mistake in sentencing an Aboriginal elder to just one month’s jail for having anal sex with a 14-year-old girl. I welcome that from the Northern Territory Chief Justice. It would not have been easy for him to do, but it was absolutely right of him to acknowledge that. That matter was overturned in the Northern Territory Court of Criminal Appeal, which imposed a sentence of three years in relation to that crime.

Many Australians would believe that a sentence of three years for having anal sex with a 14-year-old girl and bashing her with a boomerang was still a very lenient sentence. Many Australians would think that. Many Australians would think that even that sentence by the Court of Criminal Appeal was not much of a deterrent. I would make this clear: if we are to send an unequivocal sentence to the Aboriginal community—and the white community, for that matter—that these are violent offences that will not be tolerated, we need strong support from the judiciary with strong sentences. A suggestion that cultural matters should be taken into account to lighten sentences on what are violent and serious offences will not find the support of the Australian people. We believe that there should be an unequivocal message.
In raising this issue, an issue which has now been acknowledged by the Chief Justice of the Northern Territory himself, the minister for Indigenous affairs has behaved quite courageously and properly. I notice that the Attorney-General in Western Australia has accused Mr Brough of bigotry over his statement. Nothing could be further from the truth. In a courageous way, he has raised this issue; he has determined to do something about it. He is now finding support from the Chief Justice of the Northern Territory himself. He will find the support of Australians of goodwill. We can never justify, under customary law or on any other basis, heinous and serious and violent offences. Those who do them must be brought to justice, and this government believes that they should be.

Nuclear Energy

Mr BEAZLEY (2.15 pm)—My question is to the Treasurer and Acting Prime Minister. As part of the government’s intention to consider nuclear power in Australia, will it nominate the proposed sites of its nuclear reactors and their associated high-level nuclear waste dumps?

Mr COSTELLO—On this side of the House, we welcome a debate about the nuclear industry. On this side of the House, we have no hang-up at all about exploiting Australia’s resources to gain export income for this country. It is the Labor Party that says, ‘It’s okay to mine uranium in three places, but wrong to mine it in a fourth or a fifth.’ I have no higher authority for the inconsistency of Labor’s policy than the next Labor leader, Bill Shorten, who said—listen to this—

Mr Beazley—Mr Speaker, I rise on a point of order. The point of order is on relevance. We have no problems with this, but we do want to know where the reactors—

The SPEAKER—The Leader of the Opposition will resume his seat. I call the Acting Prime Minister. He is answering the question.

Mr COSTELLO—The day will come when he will be unable to silence Bill Shorten any further. Let us hear Bill Shorten’s views now.

Mr Price—Mr Speaker, I rise on a point of order. In raising my point of order, I wish to quote one of your predecessors when he said:

… I propose to apply a commonsense approach to these issues. I expect questions to be specific, and answers to be relevant.

The SPEAKER—The Chief Opposition Whip will come to his point of order.

Mr Price—I am rising under Standing order 104, which says:

An answer must be relevant to the question. That is, not connected to the question, not partially relevant, but relevant.

The SPEAKER—The Chief Opposition Whip will resume his seat. He is well aware that I have already ruled on that point of order, and I call the Acting Prime Minister.

Mr COSTELLO—This government has no hang-ups about exploiting Australia’s natural resources—

Ms King interjecting—

Mr COSTELLO—and exporting to countries that comply with—

Ms King interjecting—

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

Mr COSTELLO—nuclear safeguards. As Bill Shorten has said:

Federal Labor has a three mines uranium policy and the way which we get around that is we call every new mine part of an existing mine. You can only have three, but they can have multiple subbranches all over Australia. It sounds like a Labor Party branch stack to
Mr Albanese—Mr Speaker, I rise on a point of order under standing order 104. They wanted a debate; we are giving them one. Where are the reactors going to be?

The SPEAKER—The member will resume his seat.

Mr Albanese—Where are the dumps going to be? It is a very specific question.

The SPEAKER—The member will resume his seat. In response to the member for Grayndler, I am listening carefully to the Acting Prime Minister.

Mr Costello—We welcome this debate. We think it is in Australia’s national interest, and we will take great pleasure in seeing Bill Shorten lead the Labor Party again in relation to this very important issue.

Mr Kelvin Thomson—You didn’t give us a word about nuclear reactors!

The SPEAKER—Order!

Mr Kelvin Thomson interjecting—

The SPEAKER—Order! The member for Wills is warned.

Indigenous Communities

Mr Lindsay (2.20 pm)—My question is to the Minister for Families, Community Services and Indigenous Affairs. Minister, I refer to your proposals to restore law and order to Indigenous communities as a means of improving their overall economic and social wellbeing. What support has been given to these proposals?

Mr Brough—I thank the member for Herbert for his question. He no doubt would have seen the report in the paper the other day from the Labor Lord Mayor of Townsville, who has asked not to be forgotten with regard to policing issues in dealing with the Indigenous community of Townsville. I am only too aware of the work that the member for Herbert is doing with the people of Palm Island, a troubled community and one that wants to do far better and understands the importance of real policing. I have been heartened by the fact that so many people from around the country are recognising the absolute necessity of ensuring that Aboriginal communities have the same rights as the rest of us—that is, to live in a free society that is free of violence—and that they have security in their own homes.

Today Magistrate Sue Gordon, who is Chairman of the National Indigenous Council, had this to say:

First and foremost, we have children who are being abused and the first priority ... is protection of children.

Maxine Schute, from the Alice Springs women’s shelter, a woman that comes in contact every day with the consequences of a breakdown in law and order, was reported to have said:

We have to look at a system where the perpetrators of these crimes are removed and not left in the community to spread fear, to intimidate those who have been strong enough to speak out.

Tom Calma, the Aboriginal and Torres Strait Islander Social Justice Commissioner, says:

This type of behaviour has no place in Aboriginal culture and customary law ...

And we agree with him. He says it:

... is no excuse to condone such behaviour. If an Indigenous person commits these types of offences they should be dealt with by the judicial system just as any other person would be.

The reality is that these communities have no faith in the judicial system because the perpetrators often, whilst on remand, get returned to these communities and that is where the fear and standover tactics come into play. It puts the fear of God into these people that if they stand up in a court of law and say what they know to put these perpetrators behind bars they will have payback.
This is what has failed these people; this is what we are determined, once and for all, to deal with.

Today I have spoken with a number of Indigenous people right around Australia, outlining the way I see this moving forward. I want to highlight comments from two different individuals. The co-principle of the Daly River School, which is not far from Wadeye, is very concerned that the violence that has been occurring in Wadeye and with the dry season now coming will spill back out of Wadeye and into these other communities. He wants us to be aware of that. She says that there has been a lid on this for too long, that the people have had no voice and now they have hope. She says that people are hurting and they hope that they get the support they need. She says that people are hurting and they hope that they get the support they need. The support they need, first and foremost, are police on the ground so that crime can be reported and crime can be dealt with. It beggars belief that members opposite shake their heads saying that that is not the answer. Live in a community where your child cannot be safe because there are no police. I ask you to consider such consequences.

Ms Gillard—Mr Speaker, on a point of order: I refer you to standing order 90, which deals with improper reflections on members, a standing order you construed quite strictly last night. On a number of occasions now, and it seems the minister is about to do the same, there has been an implication from the government that somehow members of the opposition condone violence or child sexual abuse. There is no worse allegation that could be made in this place. It is grossly unparliamentary and you should prevent that improper motive being ascribed to members of the opposition.

The SPEAKER—The Manager of Opposition Business raises an important point. I remind all members of the points that were raised.

Mr BROUGH—Finally, in speaking to one of these women today, who in fact I should not identify for obvious reasons—

Mr Ripoll—Then don’t!

Mr BROUGH—It responds to some of the interjections that came across earlier to deal with housing. This woman has been in the field for 12 years working with family violence in remote communities. She said to me: ‘I want Australia to understand that this is not an issue about housing. I strongly reject the notion that it is about housing.’

Mr Laurie Ferguson interjecting—

Mr BROUGH—I am listening to people who are actually on the ground, who actually understand domestic violence. Let me tell you what a woman that deals with the consequences every single day says—not what the ALP says. She says that most of the abuse happens privately behind closed doors. She says, ‘It is especially a problem in remote homeland communities where overcrowding is not a problem.’ This government does not for one minute suggest that housing is adequate. We say that it is not an excuse to rape a child. We will continue to say that and we will continue to support these communities. Thankfully, Labor state governments today are willing to work with us.

Mr Crean—who says that?

Ms Gillard—No-one has ever said that.

Mr Kerr—What a bunch of pious, canting, hypocrites!

The SPEAKER—Order! The member for Denison.

Mr Crean—That is a hypocritical stance. Who said that? Who said it, Mal? Who said it? Who?

Mr Brough interjecting—

Mr Crean—And be constructive.
Ms Gillard—Mr Speaker, I rise on a point of order. On the question of disorder and unparliamentary conduct, the minister just gestured at the opposition and said, ‘You say that,’ referring to his statement that there are people unnamed who somehow believe that overcrowded housing justifies the rape of a child. No member of the opposition has ever or would ever say something like that. That implication ought to be withdrawn. It is a disgrace.

Honourable members interjecting—

The SPEAKER—Order! There have been far too many interjections coming from both sides of the House. I did not hear the particular point that you have made. There have been interjections from both sides of the House, quite a few of which members would, on reflection, probably think it better not to have been said. I will listen carefully, but I ask all members to show more restraint.

Ms Gillard—Mr Speaker, I accept you might not have heard it, but I heard it and members of the opposition heard it and it was accompanied by a hand gesture. It must be withdrawn. Mr Speaker, you cannot set this as the standard in this place. You cannot do that.

The SPEAKER—The Manager of Opposition Business will resume her seat. If the minister made an offensive remark, he will withdraw.

Honourable members interjecting—

The SPEAKER—I did not hear the remarks.

Mrs Bronwyn Bishop—Mr Speaker, on the question of disorderly remarks and unparliamentary language, it was the member for Denison who made a most unparliamentary comment, and I would ask him to withdraw it.

The SPEAKER—I have ruled on that point that the member for Mackellar has made. There have been a number of interjections and a lot of disorder. It would assist all members if members on both sides would show more restraint.

Nuclear Energy

Mrs Elliot (2.30 pm)—My question is to the Treasurer and Acting Prime Minister. Will the government rule out south-east Queensland and the Northern Rivers region of New South Wales as potential sites for a new nuclear power plant and nuclear waste repository?

Mr Costello—As I said earlier, the government believes that it is an important debate for Australia to have as to the nuclear industry. This government already has a policy which allows Australian uranium to be mined and exported. The Australian Labor Party supports that in three places. It would be a funny kind of a policy if Australia was prepared to mine uranium and to sell it to other countries but was so opposed to the nuclear industry that it would not allow it in Australia. What the Prime Minister has said is that this is a debate that Australia should have. It is a debate which will be an important debate for the future. I would urge all members to engage themselves in this debate. Those on this side of the House, who believe in Australia and its economic future, will certainly be engaging in a positive debate over the months to come.

Nuclear Energy

Dr Southcott (2.32 pm)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of attitudes of countries in our part of the world to nuclear energy? Are there any alternative views?

Mr Downer—First, can I thank the honourable member for Boothby. I appreciate his interest in participating in a debate about these issues, which I would hope in this country we could conduct in a sensible
way. In answer to the honourable member’s question, there are a lot of countries around the world, including countries which export uranium, countries which have nuclear technology and countries that have nuclear power stations, that have been able to conduct a debate and a discussion about these things in a very sensible and mature way.

In relation to countries in our own region, Japan has 55 nuclear reactors providing 30 per cent of its electricity, three under construction and 12 planned. China has 10 with plans for 40 by 2020. There are six in Taiwan, and the Republic of Korea—South Korea—has 20. Indonesia has plans for four reactors to be built in the period 2017 to 2025, and Vietnam and Thailand are studying the possibilities of nuclear power as well. So I just make the point that there are a lot of countries that think that nuclear power is a real option for generating electricity, at least as a component of their energy mix, and they have been able to have a reasonably mature discussion about this and the value of it.

Talking of alternative views, I noticed in a press release that the Leader of the Opposition put out on 23 May, yesterday, in relation to his opposition to anything the government even chooses to talk about—he just opposes everything, which is I think taking opposition to an absurd extreme—in this case, opposing discussions about nuclear energy, he said:

... there are important national security issues to be considered.

I wondered, I must say, reading that, what it meant. This morning in a doorstep the Leader of the Opposition said:

Nations tend to regard those developing nuclear power for the purposes of power generation as retaining options for weaponising it.

Apparently, according to the Leader of the Opposition, countries like Japan, Vietnam and Thailand should be considered countries which are planning to weaponise nuclear power to build a nuclear weapons capability. The Leader of the Opposition pretends to be—and has sold this message quite hard up there in the press gallery—an expert on national security, foreign policy and defence issues. I call him a charlatan. He is a charlatan on these issues. He is unfamiliar with the nuclear non-proliferation treaty and he knows nothing about the International Atomic Energy Agency’s safeguards regime and nothing about the important role a country like Australia can play not in endangering the world but in securing nuclear power generation through our nuclear safeguards agreements. I would have thought the Leader of the Opposition ought to brush up on his so-called expertise in international relations.

Workplace Relations

Mr BEAZLEY (2.36 pm)—My question is to the Treasurer and Acting Prime Minister. I refer him to an AWA offered by Spotlight, a company with nearly 100 stores and 6,000 staff, to a prospective new employee in New South Wales which provides an hourly rate of 2c above the award rate of pay but which has no provision for any penalty rates and no provision for any overtime. Does the Acting Prime Minister believe it is appropriate that the government’s legislation enables penalty rates and overtime to be sold down the river for the princely sum of 2c an hour?

Mr COSTELLO—Needless to say, long experience in this place has led me to believe I will never take an assertion from the Leader of the Opposition in relation to this or anything. But can I say that the government’s Work Choices legislation enables employees to come to agreements with employers which suit both of them, with terms that are protected by the Australian fair pay and conditions standard. Those standards protect important matters and ensure that there is a
Mr Albanese interjecting —

The SPEAKER — Order! The member for Grayndler!

Mr COSTELLO — of people ensuring that they come to mutually bona fide agreements which are in the interests of both employers and employees. One of the things that this country has needed for years is the opportunity to have a more flexible labour market. Under a more flexible labour market Australia will have more jobs and they will be higher paid. The proof of the pudding is in the eating. We need only look at the outcomes. Since this government was elected in 1996 there have been 1.7 million new jobs created in Australia. Since this government was elected in 1996 real wages have increased 16.7 per cent. Under 13 years of Labor government real wages increased 0.3 per cent. One of the proudest boasts of the Labor Party was how they depressed real wages. I can remember Mr Keating standing at this box boasting over and over again that Labor had suppressed real wages.

Ms Owens interjecting —

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

Mr COSTELLO — The coalition boast is that under a coalition government real wages have gone up and under a better industrial relations system people will get better job outcomes.

Avian Influenza

Mr CAUSLEY (2.40 pm) — My question is addressed to the Minister for Agriculture, Fisheries and Forestry. Would the minister advise the House of the outcomes of Exercise Eulys, which tested Australia’s capacity to manage an outbreak of bird flu? Is the minister aware of any alternative policies?

Mr McGAURAN — I thank the honourable member for Page for his question. In October last year the government coordinated Exercise Eleusis, which simulated an outbreak of avian influenza. It brought together industry, a hospital and state governments to assist our preparedness in the event of an actual outbreak. I am delighted to be able to release the government’s final report on Exercise Eleusis, which evaluates the exercise and makes recommendations on how we can do even better in the future. I commend it to all members of the House as a new and original document. Just bear in mind those words, ‘new and original’. I am asked about alternative policies. A keen and enthusiastic member of my department told me the other day that there was an impressive and creditable paper issued on avian influenza from the opposition side — namely, by the member for Griffith, who, as we know, has many interests. I did not know pathogenic disease was one of them, but he prides himself above all else on being an original thinker. So I accessed his document, which is published by the Labor Party on Labor eHerald, which is the ALP’s national online magazine.

Opposition members interjecting —

Mr McGAURAN — It is on avian influenza and I am asked about alternative policies. So I start reading it and at first glance it does look incredibly scientific and creditable, but somehow the words begin to sound familiar. The more I read it, the more I realise that these are phrases that have been brought to my attention previously. These marked paragraphs will be of great interest to the House. So what I find is that, of a 600-word policy, 400 words are plagiarised.

Opposition members interjecting —

The SPEAKER — Order! The member for Grayndler is warned!
Mr McGauran—Two-thirds of this document comes from five different international surveys.

Mr Albanese interjecting—

The Speaker—Order! The member for Grayndler will remove himself under standing order 94.

The member for Grayndler then left the chamber.

Mr Beazley—Mr Speaker, we have had endless interjections from people on that side of the House when we’re asking questions, but it’s only we who get suspended. When is there going to be a bit of even-handedness?

The Speaker—I call the minister.

Mr McGauran—So the words had a familiar ring, and I find when I research the Centres for Disease Control and Prevention in the United States that there are several sentences and paragraphs contained in the honourable member’s paper.

Ms Gillard—Mr Speaker, on a point of order: you have ruled on a number of occasions in the past when members of the opposition have held up documents that that is disorderly—and indeed you have threatened members with suspension from the House before. You ought now to warn the minister and suspend him from the House if he does it again.

The Speaker—I call the minister.

Mr McGauran—So in the Labor Party document there are no footnotes, there is no attribution and there is no notation. The original thinker, the member for Griffith, is parading other people’s work as his own. Bill Shorten would not do it. No, Bill would not do that. And, worse still, this is quite deliberate, because different sentences are cut and pasted with other sentences, and paragraphs from the five different sources are mixed up. There is a deliberate deception in the drafting of this document. This is no accident. This is not taking information from one source and making it a whole slab; it is all cut and pasted by this supposedly original thinker. So it is deliberate plagiarism. The only thing worse than having no Labor policy is having a plagiarised Labor policy, and I table all of the documents for members to reach their own judgments.

Ms Gillard—Mr Speaker, you just warned the minister not to keep waving documents around. He did. He ought to be warned if you want to keep your own standards—

The Speaker—the Manager of Opposition Business will resume her seat. The Manager of Opposition Business will not reflect on the chair.

Ms Gillard—Mr Speaker, I am certainly not reflecting on the chair; I am just seeking some consistency in rulings.

The Speaker—he was reading from a document, and he held it up to read it, so I call the minister.

Mr McGauran—So in the Labor Party document there are no footnotes, there is no attribution and there is no notation. The original thinker, the member for Griffith, is parading other people’s work as his own. Bill Shorten would not do it. No, Bill would not do that. And, worse still, this is quite deliberate, because different sentences are cut and pasted with other sentences, and paragraphs from the five different sources are mixed up. There is a deliberate deception in the drafting of this document. This is no accident. This is not taking information from one source and making it a whole slab; it is all cut and pasted by this supposedly original thinker. So it is deliberate plagiarism. The only thing worse than having no Labor policy is having a plagiarised Labor policy, and I table all of the documents for members to reach their own judgments.

Avian Influenza

Ms Gillard (2.46 pm)—Mr Speaker, for the purpose of clarification, can I ask if the Parliamentary Library report tabled was the one that was removed from the website of the Parliamentary Library at the insistence of the Secretary to the Department of Health and Ageing?
The SPEAKER—The Manager of Opposition Business will resume her seat. If she wishes to ask a question—that is a question? Okay, I call the Minister for Agriculture, Fisheries and Forestry.

Mr McGauran—No, to the best of my knowledge.

The SPEAKER—I call the Manager of Opposition Business on a point of order.

Ms Gillard—Can I ask that the minister specifically clarify that point and, if he has misled the House, that he then clarify that immediately—

The SPEAKER—The Manager of Opposition Business will resume her seat. The minister has finished his answer. The honourable member for Riverina.

Transport Infrastructure

Mrs Hull (2.46 pm)—Thank you very much.

Honourable members interjecting—

The SPEAKER—Order! All members will resume their seats immediately!

Mr Beazley interjecting—

The SPEAKER—I have not called anyone. I call the next question, and I call the member for Riverina.

Mrs Hull—Thank you.

Mr Beazley interjecting—

The SPEAKER—No, I have called the member for Riverina.

Mr Beazley interjecting—

The SPEAKER—All right, the Leader of the Opposition.

Mr Beazley—Mr Speaker, the point of order is this: they had a question on that side of the House and the normal practice is that you come to this side. We are entitled when a minister is quoting from documents to ask questions about those documents.

The SPEAKER—The Leader of the Opposition will resume his seat. I will respond to the point of order. The Manager of Opposition Business asked a specific question to the minister. The manager stood up and gave a response. I said, ‘I will now call the next question, and I am calling the member for Riverina.’

Mr Stephen Smith—Mr Speaker, on a point of order: at the conclusion of the minister’s answer, the Manager of Opposition Business got to the dispatch box and asked that question about the tabling of papers. While she was doing that, I was on my feet.

The SPEAKER—The member for Perth will resume his seat.

Mr Stephen Smith—I haven’t finished my point of order, Mr Speaker.

The SPEAKER—The member for Perth will resume his seat and I will rule on the point of order. The Manager of Opposition Business stood up and asked a question. She did not preface it by saying it was a point of order; she asked a question of the minister. Therefore I called the minister and the minister responded. The member for Perth on a point of order.

Mr Stephen Smith—As the tape will show, Mr Speaker, the Manager of Opposition Business approached the dispatch box on two occasions, on the first occasion to inquire about the tabling of papers and on the second occasion to raise a point of order. As the tape will also show—

The SPEAKER—The member for Perth will resume his seat.

Mr Stephen Smith interjecting—

The SPEAKER—The member for Perth will resume his seat. I have ruled on that point of order.

Mr Stephen Smith interjecting—

The SPEAKER—The member for Perth will resume his seat!
Mr Stephen Smith interjecting—

The SPEAKER—The member for Perth is warned! I call the member for Riverina.

Mrs HULL—Thank you, Mr Speaker. My question is addressed to the Minister for Transport and Regional Services. Would the minister update the House on initiatives the government is taking to deliver vital funding for the New South Wales road and rail transport network and also around the area of the Riverina?

Mr TRUSS—I thank the honourable member for Riverina for her question. It was a pleasure to be in her electorate last week to look at some of the projects that are under way as a result of the Australian government’s investment through AusLink in important rail and road infrastructure upgrades. In particular, I was able to witness the signing of a new $16 million contract to provide a new rail bridge over the river at Wagga Wagga, replacing the old 1881 steel structure with a modern concrete facility that will enable the speed limit of 20 kilometres per hour to be lifted as the trains cross the river and inevitably slow down the movement of freight between our capital cities.

We were also able to visit the Hume Highway and look at some of the projects in line for the $800 million investment by this government announced in AusLink for the Hume Highway, bringing to $1.4 billion the AusLink commitment to upgrade the Hume Highway to four lanes. When I was there, there was obviously a great deal of enthusiasm for this expenditure, but there was also a degree of frustration because the money that the Australian government has been providing to New South Wales for the Hume Highway in the past simply is not being spent. Particularly the people around the Coolac bypass project are especially angry that a long time—years, in fact—after the Australian government made the commitment to fund this important 12-kilometre bypass the work has not started.

In fact, the tenders for that project closed on 11 May 2005—a year and two weeks ago—and New South Wales to this day still have not decided on the successful tenderer. In fact, the whole process is caught up in New South Wales heritage legislation—red, green and black tape! They say to us that it will be at least the end of the year before they will be able to consider the issuing of a contract for this project. How many more people have to die on this road before the New South Wales government will get on with the job of spending the money that the Australian government has already provided them? There is an absolute degree of incompetence in the management of New South Wales that is delaying projects that could be delivering an improved road system to Australians, and it is time they got on with the job.

Workplace Relations

Mr STEPHEN SMITH (2.52 pm)—My question is to the Treasurer and Acting Prime Minister. It follows on from his earlier answer to the Leader of the Opposition. I again refer to the Spotlight AWA, which satisfies the government’s minimum legislative requirements, and in particular to clause 20 of this AWA, which provides:

… this … expressly excludes the operation of protected award … conditions in relation to, incidental to and/or … with respect to:

rest breaks;
incentive-based payments and bonuses;
annual leave loading;
public holidays;
loadings for working overtime or shift work; and penalty rates, including for work on public holidays …

Does the Acting Prime Minister believe that it is appropriate that the government’s legis-
islation enables these conditions to be sold down the river at the stroke of a pen for the princely sum of 2c?

Mr COSTELLO—The Australian government’s Work Choices legislation is based on enabling employers and employees to come to agreements which are in their mutual interests and which are above and beyond the Australian fair pay and conditions standard. What that means is that there is a floor under terms and conditions and, above that floor, employers and employees can negotiate for the advantage of both.

Can I point this out: employees are in a stronger position today than they have been in for at least 30 years, because unemployment is lower today than it has been for the last 30 years. The proof is in the government’s performance. This is a government under which there has been massive job creation. This is a government under which there have been real wage increases. The worst thing that could ever happen for Australian employees is the return of a Labor government.

The SPEAKER—The member for Perth has asked his question. Is there a point of order?

Mr Stephen Smith—I have another question, Mr Speaker. I assumed you were going to even up.

Government members interjecting—

Mr Stephen Smith—He called me!

Honourable members interjecting—

The SPEAKER—Order! I call the honourable member for Bowman.

Mr Stephen Smith—You called me!

The SPEAKER—I asked the member for Perth whether he had a point of order.

Mr Stephen Smith—I said I had another question. I thought you were evening up.

The SPEAKER—I have called the honourable member for Bowman.

Mr Stephen Smith—in which case, I seek leave to table the princely sum of 2c.

Leave not granted.

Public Hospitals

Mr LAMING (2.55 pm)—My question is addressed to the Minister for Health and Ageing. Would the minister inform the House what the government is doing to support our public hospitals? Minister, is the government confident that our Australian public hospitals are being well managed? Are there any alternative policies?

Mr ABBOTT—I thank the member for Bowman for his question. I know how concerned he is to ensure that public hospitals in Queensland at least are being well managed. I can assure him that the federal government is certainly providing ample funding to state public hospitals. Under the current health care agreements we are providing some $42 billion for state run public hospitals. That is a $10 billion increase on the previous five-year period. While we are providing half the money for state public hospitals, we do not play any role in their administration. To the extent that there are problems in our public hospital system, it has very little to do with money and much more to do with consistently poor management.

I can inform the House that the Commonwealth is giving some $14 billion to New South Wales public hospitals, yet in New South Wales public hospitals operations are being cancelled because of leaky roofs. Local charities are being forced to pay for their own thermometers, linen and baby scales. Surgeons at the Royal North Shore hospital in Sydney have been ordered by management to recycle old drills. Waiting lists for elective surgery are 3,000 people longer now than they were 10 years ago. According to today’s Daily Telegraph, the New
South Wales health minister is incapable of placing a timely order for a new wheelchair for a terminally ill child.

We are giving some $10 billion to Victoria under the health care agreement. Despite that, some 600 heart operations have been cancelled in the last 12 months in Victorian public hospitals. We are giving $8 billion to Queensland, yet in the last two years no fewer than 1,600 doctors have resigned from Queensland public hospitals because they cannot stand these places as places of work. They are only keeping the emergency department at Caboolture Hospital open by privatising it.

There are a great many problems with the administration of public hospitals in the several states. But, as if running these public hospitals was not hard enough, I can inform the House that administrators in Victoria and Queensland have just discovered a new priority: banning bibles. In Victoria and Queensland, Gideons have now been banned from placing bibles at every hospital bedside, even though this practice has been going on for some five decades. A Royal Melbourne Hospital spokesman was quoted the other day as saying: ‘We don’t have bibles in each room anymore. It is an infection control measure.’ Presumably, the Royal Melbourne Hospital thinks that we should be sworn in in this place in surgical masks and gowns because of the risk of infected bibles. This is not an infection control measure—it is a thought control measure; it is political correctness gone crazy. I say to public hospital administrators in this state: stop worrying about offending people and start running public hospitals properly and give people bibles at a time when they probably most want to see them.

Workplace Relations

Mr STEPHEN SMITH (2.59 pm)—My question is again to the Treasurer and Acting Prime Minister. I again refer to the Spotlight AWA, which satisfies the government’s minimum legislative standards. I refer to a full-time adult employee, who under the Spotlight AWA will work a roster including Thursday night finishing at 9 pm and a seven-hour shift on a Saturday and Sunday. Isn’t it the case that this employee will be paid around $90 less than a fellow employee on the award?

Mr COSTELLO—No, I do not accept for a moment the proposition that is put forward by the honourable member. As I said earlier, under the government’s industrial relations reforms we have the Australian Fair Pay Commission standard and we have the opportunity for employers and employees to come to agreements. It will be a system which is in the interests of employers and employees. This government stands for 1.7 million jobs, unlike the Labor Party. This government stands for real wages and real wage increases, unlike the Labor Party. We know that the member for Perth has been instructed by the trade union movement to lift his game. We know that he is under threat of being moved—

Mr Beazley—Mr Speaker, I raise a point of order. A very explicit question was asked.

Mr Costello interjecting—

Mr Beazley—You have finished, have you? Terrific! A very explicit question was asked of him. He routinely evades them.

The SPEAKER—The Leader of the Opposition has made his point.

Solomon Islands

Mr ENTSCH (3.01 pm)—My question is addressed to the Minister for Defence. Would the minister update the House on the status of the Australian Defence Force deployment to the Solomon Islands?

Dr NELSON—I thank the member for Leichhardt for his question and for his nine
years of loyal service to the Royal Australian Air Force. We were all aware of the outbreak of violence in the Solomon Islands on 18 April and then across to 19 April. I think, like all Australians, we were particularly impressed with the very rapid response of the Australian Defence Force, which deployed within 24 hours 110 fully equipped and armed soldiers to Honiara along with other countries—bring stability to the Solomon Islands. Over the past month, we have had deployed from the Australian Defence Force as many as 400 Australian Defence Force personnel, which has included two companies of infantry, headquarters support, two Iroquois helicopters and two patrol boats, along with the airfield defence guards.

The national security committee considered Australia’s ongoing commitment to the Solomon Islands in terms of defence and peacekeeping in support of RAMSI late yesterday, and I can inform the House that we will commence very shortly a withdrawal of a number of our Defence Force elements and continue over the next two weeks. We will continue to have deployed in the Solomon Islands a company of around 140, and they will be supported by elements from the New Zealand Defence Force and Pacific island nations—which is currently Fiji. We will continue to closely monitor the peaceful nature of the Solomon Islands and will review that on a week-to-week, month-to-month basis.

All Australians should and can be very proud of the work that is being done by the Australian Defence Force under the leadership of Air Chief Marshal Angus Houston in this deployment. The 3rd Battalion of the Royal Australian Regiment will be remaining there for the foreseeable future and the Australian Defence Force will also be contributing to the guarding of the Rove prison, which is very important to the continuing security of the Solomon Islands.

Workplace Relations

Mr SAWFORD (3.04 pm)—My question is to the Treasurer and Acting Prime Minister. I again refer to the Spotlight AWA, which pays a rate of 2c an hour above the current award rate of pay but which provides that Saturday work is paid at the ordinary rate of pay, not time and a quarter as under the award; Sunday work is paid at the ordinary rate of pay, not time and a half as under the award; and there is no public holiday pay rate or loading. Does the Acting Prime Minister believe it is appropriate that the government’s legislation enables these conditions to be sold down the river for a princely sum of 2c an hour?

The SPEAKER—Before calling the Acting Prime Minister I will say that that question went very close to asking for an opinion, but I see that the Acting Prime Minister is willing to answer it so I will give him the option.

Mr COSTELLO—Long experience in this place has told me not to rely on an assertion or an allegation from a member of the Labor Party, and I do not accept whatever proposition or allegation that he puts forward. If he legitimately believes that an agreement has been entered into which undercuts the Australian fair pay and conditions standards, he could report that. But, of course, he does not decide to do that.

Employees in Australia at the moment are in the strongest position they have been in for 30 years because we have had 1.7 million new jobs. They have the highest wages that we have ever had in Australian history, because under this government wages have gone up by 16 per cent. The only thing that could represent a threat to either your job or a wage increase in Australia would be the re-election of the Labor Party. The Labor Party loved the unemployed so much that it created hundreds of thousands of new ones! I say to
people: in a growing economy with a better industrial relations system, their opportunities will be much greater.

**Budget 2006-07**

**Mrs MOYLAN** (3.06 pm)—My question is to the Minister for Revenue and Assistant Treasurer. Would the minister advise the House how the government has improved the operation of superannuation funds of Australian workers to help them save for their retirement?

**Mr DUTTON**—I thank the member for Pearce for her question. I say to her and to other members of the House who have applauded the government’s announcement in the recent budget that superannuation now has much greater appeal to younger people in particular in this country. It is a much more understandable system. And we say to people who are over the age of 60 that, from 1 July next year, they have no tax to pay on a pension or on money which is drawn down in a lump sum. It provides an opportunity for us to say to young people who are in their 30s and 40s to consider superannuation in a way they have not been able to in the past. Superannuation is now a less complex system that provides greater opportunity and savings incentives and will provide very well in the future for generations who will be experiencing the ageing of the population.

**Mr Bevis**—Explain it to us, Pete. You’d understand it.

**Mr DUTTON**—For the benefit of the member for Brisbane, who interrupts and who, like the members opposite, does not support the way in which we have said that we will reform superannuation, I will explain to him that it will provide tremendous support—

**Mr Bevis interjecting**—

**The SPEAKER**—Order! The member for Brisbane does not need to encourage it.

**Mr DUTTON**—from 1 July next year to people over the age of 60. It will reduce complexity. We say to them that we will support them in retirement as we never have before. But there is one important point to make out of all of this, and that is that the Labor Party still have not committed themselves to this change. Despite having had two weeks since this announcement, we still have not heard from the Leader of the Opposition as to whether or not he agrees with or supports this change. This is another opportunity for the Australian people to see how the Leader of the Opposition is weak and undecided on these issues.

**Bats**

**Mr KATTER** (3.08 pm)—My question is to the Minister for Transport and Regional Services in his capacity, as we are informed, as the Minister representing the Minister for the Environment and Heritage. Is the minister aware that in *Science* magazine 28 October 2005 Professor Dobson asserts that: ‘Bats are recognised globally as being a natural reservoir host for new emergent disease pathogens. Bats are host for the rabies virus’—bat lissavirus as it is known in Australia. ‘Three species,’ he states, ‘have been officially recorded as hosts of the virus that caused the SARS outbreak in humans in 2002.’ In light of this—and of a Queensland Health publication of 1 October warning that North Queensland flying foxes carry Lyssavirus, which is probably always fatal, and to which 9.4 per cent tested positive; Hendra Virus, of which two of four reported cases were fatal; Leptospirosis, which is sometimes fatal; and Salmonella, which is also sometimes fatal—could the minister assure the people of North Queensland that they have the right to protect themselves and fellow citizens from such imminent dangers by culling? If not, would the minister not agree that the state and federal ministers refusing such permission would be responsible for
any consequent deaths or diseases that result from such refusals?

Mr TRUSS—The answer to the first question is no, I cannot say that I have read the report by Professor Dobson or whoever it is that makes all of those claims. The answer to the last question is also no, because ministers who make responsible decisions and take into account all of the issues that need to be properly weighted cannot be held responsible for the sorts of outcomes that the honourable member referred to. If there is some further information that the minister for the environment would like to provide, I will give him that opportunity.

Snowy Hydro

Ms PANOPULOS (3.11 pm)—My question is addressed to the Minister for Agriculture, Fisheries and Forestry. Would the minister advise the House of what steps the government is taking to protect irrigators who rely on water from the Snowy Hydro Scheme?

Mr McGAURAN—I thank the honourable member for her question. The first thing that needs to be said to those who are understandably concerned about the privatisation of the Snowy is that it was inevitable from the moment New South Wales put its 58 per cent share up for sale. However, the Australian government is confident that the change in ownership of Snowy Hydro Ltd will not impact on the security of entitlements for irrigators. The Snowy water licence, issued by New South Wales but negotiated by three governments, has guarantees of continuing releases at current levels for irrigators. That responsibility is not altered in any way through a change of ownership.

Some irrigators have expressed concern that New South Wales might seek—understandably, given its track record—some changes to the terms of the licence at some point in the future. The Commonwealth took that on board. We considered it and, as a result, the governments have built in a massive disincentive for that to happen. The Murray-Darling Basin Agreement has been amended so that, if New South Wales were to seek to reduce allocations to irrigators, the cut would come out of its own allocation of water from the scheme in the future. No government, now or in the future, could afford to do that economically, let alone politically.

Another step the Commonwealth has taken to protect entitlements is to limit any individual shareholding to 10 per cent. In addition, two-thirds of Snowy Hydro directors must be Australian citizens and any proposals for foreign investment will be subject to foreign investment guidelines. Whatever the ownership, with the 10 per cent limit the terms of the Snowy water licence and the Murray-Darling Basin Agreement provide a bedrock of security. The government believes the process of approving the sale undertaken by the parliament through a motion of both chambers is the right one.

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

QUESTIONS TO THE SPEAKER

Share Trading

Mr KELVIN THOMSON (3.13 pm)—I have a question for you, Mr Speaker. Last night I was speaking to the House on the appropriation debate about AWB and the member for Gwydir’s AWB share sale. The Deputy Speaker intervened to say I was in breach of standing order 90—reflecting on another member—and refused to allow me to speak further on the subject. Mr Speaker, subsequently, I raised the same issue in the adjournment debate and you ruled that I was in breach of standing order 90 and refused to allow me to speak concerning the member for Gwydir’s AWB share sale. Given that standing order 90 was used last night to protect the member for Gwydir, why was it not
used on 30 November last year to protect the member for Lilley when the Treasurer accused him of being the subject of a royal commission—that is, the Shepherdson inquiry? Why did the Deputy Speaker not invoke standing order 90 on that occasion to protect the member for Lilley, especially given that the member for Lilley protested at the time?

The SPEAKER—I thank the member for Wills for his question. I do not propose to revisit the issues from last night, nor do I propose to revisit debates from earlier in the Hansard.

Share Trading
Mr KELVIN THOMSON (3.14 pm)—Mr Speaker, I do not accept that answer. I want to know why government members are allowed to say anything they like about us but they are untouchable and off limits if we want to say something about them.

The SPEAKER—I will repeat what I have said. There are forms open to the member for Wills if he wishes to challenge the ruling of the chair, but they would normally be exercised at the time, and he did not choose to exercise that choice at the time.

Procedure
Mr McMULLAN (3.15 pm)—My question is also to you, Mr Speaker. It also relates to procedure. It relates to the procedure concerning the recent—and excellent—debate concerning the late Rick Farley. I hasten to say that I was not upset with the outcome; I think the debate was well managed and well conducted. I was concerned about the process in which you, as I understand it, created a situation in which all of us spoke on indulgence rather than as of right.

As I say, I have no concern about the outcome on this occasion: the debate was very well conducted on all sides, including by the Deputy Speaker and other deputy speakers who were in the chair in the Main Committee. Everybody handled it very well. But I am concerned that we have created a precedent whereby, in circumstances of legitimate debate, the right of members to speak is a matter of indulgence rather than of right.

I would appreciate it if you would perhaps distribute to members the basis of the decision on which we proceeded on the basis of indulgence rather than on the basis of a motion to take note or some similar motion as would normally have been the case. That would have meant that people had a right to speak under the standing orders rather than needing to seek indulgence from the chair.

The SPEAKER—I thank the member for Fraser. I think he would be aware that those who spoke in the chamber yesterday on the condolence motion for Mr Farley were speaking on indulgence. The indulgence was today extended to those who wished to speak in the Main Committee. I do not believe there is any precedent. If the member for Fraser were to look to the House of Representatives Practice, he would see that there is quite a big section on condolence motions. I do not think that we have done anything that has not been past practice.

Procedure
Mr McMULLAN (3.16 pm)—Thank you, Mr Speaker. I have spoken, unfortunately, on several such motions, including, recently, for a former Senate colleague, and my recollection is not that that was the process. I have no recollection of ever having sought indulgence to speak on such a matter before.

As I say, I have no question about the manner in which the matter was conducted by you in here, Mr Speaker, or by the Deputy Speaker or other deputy speakers—in my case the Deputy Speaker was the member for Herbert—all of whom conducted the debate excellently. But I am concerned that there
might have been a precedent. I ask you to review the process. If I am wrong and this has been the norm, I would appreciate some advice to that effect. If it has not been, I would appreciate you advising members generally of the basis on which the decision was made.

The SPEAKER—I thank the honourable member for Fraser and I appreciate the sincerity of his question, but can I make the point that, in speaking to the condolence motion for a former member of parliament, the guidelines and the House of Representatives Practice are quite clear. The guidelines cover the procedures for former members of parliament. In this particular case, it was by indulgence, as it has been on a number of other occasions for people who were not former members of the parliament.

AUDITOR-GENERAL’S REPORTS
Report No. 41 of 2005-06
The SPEAKER (3.18 pm)—I present the Auditor-General’s Audit report No. 41 of 2005-06 entitled Administration of primary care funding agreements—Department of Health and Ageing.

Ordered that the report be made a parliamentary paper.

DOCUMENTS
Mr McGauran (Gippsland—Deputy Leader of the House) (3.19 pm)—Documents are tabled in accordance with the list circulated to honourable members earlier today. Full details of the documents will be recorded in the Votes and Proceedings.

MATTERS OF PUBLIC IMPORTANCE
Workplace Relations
The SPEAKER—I have received a letter from the honourable member for Brand proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The threat to the living standards and employment security of working Australians posed by the Government’s extreme industrial relations changes.

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 Beazley (Brand—Leader of the Opposition) (3.20 pm)—This is a government that thinks the entitlements of our young workers are worth 2c. It is a government that wants you to trade away your holidays, rest breaks and penalty rates for 2c. This is a government that wants companies slashing hard won rights and conditions and tossing workers 2c in return. What an absolute disgrace. Our young workers deserve better than 2c and they deserve better than this government’s extreme industrial relations laws.

In question time today, the member for Perth, the member for Port Adelaide and I asked questions about an agreement, an AWA, that has been placed upon the website of a substantial firm in this country. Spotlight is not a small business around the corner. Spotlight is not an enterprise that is distant from metropolitan centres in a location where there is no scrutiny as to their activities. Spotlight is not a company that operates in circumstances where there is a lack of fluidity in the labour market because there are very few job opportunities available. Spotlight operates in the heart of this nation. It operates with 100 stores. It operates with 6,000 employees.

When people have concerns about the security of their workplace, and when they have concerns about the stability of their ability to access penalty rates, holiday pay and fair treatment when it comes to issues of
dismissals from jobs, they think about threats to that ability as lying at the heart of fly-by-night operations—rogue employers. They do not think about threats to that in heartland employment.

AWAs like this will affect the heartland workplace of the Australian nation—the sorts of workplaces in which the heads of families work, the sorts of workplaces in which people anticipate an opportunity for a substantial career over time and promotion, the sorts of workplaces in which people anticipate a dignified relationship with each other, with their supervisors and with their employers. In other words, they will affect heartland middle Australia.

What we can clearly see going on in heartland middle Australia now is a direct threat to the livelihood, to the happiness and to the economic security of ordinary Australian families. What we can see in this AWA is a direct threat to young employees starting out in the workplace, for many of whom this may be their first experience of employment. Their first experience of employment will be of deepest possible unfairness—the elimination of all incentives and the elimination of a desirable outcome if they choose to put in that little bit extra. Of course, what the current workforce can anticipate from this is a very direct threat to those employees who now come under awards or have other collective agreements with their employers. They know whom they are now competing with and what is coming at them.

Let me go through the details of this AWA offered by Spotlight to a new employee in New South Wales. It offers 2c an hour above the current award rate, but with no penalty rates, no overtime payments, no rest breaks, no break between shifts, no cap on the number of days worked in a row, no rostered days off, no annual leave loading, no incentive based payments or bonuses and no public holidays. All penalties and loadings will be sold off for the princely sum of 2c an hour. Employees on contracts will be expected to work late at night and all day Saturday to earn $91 less than their fellow workers still on the award. Saturday work will be paid at the ordinary rate, not at time and a quarter, as under the award. Sunday work will be paid at the ordinary rate, not at time and a half, as under the award.

Under the terms of that contract, these conditions cannot be raised and dealt with for a period of five years. This is not just a five-year contract; this is a coercive, harsh five-year sentence—five years locked in harsh, punishing work conditions with no prospect of a wage rise unless the company offers one. The door is now wide open for these reduced conditions to be imposed on 6,000 workers across the country. It is written in black and white in the company brochure. The brochure says:

With the new Workchoices legislation well underway, Stage one for Spotlight is as well.

... all new staff will be employed on Australian Workplace Agreements (AWAs).

We have it there in black and white what the company intends for its workers. This is stage 1. Stage 2 will be when they work through the opportunities provided to them—and they are many in this government’s industrial relations legislation—to manipulate the provisions in the legislation that are there for employers to manipulate so that they can start to move all their employees onto what is now being offered to all their new workers.

The thing about this is that it is completely legal. We have taken a very careful look at this, and there is no element of the government’s legislation which has been traduced by Spotlight, not a single jot. Absolutely every protection that the government has incorporated in its legislation has been rec-
ognised and adopted by Spotlight scrupulously. Every element of protection that exists with regard to an employee’s right to approach their employer has been scrupulously protected by Spotlight.

The trouble is that at the end of the day there is basically nothing that protects an ordinary worker from this sort of treatment—no legal outs, no fall-back to the award conditions when there is silence on award matters. Those who prepared this contract for new employees of Spotlight were very careful: they made absolutely certain to rule out any provisions in the AWA that offended against any proposition that, if there was silence in the AWA, the award would operate by default.

This is the future of this nation at the hands of this government. It is true that, in a buoyant labour market—and there certainly is a buoyant labour market in my home state of Western Australia and in Queensland; they are not as buoyant elsewhere, not in New South Wales—there will be a small number of employees who sack their bosses rather than the other way around. You might find them on the odd mine site in Western Australia, where they have to beg and plead to get people to work for them. But the vast bulk of people who inhabit our cities are not mobile. These are the people who are building their houses, creating their lives, wishing to come home of an evening to see their families and wanting to make certain that there is time available for decent contact with them and the rest of the community over the weekends, and people who may have two or three kids or mortgage commitments. They are not in a position to up stakes and disappear to the north of Western Australia when they are confronted with a situation like this. They have—and this goes for 90 per cent of the workforce—always relied on fairness in the workplace. They have always relied on decent treatment via awards as an underpinning backstop. They have relied on the fact that they can contact and communicate with people who will give them help and then, when they present themselves to an independent umpire, have their claims to receive a decent return protected. That has been absolutely destroyed by this government.

There is no doubt that in the not too distant future, Spotlight will be moving on all their employees. You will not have a situation in a workplace where somebody is paid $90 less for doing the same work. These things do not survive in workplaces. That is not how the country operates. How workplaces operate invariably is movement to the lowest common denominator. That is how workplaces in the real world operate. So, if a substantial section of the workforce and the incoming workforce are being paid on a different basis from others who are there, it is only a matter of time before they are all hit. This is reality. This is the real world which is inhabited by everybody but members of this government. This is the real experience of Australians. The worker who is confronting this proposition by Spotlight is confronting a future in which, if her income contributes to a family mortgage, she is in trouble; if her income sustains the private school fees of students, she is in trouble; if her income sustains the private health insurance premiums that the family pays, she is in trouble; and if her income sustains the current level of petrol prices we are paying in our service stations now, she is in trouble. If she were to rely on the tax cut offered her by the government to make up for a $90 a week cut in what she could have anticipated against the award, she would regard it as merely derisory. There is $10 in that tax cut against a $90 cut in her pay.

When we mention that figure of $90, understand this: we are talking about what is normally expected of a worker in Spotlight. We are not talking about a worker who is
volunteering for unusual hours or working on a holiday on which they do not normally work; we are talking about the ordinary week of the average Spotlight worker. So it is $90 against the ordinary week. It is not against some cobbled-up situation on penalty rates where somebody is desperately trying to work a bit of overtime. This is a very serious situation. I said this morning that, when I first started talking about these industrial relations issues, I talked about this law as an infestation of termites. Actually, the problems are hitting the Australian workforce much faster and much more comprehensively than I expected them to. We are going to have an accounting in 18 months from now, and that accounting will bring home to the table of the Minister for Employment and Workplace Relations every piece of injustice that is now being committed in the workforce around the country. He will be held accountable for it and he will be defeated.

(Time expired)

Mr Wilkie interjecting—

The DEPUTY SPEAKER (Hon. IR Causley)—The member for Swan has been warned! He wants to be very careful.

Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (3.34 pm)—We hear a lot about fairness from the Leader of the Opposition. What the Leader of the Opposition will not face is that basic fairness starts with the chance of a job. This is the man who presided over double-digit unemployment in Australia, left this country with a $10 billion black hole and a $96 billion Commonwealth debt and whose economic responsibility can be summed up in those three pieces of data alone. Through his comments today he says implicitly to the people of Australia that five per cent unemployment is good enough. That is what the Leader of the Opposition is effectively saying to the people of Australia today. We do not believe that, because five per cent unemployment means that, today, there are still hundreds of thousands of our fellow Australians who do not have a job, and we believe that, as far as those Australians are concerned, basic fairness is the opportunity to get a job.

For somebody who is young and does not have a job, to be able to get a job that contains minimum standards and conditions—a job that contains as part of the guarantee under the Australian Fair Pay and Conditions Standard a 38-hour week and the classification wages that are set in the award classifications, which are adjusted up by the Australian Fair Pay Commission in the future, a job that contains a guarantee of four weeks annual leave, in addition to sick leave, personal leave and carers leave—

Mr Brendan O’Connor interjecting—

Mr ANDREWS—The member opposite objects that two weeks can be traded off, something over which the Western Australia Labor government presides; it is the very same system in Western Australia. If it is good enough for colleagues in Western Australia in the Carpenter Labor government, then why isn’t it good enough for the rest of Australia? No, the reality is that with these guarantees we say unashamedly to the people of Australia—

Mr Swan—You’re proud of it.

The DEPUTY SPEAKER (Hon. IR Causley)—The member for Lilley is warned!

Mr ANDREWS—We say unashamedly to the people of Australia that we think it is good if an unemployed person can get a job that gives them a normal 38-hour working week and a payment based on the safety net decision made by the Australian Industrial Relations Commission last year—and, incidentally, the Fair Pay Commission can raise
that pay rate in the future. The Leader of the Opposition was quite wrong when he said there was ‘no prospect of a pay rise for five years’. When the Fair Pay Commission adjusts pay rates in the spring of this year, if those pay rates are adjusted upwards—as one would expect in the current economic environment—that will prove that that aspect of what the Leader of the Opposition said is wrong.

But let us look at the reality of this. The Leader of the Opposition was a senior minister in a Labor government that presided over a fall in real wages in Australia. In the 1980s, what were the prospects for Australians as far as their economic future was concerned? Their real wages went down under the accord implemented in conjunction with the then Labor government, of which the Leader of the Opposition was a senior cabinet member. At the end of the 1980s, this country had the most prescriptive industrial relations system it had ever had. At the end of the 1980s, how many of the one million people in this country who were out of work were saved by that prescriptive industrial relations system?

Mr Hatton interjecting—

Mr ANDREWS—At least the former Prime Minister, Paul Keating, the predecessor of the member who is interjecting now, realised in the early 1990s that that prescriptive industrial relations system did not save one million Australians from being thrown into unemployment. In the 10 years since then, we have seen a total reversal, a total turnaround in the prospects of Australian workers and their families—something that the Leader of the Opposition, when he had his hands on this country’s gear levers of policy, was incapable of changing. Over the last decade, we have seen an increase of something like 1.7 million extra jobs for Australians. We have also seen a 16 per cent increase in real wages for Australians, compared to about a one per cent increase over the total 13 years of the previous Labor government. We have seen low interest rates—a far cry from the home mortgage rates of 17 and 18 per cent, let alone the 21 and 22 per cent interest rates that small- and medium-sized businesses in Australia were paying back in the 1980s and the early 1990s. We have seen inflation rates in the band regarded as acceptable by the Reserve Bank. Whatever piece of economic data you like to take, it will match the experiences of ordinary Australians—that is, there has been relative prosperity over the last 10 years, particularly in comparison with the regime and the economic circumstances of Australia when we were living under the previous Labor government.

The other thing about the rhetoric from the Leader of the Opposition today is that there is absolutely nothing new about it. This is what we heard back in 1996. Let me quote the Leader of the Opposition from the Hansard of 19 June 1996, almost a decade ago. He was talking about the then Workplace Relations Act, which was being attacked by the Labor Party with the same degree of overblown rhetoric we are getting today with the Work Choices legislation. He said that the Workplace Relations Act would lead to:

... the kind of low wage, low productivity industrial wasteland we see in the United States and New Zealand where jobs can be bought at bargain basement rates ...

He said that Australia would go:

... straight down the American road on ... wages justice ... that produces social dislocation more than anything else ...

He also said:
At the end of the day, guns are a symptom of that process.

That is what the Leader of the Opposition said on 19 June 1996. The member for Perth was saying similar things. He said:
The Howard model is quite simple. It is all about lower wages; it is about worse conditions; it is about a massive rise in industrial disputation; it is about the abolition of safety nets; and it is about pushing down or abolishing minimum standards.

No doubt we will hear something very similar from the member for Perth if he contributes to this debate today. The rhetoric from the opposition in relation to industrial relations has not changed one whit in almost 10 years.

But let us deal with some of the facts in relation to what the Leader of the Opposition has said. I note that, in question time, he talked about an AWA that had been offered—and we will look into that. First of all, we will check out whether what he says about it is correct, because past experience over a long period of time indicates we should not take on face value things that are said in this place by the opposition. The opposition leader kept talking about an AWA that had been offered. Presumably, on the words that he carefully and advisedly used, this was not an AWA that had been taken up. We will check that out, but let me deal with some facts about AWAs.

First of all, if you are an existing employee, you cannot be forced onto an AWA. If you are employed under some other form of industrial arrangement, such as an award or a collective agreement, you cannot be forced onto an AWA. If you are offered a job and the employer says, 'These are the conditions,' you can choose whether to take that job or not. As an employee, you have a choice of whether you take that job or not. Unlike the Labor Party, we will not stand by and allow 1.1 million Australians to be thrown onto the unemployment heap—the great economic record of the previous government. Existing employees cannot be forced onto AWAs. The Workplace Relations Act makes it unlawful for employers to terminate an employee for refusing to agree to an AWA. It makes it unlawful for employers to use duress in relation to AWA agreement making.

If employees have concerns about their rights and entitlements, they can contact the Office of Workplace Services. In the last few weeks, we have seen the Office of Workplace Services take action where rights and entitlements have not been met under industrial legislation. In addition, all employees in Australia have the right to appoint a bargaining agent to negotiate an AWA. They can have the union shop steward come in and negotiate their AWA for them. If they want to, they can choose someone else to come in and negotiate their AWA for them. Once that bargaining agent has been appointed, that appointment has to be respected by the employer in those circumstances. The employer cannot simply say, 'I will not deal with the bargaining agent concerned.' Employers must deal with that validly appointed bargaining agent. There are protections not mentioned by the Labor Party in relation to this.

But what are the policy alternatives of the Labor Party? Let us look at a few things in their policies outlining what they would do, and see how that is going to lead to job creation in Australia. For example, we have the ALP policy to impose a new payroll tax on business in Australia. They want to fund unpaid employee entitlements through a payroll tax on all employers of 0.1 per cent of the payroll. How long do you think it will stay at 0.1 per cent of the payroll? Firstly, their policy is to tax employment even beyond what it is being taxed at the present time.

Secondly, they say, 'We want to abolish AWAs,' despite the fact that people on AWAs earn more, on average, than people who are employed under collective agreements and earn a lot more than people who are em-
ployed under awards. For the nearly one million people who have entered into AWAs in Australia, the Australian Labor Party’s policy is to say, ‘As for those better conditions, that better salary you’ve got’—almost one million AWAs now—we’re going to rip them away from you.’ They are going to rip them away from what is getting close to one in 10 people employed in Australia at the present time.

Beyond that, they want to reimpose the abused unfair dismissal system in Australia. This is the system that led to the ridiculous situation where employers would sooner pay $5,000 or $10,000 or $15,000 to get rid of a problem rather than to reinstate someone.

Mrs Draper—Go away money.

Mr Andrews—As the member for Makin says, go away money was being paid out regularly by small and medium sized businesses in Australia rather than having to reinstate someone. And look at some of the cases where tribunals have ordered reinstatement. Somebody was caught red-handed thieving from the employer, and a tribunal ordered reinstatement. Somebody was involved in gross sexual harassment of a female colleague, and a tribunal ordered reinstatement. And there are other cases that I will not describe here in the parliament this afternoon, where tribunals have ordered reinstatement.

This is the system that the Australian Labor Party wants to put back in place, rather than taking a realistic look at these propositions. I have had small business operators come up to me in different states of Australia over the last few weeks saying, ‘I’ve taken on another one or two workers because you’ve got rid of the unfair dismissal system.’ Why did they put on another one or two workers? Because they are no longer afraid that, if they put somebody on and it does not work out, the worker will bring an unmeritorious claim against them and they will end up paying $5,000, $10,000 or $15,000 and in some cases thousands of dollars more than that. Yet this remains the Australian Labor Party’s policy, repeated over and over again. What will that do for creating jobs for Australians? What will that do to create the fairness for employers and employees that we have this wild rhetoric about from the Leader of the Opposition?

On top of that, we have good faith bargaining. What does this mean? It means any business owner, including a small business without even one trade union member, will be forced by law, under the ALP’s policy, to meet and negotiate higher above-award wages and employment conditions with any union official who makes those demands. This would occur even if the workplace has no trade union members. Again, this is the Australian Labor Party’s policy for employment law in Australia in the future, if they were elected—union bargaining agent fees, compulsory contributions to union training funds and compulsory time off for union activities. I gave an example of that in question time a couple of days ago—the sorts of things which are part and parcel of the Australian Labor Party’s policy when it comes to industrial relations.

There would be no limit on the matters that could be included in awards. Labor would abolish the current limit of 20 allowable matters under awards. Unions would have automatic right of entry into workplaces where they have current members, or even prospective members. So even if there is no union member in a workplace, you will have the thugs from the union rolling in on building sites—as we had until we got the Australian Building and Construction Industry Commission in place—right around Australia. They would abolish prohibitions on secondary boycotts and sympathy strikes currently contained in the Trade Practices
Act; they would get rid of the Australian Building and Construction Industry Commission.

The greatest danger to the men and women who work in Australia—the greatest danger to them and their families and their wellbeing, their standard of living and their future prosperity—is not anything that is contained in the Work Choices legislation, which will bring about better outcomes. The greatest danger to the men and women of Australia is the election, at some stage in the future, of a Labor government.

Mr STEPHEN SMITH (Perth) (3.49 pm)—Normally I would start by saying we have just heard the minister give us his two bobs worth, but now we know it is his two cents worth. The Treasurer and Acting Prime Minister has left the Minister for Employment and Workplace Relations to speak on the MPI after taking all the questions at question time on this issue, and there was the minister—like a rabbit in the spotlight. This morning we had a disallowance motion asking the House to knock off the regulations promulgated under the Work Choices legislation—that is Labor’s commitment; to knock off these regulations, knock off this legislation—and the minister stood up and said, ‘All is rosy for the future.’ Let us put a spotlight on the future under the government’s extreme industrial relations legislation.

What do we know about Spotlight? If you go to Spotlight’s website, you will find out:

Spotlight is Australia’s largest Fabric, Craft and Home Decorating Superstore, with the revenue exceeding $600 million... Spotlight operates over 86 stores, occupying over 3 million square feet of retail space, and employs over 6,000 staff.

That is Spotlight. It is a major organisation. Spotlight’s internal management magazine for May 2006 has, ‘Hot Topics this Month: Work Choices’ and ‘Monthly Workplace Relations Update’. It says:

With the new Workchoices legislation well underway, Stage one for Spotlight is... all new staff will be employed on Australian Workplace Agreements (AWAs).

So we know where Spotlight is coming from. But if you have a look at Spotlight’s website, you will see that Spotlight understands all too clearly what the current law of the land is. On the Spotlight website, you can get an application and apply to become an employee of Spotlight. And what does the website quite responsibly contain, because it is part of the existing law? It contains an information statement for employees about Australian workplace agreements, which expressly makes available to prospective employees of Spotlight the Australian government’s Office of the Employment Advocate’s advice to employees on AWAs—including drawing express attention to the government’s so-called minimum standards: four weeks paid annual leave, 10 days paid personal leave, up to 52 weeks unpaid parental leave and maximum ordinary hours of work limited to 38 hours per week.

Guess what, Mr Deputy Speaker: the AWA promulgated by Spotlight is entirely consistent with the government’s minimum standards. What is the point? The point is not its being consistent with the government’s minimum standards, which has been the government’s defence, but rather that the government has been entirely sprung by the things that are knocked off from existing employee conditions. The contrast that needs to be made is the contrast between what is available under this AWA consistent with the government’s law and what is currently available to existing employees. That is why, on more than one occasion during question time, I was at pains to make the point that the AWA from Spotlight is consistent with the government’s so-called legislated minimum standards.
I have it here: Spotlight Pty Ltd Australian Workplace Agreement. When you go through it you find that, on any reading, it is entirely consistent with the government’s legislated minimum standards. What was suggested by the government to a prospective new employee? Take that AWA and your pay rate will increase from $14.28 an hour, which is the New South Wales award basis, up to $14.30 an hour—an increase of the princely sum of 2c an hour. When you look at the government’s so-called minimum standards and the Spotlight AWA, you find that clause 8 of the AWA satisfies the hours of work provision, clause 10 satisfies the annual leave provision, clause 13 satisfies the parental leave provision, clauses 11 and 12 satisfy the personal leave and carers provisions, and the $14.30 offered is greater than the minimum wage, which is $12.75 an hour. So that is fine.

But then we discover the differences between the AWA proposed to new employees and the current standards. The base rate of pay for the current standard is $14.28 an hour; the Spotlight rate of pay is $14.30. If you work under the current award, for Saturday you get a penalty rate of time and a quarter at $17.85 per hour; under the AWA it is $14.30. If you currently work on Sunday you get a penalty rate of time and a half at $21.42 per hour; under the Spotlight AWA it is $14.30 per hour. If you work on a public holiday under current conditions you get double time and a half, or $35.70 per hour; under Spotlight’s AWA you get $14.30. Currently for overtime you get time and a half for the first two hours, which is $21.42 per hour; with Spotlight there is no overtime and you get $14.30 per hour. Currently for all other hours of overtime over the first two hours you get double time at $28.56 per hour; under the Spotlight AWA it is $14.30 per hour.

Under the award and current conditions, you get a paid 10-minute rest break; under Spotlight’s AWA you get no paid rest break. Under the award, 7 am to 6 pm Monday to Wednesday, 7 am to 9 pm Thursday to Friday, 7 am to 6 pm on Saturday and 8 am to 5 pm on Sunday are ordinary hours. Under the AWA all hours worked are ordinary hours. How many Spotlight stores do we know that are closed on a Thursday night or a Saturday? Under the current conditions annual leave loading is 17.5 per cent; under the Spotlight AWA there is no leave loading.

On roster protections, under the award there are guaranteed RDOs, no more than five days work per week or six in one week and four in the next and at least 10 hours break between shifts. Under the Spotlight AWA, which satisfies the government’s minimum standards to the great satisfaction of the Acting Prime Minister and the minister, there are no rostered days off, no restriction on the number of consecutive days worked without a break and no minimum break between shifts. And there are some things here which other people might regard as minor but which are significant: the current standards contain a first aid allowance of $1.54 per day while there is no allowance under the Spotlight AWA. There is a meal allowance under the award of $10.80 per meal but no allowance under the AWA. There is a uniform allowance of $8.80 per week under the award; no allowance under the AWA. Part-time employees must work a maximum of 30 hours per week under the award but under the Spotlight AWA can be required to work over 38 hours per week.

What does that loss of conditions add up to? To the princely sum of the minister’s 2c an hour. He is caught like a rabbit in the spotlight. He cannot even give us his two bob’s worth; he just gives us his two cents worth. If you are a full-time employee as an adult and you work on a Thursday night—
and how many Spotlight stores have we seen closed on Thursday night?—and on Saturday and Sunday, guess what the difference is between what a new employee under the AWA will receive and what a current employee under the award gets: it is $91.35 less a week.

As there is no public holiday loading under the AWA, guess what the difference is: if you include a value in lieu of working on a public holiday, the difference for a full-time employee whose roster includes a public holiday is $53.96 for that day. New South Wales has 10 or 11 public holidays each year, which makes 500 bucks a year. Thanks very much, Two Cents Minister.

Where was the focus of questions in question time today to the Acting Prime Minister and Treasurer? He said, firstly, ‘We don’t believe any of the assertions that you make.’ The documentation is there for all to see. He said, secondly, ‘These are terrific agreements made between employer and employee to their mutual benefit and they satisfy the government’s minimum standards.’ Yes, the Spotlight AWA satisfies the government’s minimum standards, but let us see what is cut away from the current conditions and entitlements. These reflect the questions put to the Acting Prime Minister today. Under the AWA there is no provision for any penalty rates and no provision for any overtime. The AWA expressly excludes in a one-paragraph clause any award condition or entitlement in respect of rest breaks, incentive based payments and bonuses, annual leave loading, public holidays, loadings for working overtime or shift work, and penalty rates, including for work on public holidays. So, at the stroke of a pen, all those have been sold down the river for the princely sum of 2c an hour.

Further, under the AWA, Saturday work is paid at the ordinary rate of pay, not time and a quarter as currently is the case under the award. Sunday work is paid at the ordinary rate of pay, not time and a half as under the award. There is no public holiday pay rate or loading. There are no paid rest breaks between shifts, there is no guarantee of a break between shifts, there is no cap on the number of consecutive days worked and there are no rostered days off.

Let us put a spotlight onto the future: under Howard’s extreme industrial relations legislation, endorsed today by the Acting Prime Minister and the two cents minister, all of that has been sold down the river at the stroke of a pen for the princely sum of 2c an hour. That will return to haunt all those members opposite at the next election. When we are elected we will tear up your legislation, we will tear up your regulations and we will tear up your bad hearts.

Dr SOUTHCOTT (Boothby) (3.59 pm)—The federal parliament has been debating industrial relations since the Conciliation and Arbitration Act 1904, and one of the things that always characterises these debates is that the level of rhetoric from the Australian Labor Party is always completely out of whack with the legislation that we are discussing. While to a casual observer it might seem very difficult to explain this disconnect between the realities of the legislation and the Labor Party rhetoric, it is very simply explained by understanding the old rule that the Australian Labor Party is always completely out of whack with the legislation that we are discussing. While to a casual observer it might seem very difficult to explain this disconnect between the realities of the legislation and the Labor Party rhetoric, it is very simply explained by understanding the old rule that the Australian Labor Party is the parliamentary wing of the trade union movement.

What school kids learn in Australian history is that the Australian Labor Party is the parliamentary wing of the trade union movement. What school kids learn in Australian history is that the Australian Labor Party is the parliamentary wing of the trade union movement.

We have heard this before. The previous speaker, the member for Perth, the ‘Nostradamus kid’ of the Australian Labor Party, in October 1995 said:
The Howard model is quite simple. It is all about lower wages ...
Wrong.
... it is about worse conditions ...
Wrong.
... it is about a massive rise in industrial disputation ...
Wrong.
... it is about the abolition of safety nets ...
Wrong.
... and it is about pushing down or abolishing minimum standards.
Wrong. Let us take each of those claims, because we have now had the benefit of 10½ years since he made them. What have we seen? Firstly, real wages have risen by 16.8 per cent over the last 10 years. They have risen during the period that we have had the Workplace Relations Act 1996. We have seen conditions improved. We have seen unemployment fall from 8.2 per cent in March 1996 to five per cent now, the lowest level in almost 30 years. At the same time we have seen more than 100,000 Australians come off the numbers of the long-term unemployed. We have seen the creation of 1.7 million jobs—800,000 part-time jobs and 900,000 full-time jobs.

Mr Danby—Mr Deputy Speaker, I draw your attention to the state of the House.

The bells having been rung—

The DEPUTY SPEAKER (Hon. IR Causley)—Order! A quorum not being present, the chair will be vacated for 10 minutes and the sitting will be resumed after that time.

Sitting suspended from 4.06 pm to 4.16 pm

The House having been counted and a quorum being present—

The DEPUTY SPEAKER (Hon. IR Causley)—The honourable member’s time has expired.

Mr Price—Mr Deputy Speaker, I raise a point of order. I apologise, because my understanding of the standing orders is not clear, but I understand that, for the reformation of the House, there can only be one ringing of the bells, not two. I was wondering if you could clarify the position.

The DEPUTY SPEAKER—For the information of the Chief Opposition Whip, I think an honest mistake was made, in that the bells were stopped when there was still more time to go.

COMMITTEES
Public Works Committee
Report

Mrs MOYLAN (Pearce) (4.17 pm)—On behalf of the Parliamentary Standing Committee on Public Works I present the eighth report for 2006 of the committee, relating to the proposed fit-out of the new leased premises for Centrelink at Greenway, ACT.

Ordered that the report be made a parliamentary paper.

Mrs MOYLAN—by leave—This report examines the proposed fit-out of new leased premises for Centrelink’s National Support Office at a complex currently under construction near the ACT’s Tuggeranong Town Centre. The estimated cost of the proposed fit-out works is $42.79 million.

Centrelink’s 3,200 National Support Office employees are currently accommodated in 11 buildings throughout the ACT. Several of these premises are 15 to 20 years old and cannot economically be adapted to meet Centrelink’s current needs.

Over time, the department has expanded to occupy some 46,000 square metres of leasehold accommodation in Canberra, with
12 of its 15 leased premises being located in Woden.

The new National Support Office will consist of two buildings sharing a common basement, roof and enclosed central zone. The northern building will have four levels and the southern building will have five levels, including covered car parking at ground level.

In reviewing the proposal, the committee questioned Centrelink about other short-listed sites and why these had been rejected. Centrelink explained that it had given careful consideration to a property located in the Tuggeranong Town Centre and another situated in Woden. Both of these were rejected, however, as neither was large enough to accommodate 30,000 square metres.

The committee was particularly impressed by the range of access equity measures proposed for inclusion in the new premises. Centrelink reported that the building would be designed in such a way as to allow persons with mobility concerns unimpeded access to all areas and would incorporate such features as:

- roll-resistant floor coverings;
- hearing loops in meeting rooms;
- tactile indicators;
- full braille signage;
- equal-access toilets and showers on each floor; and
- large-winged or sensor taps.

The committee investigated a number of other building features such as car-parking arrangements, access to child-care facilities, fire protection provisions and the configuration of office space to ensure that the new premises would provide an appropriate level of safety and amenity for the occupants. Centrelink satisfied the committee that it had considered these factors in its project design and that it would continue to consult with staff and the Community and Public Sector Union.

Having received a submission from the Australian Greenhouse Office, the committee also wished to ensure that the building and fit-out would meet the highest possible standards in energy consumption and environmentally sustainable design. Centrelink responded that it intends to use separate digital metering of electricity, water, gas and diesel consumption to enable close monitoring of energy use. Under Centrelink’s new lease, the landlord will bear a financial penalty if agreed indoor temperature levels are not maintained. Centrelink was confident that this arrangement would ensure the preservation of indoor air quality and the sustainable use of temperature control and ventilation services.

Having given detailed consideration to the proposal, the committee recommends that the proposed fit-out of the new leased premises for Centrelink proceed at the estimated cost of $42.79 million.

In closing, I wish to thank all of those who assisted the committee with its inspection and the public hearing and of course, as always, my committee colleagues and the staff of the secretariat. I commend the report to the House.

CHILD SUPPORT LEGISLATION AMENDMENT (REFORM OF THE CHILD SUPPORT SCHEME—INITIAL MEASURES) BILL 2006

Second Reading
Debate resumed.

Mr ANDREN (Calare) (4.22 pm)—I only have a few concluding remarks to make on the Child Support Legislation Amendment (Reform of the Child Support Scheme—Initial Measures) Bill 2006. As I was saying prior to question time, the two words that I
can recall and have seen over the last decade in relation to child support matters would be anger and frustration—on both sides of the equation, from what we once called the custodial and the non-custodial parents almost equally. That anger and frustration was around the issue of the formula that has been used to determine the payments. In the eyes of the nonresidential parents, it is about the proper use of that money. Anger and frustration from residential parents comes from the non-payment ruses that many partners get up to, and indeed the use of devices such as apprehended violence orders to deny access to parents, legitimate access in many cases that I have seen.

Over that period we have seen some welcome reforms. We are seeing more in the bill today and we will see others in the coming months. Amongst that future legislation are some cuts in child support for resident parents. But those will be balanced by the elimination of things like the requirement to split family tax benefits with former partners, unless the care is shared almost equally. In addition, under the proposed legislation that we are yet to consider, for those non- or minimal-paying parents who arrange their financial affairs so they can ostentatiously drive their Mercedes around town or have a holiday home but who do not pay themselves a wage—I have seen and heard of plenty of circumstances like that—a wage will be deemed and that person will be regarded as having earned income.

Finally, while I must commend the Child Support Agency staff with whom my office deals, with whom I have contact, I welcome the improved training and increased staffing promised in these changes, along with the more intensive case management for difficult cases. Communication between the Child Support Agency and clients at so stressful a time is absolutely essential once the communication between parents has often irretrievably broken down. With those words I commend this bill to the House.

Mr BROUGH (Longman—Minister for Families, Community Services and Indigenous Affairs and Minister Assisting the Prime Minister for Indigenous Affairs) (4.25 pm)—I am very pleased with many of the comments that we have received. I thank all honourable members who have participated in this debate on the Child Support Legislation Amendment (Reform of the Child Support Scheme—Initial Measures) Bill 2006. This is one of the most challenging issues we have dealt with in government. I think all members of parliament and senators would agree that, when you are dealing with breakdown in relationships—I think it was the opposition whip who used to say this to me—you are dealing with such high emotions that it does not get any more challenging for the people directly involved, their wider families and members of parliament.

As a new MP in 1996 the overwhelming majority of people whom I was seeing in my electorate office at that time were people who were suffering. I see the member for Calare nodding; we all came in together. With a change of government—and it is not a reflection on the change of government at all—people thought, ‘Here’s another chance. I’m going to have my case heard; I’ve been wronged all these years.’ They would pour in. Time after time we got this overwhelming, heartfelt pain that people were feeling.

In those 10 years, far from the government doing nothing, there has been a lot done. I think the opposition has come a long way with us on that. There was a time when there were a number of people in the opposition who resisted change. I really welcome the current members of parliament and senators who have worked constructively as part of various committees in formulating positions that today are being widely supported both in
this place and outside in the wider commu-
nity.

I should point out to the House and to the
Australian public that the report by Professor
Parkinson does not make everyone a winner.
It actually looks at the cost of raising chil-
dren. It looks at the principles that underpin
families—that is, trying to have shared rela-
tionships and building relationships—when
the fundamental relationships have broken
down, so that children are not hurt.

This is not about picking winners. It is not
about saying a dad is better than a mum, or a
parent who stays with the children has some
rights more than a parent who is no longer
the custodial or resident parent. It is about
asking: how can we make the system, which
is challenging, difficult and heartfelt, more
equitable for everyone, but particularly the
children?

These measures, which have been outlined
more than adequately by members of both
sides of the House today, are the first tranche
of a three-stage process that the Howard
government has undertaken to fundamentally
change this system to recognise that children
are first and foremost our priority, underpin-
ning that by acknowledging the real cost of
raising children. One of the measures here
today, which will reduce the amount of
money that some resident parents will re-
ceive because the nonresident parent has a
very high income, is actually not going to
disadvantage the child, because, in knowing
what the costs of raising children are, we are
still ensuring that those children will receive
more per child than the actual cost of raising
them.

It is good to see people recognising that
someone who is a nonresidential spouse has
and feels that they have lost so much when
they lose contact with the children on a day-
to-day basis. It is very hard for them. But
they very much resent it when they see the
money they are providing for the welfare of
their biological children being spent by their
former partners on things that they do not
believe add value to those children’s lives
and when they are actually aiding and abet-
ting the lifestyle of the former partner as op-
posed to the welfare of the child.

There are a number of schedules to the
bill, and I will not go through them all again.
I simply say that many people have contrib-
uted to this legislation. I single out the Chief
Opposition Whip as one person who has
campaigne on this issue since before my
time in parliament. The member for Calare,
as an Independent, certainly has been vocal
on this issue in his 10 years in parliament.
The members for Gilmore, Herbert and Hin-
kler have all been passionate advocates for
change in this area, as was Larry Anthony,
no longer in this place, who headed up com-
mittees inquiring into this issue. The member
for Grey and I sat on one of the first informal
committees of the Howard government in-
quiring into this issue.

We see this legislation as bringing far
greater equity to people. It recognises that
the past formula has not worked and that the
imbalance it created were causing great dif-
ferdty for people. I thank very much all of
the supporting family groups—in particular,
the Lone Fathers Association, the lone moth-
ers and the women’s groups—who have par-
ticipated in so much of the work that has got
us to this point. I also appreciate the support
of the opposition. More importantly, I hope
that parents and children will thank us into
the future for the decisions that we have
taken here today to implement this legisla-
tion and that they will enjoy better lives as a
result of it.

The DEPUTY SPEAKER (Hon. IR
Causley)—The original question was that
this bill be now read a second time. To this
the honourable member for Sydney 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
Mr BROUGH (Longman—Minister for Families, Community Services and Indigenous Affairs and Minister Assisting the Prime Minister for Indigenous Affairs) (4.32 pm)—by leave—I move:

That the bill be now read a third time.
Question agreed to.
Bill read a third time.

AUSTRALIAN BROADCASTING CORPORATION AMENDMENT BILL 2006
Debate resumed from 10 May.

Second Reading
Mr LLOYD (Robertson—Minister for Local Government, Territories and Roads) (4.32 pm)—I move:

That the bill be now read a second time.

The Australian Broadcasting Corporation Amendment Bill 2006 amends the Australian Broadcasting Corporation Act 1983, the ABC Act, to abolish the staff elected director and deputy staff elected director positions.

The position of a staff elected director is uncommon amongst Australian government agency boards. The position at the ABC was introduced in 1975. It was abolished in 1978, reintroduced in 1983 and given legislative backing in 1985.

The position of a staff elected director is not consistent with modern principles of corporate governance and a tension relating to the position on the ABC board has existed for many years.

This tension is manifested in the potential conflict that exists between the duties of the staff elected director under the Commonwealth Authorities and Companies Act 1997 to act in good faith in the best interests of the ABC and the appointment of that director as a representative of ABC staff and elected by them. The election method creates a risk that a staff elected director will be expected by the constituents who elect him or her to place the interests of staff ahead of the interests of the ABC where they are in conflict.

This matter was recognised in the June 2003 Review of the Corporate Governance of Statutory Authorities and Office Holders, otherwise known as the Uhrig review, at pages 98 and 99. That review concluded:

The Review does not support representational appointments to governing boards as representational appointments can fail to produce independent and objective views. There is the potential for these appointments to be primarily concerned with the interests of those they represent, rather than the success of the entity they are responsible for governing.

It has been suggested by some that the Uhrig review was not applicable to the ABC. This is incorrect. The Uhrig review was given a broad brief and its findings are relevant across government. The terms of reference of the review included ‘to develop a broad template of governance principles that, subject to consideration by government, might be extended to all statutory authorities and office holders’.

The review was asked to consider the governance structures of a number of specific statutory authorities and best practice of corporate governance structures in both the public and private sectors. The Uhrig review principles are considered generally appli-
ble and all statutory authorities are being considered in relation to them.

There is a clear legal requirement on the staff elected director that means he or she has the same rights and duties as the other directors, which includes acting in the interests of the ABC as a whole. The government is of the view that there should be no question about the constituency to which ABC directors are accountable.

Evidence presented by a former staff elected director to the recent Senate Environment, Communications, Information Technology and the Arts Legislation Committee hearings on this bill confirmed that staff elected directors are, at times, placed under pressure by staff to act in ways which are not consistent with their roles as directors.

The bill resolves these tensions by abolishing the staff elected director positions. This change will contribute to the efficient functioning of the ABC board, is in line with modern corporate governance principles and will provide greater consistency in governance arrangements for Australian government agencies.

The bill is intended to give effect to the abolition of the staff elected director positions as close as possible to the expiry of the term of the current staff elected director.

Despite the abolition of the staff elected director position on the ABC board, the government expects the ABC board and management to continue to take the interests of staff into account in its deliberations.

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

Mr RIPOLL (Oxley) (4.37 pm)—The Australian Broadcasting Corporation Amendment Bill 2006 is the latest instalment in the Howard government’s ideological crusade against the Australian Broadcasting Corporation. Armed with its Senate majority, the government is determined to remake the ABC—and, dare I say, maybe in its own image—and stamp out any semblance of independence. This legislation is bad news for Australians—Australians who care about a strong and independent ABC. This bill has significant implications for the governance of the ABC. It implements an announcement in March by the Minister for Communications, Information Technology and the Arts, Senator Coonan, that the government would restructure the ABC board. The proposed restructure consists of just one measure: the abolition of the position on the board that is held by a director elected by the ABC staff and, knowing the size of the ABC and the number of staff, it would obviously be an important position and one that is representative and serves its role well.

This position has been in place under Labor and coalition governments for the last 23 years. The board of the ABC is a body charged with significant responsibilities. ABC directors are required to be the guardians and protectors of a national asset that has been built up by generations of Australians over more than 70 years. The board is charged with responsibility for ensuring that the ABC fulfils the charter given to it by this parliament and it is a special role in Australian culture. The board must also maintain the independence and integrity of the ABC and ensure that the gathering and presentation of news and information is accurate and impartial.

Labor believes that the parliament should maximise the likelihood of those appointed as directors of the ABC being capable of fulfilling these duties. Regrettably, that is not what this legislation does or is about. There is no evidence to support the proposition that the removal of the staff elected director will in any way enhance the operation of the
ABC board. In fact, the overwhelming evidence is that the removal of the staff elected director will reduce the level of broadcasting expertise on the board.

In moving this bill, the government has concocted an argument that the staff elected director is subject to a potential conflict of interest because of who that person is. The government contends that staff elected directors may feel obliged to represent the interests of the people who elect them rather than to act in the best interests of the ABC which, if you really think about it, implies a whole range of things about their responsibilities and duties as a board director. We have not heard any government members actually challenge any staff elected directors on any specifics or charge them with any specifics for dereliction of duty, if that were to be the case.

Mr Randall—It will come!

Mr RIPOLL—The proposition that the staff elected directors suffer from a conflict of interest is completely without foundation. Section 8 of the ABC Act is quite clear: the obligations of all directors, regardless of how they are elected, are the same, regardless of whether they are elected by the staff or appointed by the government.

I heard an interjection, ‘There’s more coming,’ or ‘You’ll see.’ If the directors’ responsibilities are the same, regardless of whether they are elected by the staff or appointed by the government, you would use the same arguments. If there is some conflict of interest in the view that perhaps a board director elected by the staff would feel obliged to maybe represent the staff, could you not use that exact same principle, in theory, to say, ‘A board director appointed by the government may feel obliged as some sort of duty to represent the government’? The government cannot have it both ways. If their argument is that a staff elected board director may feel obliged to represent the people who elected them to that position, I would say, ‘Perhaps the people who the government appoint feel obliged in the same manner, as human beings, to have some sort of allegiance to the government.’ I would be very careful if I were a government minister proposing that as the reason this position must be abolished. It is a very interesting theory from the government.

During the Senate Environment, Communications, Information Technology and the Arts Legislation Committee inquiry into this bill, the government completely failed to produce any evidence that staff elected directors had themselves failed to comply with their duties to the ABC. They simply complied with all their responsibilities and duties to the ABC. There are a range of provisions under the Commonwealth Authorities and Companies Act and the ABC Act that are available to discipline directors who breach their duties.

There have been rumours and unsubstantiated innuendo about leaking and there always will be. Governments, particularly this one, are always very panicky that somebody out there might actually find out what they are doing. Everything has to be watertight. They do not want anyone to know what they are doing. It all has to be watertight. You cannot have somebody reporting what is going on. That is what they are really concerned about: the possibility that someone has leaked something. This is a bill that is driven by one thing and one thing alone—extreme ideology in a desire to control the ABC.

Mr Randall—Ha, ha!

Mr RIPOLL—Again, I hear an interjection, ‘Ha, ha,’ but there is not much else in this bill. This bill does one thing: it gets rid of the one person who is on the board of the ABC, who may have some founded under-
standing of the ABC because they actually come from the ABC. They are not some party hack the government has put up in the last five minutes. They are somebody who has worked there, who has a commitment to the ABC and the Australian people. Again, the government cannot have it both ways.

This bill is driven by ideology, as are most of the bills—I will not list all of them because I do not have enough time, but I think people do understand where I am coming from—instead of a genuine concern about the ABC itself, corporate governance or anything to do with fulfilling the responsibilities of board directors.

The Senate committee heard from the current staff elected director and the three previous ones. All showed a clear understanding that it is not the role of the staff elected director to represent ABC staff on the board. I cannot imagine why anyone would even think that. They are not elected to represent staff on a board; they are elected to carry out the responsibilities that come with the position. I do not think there is any confusion in the mind of any board director about what they are, but this is where it gets tricky. The perceived activities or the perceived work of board directors can be seen in many different lights, particularly if you are a one-eyed government. If you do not get everything going 100 per cent your way then of course there is some sort of a conspiracy going on or something is happening behind the scenes—perhaps somebody is talking, somebody is leaking, maybe somebody has found something out.

As Quentin Dempster stated, ‘The staff director is not the shop steward for the unions.’ He is right; that is not their role. Staff-elected directors have a proud record of defending the interests of the ABC, even if governments do not like it—whether it be your government, our government or any government. They have a good track record of that.

In 2002 Kirsten Garret opposed a lucrative exclusive deal between the ABC and Telstra because it would have allowed Telstra to influence ABC production decisions, so it was a good decision. In the mid-1990s Quentin Dempster opposed backdoor sponsorship arrangements that contravened the ABC Act. In both cases the staff elected directors resisted proposals benefiting ABC staff because they came at the cost of undermining the independence of the ABC.

In making its case, the government has also relied on the Uhrig Review of the corporate governance of statutory authorities and office holders. In that report Mr Uhrig cautioned against representational appointments to government boards, as we heard from the minister in his introduction, but Mr Uhrig’s report provides thin support for the removal of the ABC staff elected director. Contrary to what the government has claimed, Mr Uhrig did not examine governance arrangements at the ABC. He did not interview the chairman of the ABC, nor did he interview any other past or present ABC directors. It would seem that a few people might have been missing from that review. In fact, the terms of reference of the review required Mr Uhrig to focus on government agencies with ‘critical business relationships’. The Australian Taxation Office, the ACCC, APRA, ASIC, the Reserve Bank of Australia, the Health Insurance Commission and Centrelink were specifically named in the terms of reference—so that was the focus and that is what the Uhrig review and report were about; they were not necessarily about the ABC and its staff elected director. By the way, these entities are very different from the ABC. I think people would acknowledge that you cannot really make a comparison between the Australian Taxation Office and the ABC.
Mr Pearce—That’s for sure.

Mr RIPOLL—That’s absolutely for sure. The Australian Taxation Office does a wonderful job, and I will just leave it there.

Mr Pearce—Are you saying the ABC doesn’t?

Mr RIPOLL—I will take the interjection from the minister. I thought he was denigrating the Australian Taxation Office so I was defending the Australian Taxation Office. I know you are denigrating the ABC, so I will defend the ABC as well. I believe in defending all of our Australian institutions—unlike this government. The ABC is one of Australia’s most important national institutions. Labor believes it has a vital role to play in developing and reflecting our culture and national identity—very important. It has been doing that for more than 70 years, something this government—and these government members present—has been opposed to for a very long time. Labor believes that it is inappropriate to apply a template developed for agencies like Centrelink, for example, and then take that template and try to squeeze it over the top of the ABC.

There is a strong case for retaining the staff elected director position on the ABC board. This position has always been occupied by experienced public broadcasters. In the election to appoint a new staff elected director earlier this month, the ABC staff elected Quentin Dempster. Mr Dempster has given many of my colleagues—for example, members of the Iemma New South Wales government—a tough time on the New South Wales Stateline program. It is not as if any of us are exempt from raising the hackles of the ABC staff, but that in itself is no excuse to defund them, try to shut them down, do something like getting rid of the staff elected director or apply some pain to them, as seems to be this federal government’s course of action. Mr Dempster is a journalist with tremendous broadcasting experience. He has worked as a journalist at the ABC for more than 20 years. During this time he served as the staff elected director in the mid-1990s—and I referred to that earlier. This sort of expertise in public broadcasting has been in short supply on the ABC board over the last decade, the 10 years since this government came to power.

Government members interjecting—

Mr RIPOLL—Again I hear snickers and some interjections. Obviously this government thinks there is only one type of person that you could possibly have on the ABC board. Maybe when government members get a turn to speak on this, they can describe to us the type of person, the type of character, that they are looking for—people with special attributes like perhaps having a Liberal Party membership card and ‘board experience’.

Mr Randall—How about David Hill—a candidate for the Labor Party!

Mr RIPOLL—I am not arguing anything in particular; I am just making points of fact about what this government is doing in legislation, in black and white right here in front of us. This government should now explain to Mr Dempster why it thinks that he is not a suitable person. I think most people would think he is a very suitable person.

So what changes for the ABC is this government trying to pursue? What things does it fear from the staff elected director? What things does this government fear the staff elected director would oppose or otherwise support or actually do that another director may or may not do in carrying out their responsibilities under the law? Directors actually have some very special responsibilities under the law. The minister is on record as saying that the board could consider whether it wanted to, for example, allow advertising. There is nothing in the ABC Act that would
stop the ABC placing ads on its website. Perhaps this is what the minister had in mind when he was putting together this legislation. The ABC’s digital content creators must be free to produce material without worrying about offending the sponsors of the ABC website. The parliament should not lightly silence the voice of a strong defender of ABC independence or anybody who defends the ABC. In a recent Bulletin article the minister stated:

... it won’t be the same ABC it is today in a year’s time; we are in for some very exciting changes ...

You do not have to be Einstein to work out the code. In fact, you do not have to work for the ADF to work out the code in ‘some very exciting changes’. It will be very exciting when there is a board party and everyone of the same ilk can turn up. Given this government’s track record on the ABC, Australians who value it will be concerned to hear about these changes. This bill is all about control. It is about more control by this government over independent organisations, more control over what people read, over what people see, over what people hear and over what content is delivered to people—that is the intent of this bill. Five years ago, the Senate communications committee examined the methods of appointment to the board. Back then government senators stated:

There has been no suggestion that the position of staff elected director will be abolished.

But now the government’s Senate majority has gone to its head, as with a whole range of other areas, and that position is in doubt. The staff elected position is just one position of a possible nine on the ABC board, so personally I cannot see how just getting rid of that one position should have some huge impact on any possible decision of the board itself. But I think that the real waste, the real tragedy, is that by getting rid of this position the government actually removes a voice of experience, a voice from the ABC itself. If you take a business approach to this and look at boards around the country, it is often the case that the best boards are those with directors with 20 or 30 years of industry experience, those that have actually worked through the business or understand the business closely and actually do the best jobs. I think it is no different to the ABC’s having a staff elected director position on the board.

What irritates the Prime Minister about the staff elected director is that it is a position that is beyond the capacity of the Prime Minister to influence or control as he does in so many other areas. Since 1996, the government has regularly filled board vacancies with its own conservative mates; people like Janet Albrechtsen, Ron Brunton and Michael Kroger have been dispatched to the ABC with instructions to attack what the senior Liberals see as a left-wing bias. They are really worried about this left-wing bias. God forbid that the ABC might go out there and do some reports or programming or say something that just does not sit comfortably with this government. If it does not sit comfortably with this government then what does the government do? It changes the board. It gets the board active and makes sure that the government has a huge hand and a role in what happens. The role that certain people obviously play is to guide and steer the ABC, not down the impartial middle of the road and certainly not to the left but to guide and steer it slightly to the right, ever inching further and further to the right.

Mr Pearce interjecting—

Mr RIPOLL—The Parliamentary Secretary to the Treasurer interjects, ‘We wish.’ You do not have to wish. You are doing it through legislation. This is the whole point. I do not even have to argue this case. I will just let the government argue it for me. They are actually giving me the ammunition and
material. ‘We wish.’ Hopefully Hansard has actually got this on the record, it was loud enough for everybody to hear, ‘We wish.’ Of course you wish because that is what you want. You would want to control every single director, not just one, two, three or four. Get rid of the staff.

Mr Pearce—That’s rubbish.

Mr RIPOLL—Too late now, you have said it. It is not rubbish now, you are on the record—you have let it out of the bag.

The DEPUTY SPEAKER (Mr Jenkins)—Order! The member for Oxley will convey his remarks through the chair.

Mr RIPOLL—The parliamentary secretary has let it out of the bag. It is just unbelievable. Last year, research conducted by Newspoll found that 82 per cent of people actually believe—and I think they have good reason to—that the ABC is balanced and even-handed in its reporting of news and current affairs. Not all Liberals share the government’s hatred of the ABC however—amazing as that is. In March, the former leader of the Liberal Party John Hewson wrote in the Australian Financial Review:

... the Government’s recent decision to stop staff electing a director of the ABC board is a churlish pyrrhic victory for some of the ideologically-based antagonists in the Liberal Party and some of their sympathetic business mates.

John Hewson has it right. He has been freed from the shackles. He has got the ball and chain off, he can say whatever he likes now and he is telling it how it is. It is a churlish victory for the government to get rid of somebody on a board, just because it thinks they may do or say something that is not in the thought processes that this government is on about. John Hewson went on:

It is clearly against the best interest of the institution and the listening and viewing public.

I assume many Liberals in this House agree with their former leader, but will any of them have the courage to stand up and say so?

Will any of them have the courage to stand up for ordinary people; will they stand up for workers? I do not think so, because we saw that today and we have seen it in legislation. They will not stand up for anyone except themselves and their big business mates. That is it.

Labor believes that the abolition of the staff elected director’s position will have a significant detrimental impact on the effectiveness of the ABC board and undermine public perceptions of its independence. The government is slowly chipping away at the block, slowly making sure there is no independence left. Everybody there will have some sort of a relationship. There are not too many spots unfilled that contain staff who are not related to somebody specifically in the Liberal Party or who have had some sort of staffer role or something like that.

The staff elected director, as I said before, has a unique insight into the ABC operations. They can play a key role in assisting the board to hold ABC management to account. The truth is that this bill is not about improving the ABC’s corporate governance; it is about fulfilling the wishes of the government. That is what this bill is about. It is just a further attempt by the government to undermine the independence of the ABC.

Mr Pearce—You can’t get it out.

Mr RIPOLL—This legislation is so unpalatable, you are right, I cannot get it out. This legislation is simply the latest instalment in the government’s decade-long ideological crusade against the ABC. This government has a track record of defunding, shutting down, removing power from and abolishing any organisation that does not fit the white picket fence ideological bent that this government has as to what organisations should think, say and do. For a decade the ABC has been starved of the funds it needs.
to be the world-class broadcaster that Australians expect, deserve and need.

In the first Costello budget in 1996, the ABC funding was cut by $66 million. This funding has never been adequately restored. In real terms, the ABC has less money today to make programs than in 1996. I do not have time to get into it fully but also we see that gradual loss of Australian content from the ABC because of a lack of funding. Before the last election, the government promised an independent review of the adequacy of the ABC’s funding. This review was conducted by KPMG at the massive cost to taxpayers of half a million dollars but the government have refused to release that half a million-dollar report to the public. Why would you have a report on the ABC and the effectiveness of funding and then refuse to release it publicly? You would think that they have something to hide. But luckily there were some leaks; somebody did leak the KPMG report and it suggested a number of things. In March, it was reported that KPMG found that the ABC needed an extra $125 million over the next three years just to maintain existing services.

Despite all the claims by the minister of a great outcome for the ABC in the budget, the fact is that the ABC is still chronically underfunded. The ideologically motivated funding squeeze continues. While the opposition opposes this bill, we do believe in some reform to the ABC board. There is public concern about the ABC’s corporate governance but it does not relate to the role of the staff elected director. There is a clear conservative bias on the current ABC board. If the government were to go by no other measure than by the background of some of the directors, you would have some idea of what they are actually doing.

Reforms are needed to strengthen public confidence in the independence of the ABC.

There was a time when the Prime Minister claimed to understand the importance of the independence of the ABC. Back in 1995, he railed against appointments made by the Keating government. So there you go: when they were in opposition, they did one thing and now they are in government, they are doing another. Back then, he lectured all of us. He said, ‘You not only must have a board that is completely politically neutral but it must be seen to be neutral.’

That is right. That is what John Howard said—‘it must be seen to be politically neutral’. I do not know that the current board actually fits the bill in being seen to be politically neutral. Perhaps the Parliamentary Secretary to the Treasurer, who is at the table, and other people who are speaking on this bill can enlighten us on this theory of being seen to be neutral. It would be interesting to hear how the Prime Minister thinks his appointments of prominent conservatives like Michael Kroger, Mr Brunton and Ms Albrechtsen measure up against that criterion. John Howard was right back in 1995, but in this area as in so many others he has failed to live up to the principles he espoused when in opposition. The current appointments process lacks transparency and is too politicised.

Under current arrangements, the names of candidates are taken to cabinet by the Minister for Communications, Information Technology and the Arts, but that is about all the public ever know about the whole process. These are the real questions that need to be asked. How do people apply to fill a board position? What criteria are used to assess candidates? Do you have to be a member of the right club? Which club? What sort of card do you have to carry to get a job in that place? Does it help if you have donated money? That is a good question. It certainly seems to help if you have been a conservative cultural warrior over the years.
Labor believes that there needs to be real reform of the appointments process to guarantee the independence of the ABC board and the expertise of its members. Since 2003 Labor has supported an independent merits based appointments process for ABC and SBS board vacancies. The process is based on the so-called Nolan rules that were developed in the UK and govern appointments to the BBC. Appointments to the ABC board must be open and transparent. I do not think anyone could argue against that. We must have confidence in the people we have in those positions. Vacancies should be publicly advertised. There should be clear, merit based selection criteria. Labor’s policy provides for an independent selection panel to undertake a proper shortlist selection process. This is in stark contrast to current arrangements. The selection of the short list would be independent of the minister.

Under Labor’s model the minister would be free to nominate someone not on the list, but there would be a political price to pay. Obviously, if the minister did that, they would have to account for that to the people of Australia. I think that would be a good thing. The minister would be required to table in parliament a formal statement of the reasons for selecting a candidate who was not on the short list. The publicity surrounding such a move would make it more unlikely that the government would pursue such an option. Labor’s policy would not exclude people previously involved in politics from serving on the ABC board. We do not actually have something against it. We think there needs to be a balance. To get the balance right, you cannot get rid of just one board position—that is, the staff elected one—and then have it completely weighted the other way. There needs to be a balance. It would ensure, however, that they had the skills to do the job and they would be seen as independent by the public because they were not short-listed by the minister. If the government were serious about improving the governance of the ABC, it would withdraw this bill and begin work on reforms reflecting the Nolan principles.

This bill represents a blatant attempt by the Howard government to undermine the independence of Australia’s national broadcaster, the ABC. The ABC is facing a number of challenges over the next few years. Like broadcasters around the world, the ABC will have to adapt to the rise of digital technology and the way it is transforming the media. In the months ahead, the ABC board will choose a new managing director to guide it through this uncharted territory. The ABC needs directors who understand the changing media landscape and the unique nature of public broadcasting. A staff elected director will be well placed to help the board to deal with these tasks. In conclusion, the parliament should not allow the government to replace experienced public broadcasters with yet more political stooges.

Mr RANDALL (Canning) (5.04 pm)—I have to say at the outset how delighted I am to speak on the Australian Broadcasting Corporation Amendment Bill 2006. I love the ABC. I love the ABC as the Australian broadcaster, but I do not love all of the ABC. There are elements of the ABC that I do not love. But when I was a schoolteacher I loved having BTN on in the classroom because that was something that the kids really got a lot out of and something that, as a schoolteacher, I saw as fundamentally valuable. That is what the ABC’s function is; to provide great information as a national broadcaster. I will shortly refer to the elements of the ABC that I do not love, and I will explain them in detail.

This bill, as we know, is to amend the Australian Broadcasting Corporation Act 1983 to remove the position of the staff
elected director from the board of the Australian Broadcasting Corporation, or the ABC. As a bit of background, the first staff elected position on the governing body of the ABC was introduced by the Whitlam government without legislation in 1975 and subsequently abolished by the Fraser government. The current position was created by the ABC Act in 1986. The make-up of the board, until this legislation is passed, must include a managing director, a staff elected director and no fewer than five and no more than seven directors. The membership of the ABC board, as at 1 April 2006, is as follows: Mr Donald McDonald AO, the managing director; Mr John Gallagher QC, the deputy; Ms Ramona Koval, who I will come to in much detail later; Dr Ron Brunton; Ms Janet Albrechtsen; Mr Steven Skala; and Mr Murray Green. That makes a total of seven. I will return to those people later.

The Minister for Communications, Information Technology and the Arts announced on 24 March this year that the staff elected director’s position on the ABC board would be abolished. There are a number of issues that the Uhrig report goes into. Basically, the staff elected director’s position has become a conflict of interest. For example, the modern corporate principles of governance do not provide arrangements for staff elected members on corporations and boards generally throughout the rest of the corporate world. By way of example, another public broadcaster in Australia, the SBS, does not have a staff elected representative. So let us not get too excited about this position being removed. The SBS functions quite well, thank you very much, without a staff elected director.

The Uhrig report was released on 12 August 2004 and it made a number of recommendations and observations. The review concluded that there was ‘no universally agreed definition of corporate governance’ and suggested the following definition:

Corporate governance encompasses the arrangements by which the power of those in control of the strategy and direction of an entity is both delegated and limited to enhance prospects for the entity’s long-term success, taking into account risk and the environment in which it is operating.

It said a lot more, and time does not permit me to go through all the detail; you can read the Uhrig report. But it did not support representational appointments as per the member opposite; the Uhrig report made that quite clear. It does set out quite a number of obligations of elected board members. It says, for example:

Whether staff representatives make a practice of prosecuting the interests of staff is moot but it is clear that the legal duty of such board members is not to their constituents but to the organisation more generally.

Yet, as we will find out, Ms Ramona Koval considered that the staff that elected her to the board were her constituents. So we already have a conflict of interest. The duties of directors include duties of care and diligence and that they must act in good faith. They have a duty not to misuse their position and a duty not to misuse information, which I will come to in some detail. We know that the Senate committees have examined this issue, and the fact is that Ramona Koval was asked to sign certain ABC protocols and she would not do it.

Let me say at the outset that the ABC board is generally like most other boards of governance, and it is a government appointed board. Let us be fair—there have been appointments from both sides of government. For instance, we know that right back at the beginning Senator Neville Bonner was one of the first appointed members of the ABC board. I do not hear any complaints about Senator Neville Bonner. He obviously car-
ried out his duties. Yet he was a Liberal senator.

Right throughout the history of the appointments to the ABC board there have been appointments by governments of people in whom they have a great deal of faith—for example, on our side of government, we have had Michael Kroger, a well-known member of the Liberal Party, and Ross McLean, the former member for Perth. But, on the other side of the equation, we have to look no further than Mr John Bannon, the former Labor Premier of South Australia—we are talking about political appointments—and Wendy Silver, who I knew well in Perth and who was a good friend of the Burke government. The Reserve Bank and other government instrumentalities have appointments by the government of the day. And when another government comes, of course they appoint alternative people.

I suppose we really could call this the Ramona Koval amendment to the ABC bill, because she has precipitated this. I feel sorry for the other staff members—Tom Molomby, John Cleary, Quentin Dempster, Kirsten Garrett and Ian Henschke—because none of them has really had to be so obviously dragged into the spotlight because of their misuse of their position on the board as has Ramona Koval. And, yes, I do agree with the member opposite: Quentin Dempster is a highly regarded member of the ABC. He is an excellent, quality reporter, and I do not think his independence is questioned. He is in the position of being elected, before this bill comes into place. And he can thank Ramona Koval for the gross leaking and her lack of loyalty to her corporate governance duties, which resulted in this position being abolished. Other members of the ABC staff might also want to thank Ramona Koval for bringing this position into disrepute and having it examined in terms of a conflict of interest, because she is largely the one who has brought it into conflict.

We know that this was brought to a head when Maurice Newman, a board member, abruptly resigned, citing a gross breach of boardroom confidentiality. Mr Maurice Newman is a very credible man—he was also the chair of the Australian Stock Exchange—and he blamed the decision directly on the ABC staff elected director, Ramona Koval. He said that he could not continue as the serious lapse of boardroom confidentiality had the potential to destabilise the corporation and that he had no faith that the accepted governance standards would be observed by the board while they allowed Ramona Koval to continue in that position.

Ms Koval justified the leaking. It was reported in the *Australian* that she had said that it was her duty to send emails to staff on the deliberations and the decisions taken by the ABC board. She may think that leaking board information for the benefit of sectional interests within the ABC rather than for the benefit of the corporation as a whole was the right thing to do.

Who did she leak this information to? Interestingly—and I will move to some of these other people in a moment—none other than that great left-winger David Marr, who was the ABC’s Media Watch representative for some time. In fact, if there was still an active communist party in this country, I imagine David Marr would be the president, secretary and general manager of the whole shooting match; he is so left wing he is out of kilter. Interestingly, he is still a great friend of the cultural echelons of the ABC—you see him on *Insiders* regularly. But I will return to Mr Marr shortly.

The question the board may wish to ask Koval is why she thinks she is entitled to send memos to staff about boardroom machinations. Koval admitted to the *Australian*...
lian that since her election to the board she has sent out eight memos. We are not talking about somebody who has been misinterpreted or who has got it wrong. In an article on 26 May 2004, she admitted to the Australian that since her election to the board she has sent out eight memos to the staff, reporting on boardroom meetings. Revealingly, those memos included a preamble that said that her report to staff contained a summary of the representations she had made on behalf of staff and decisions taken by the board. Koval needs to understand whether she is there in the interests of the board or in the interests of her constituents, as she calls them. Obviously reform of the ABC board is needed when you have this situation.

Returning to the culture of the ABC, let me say again that I have always been a great supporter of the ABC. I generally like its news coverage, its educational coverage and its National Geographic type coverage with David Attenborough and all these sorts of things that are fantastic for young people and educators. But the ABC has absolutely left the rails in the current affairs area. We have to look no further than the political links of the broadcasters who are on the ABC today and who have been previously with the ABC.

We do not have to go any further than Kerry O’Brien, who has been the ABC’s 7.30 Report reporter for 10 years. In the electorate, people come to me and say, ‘Why can’t you blokes do something about that Kerry O’Brien? He is just so biased towards the conservative side of government.’ I have seen him interviewed on this, and he said, ‘I don’t care. I’m here. I’m so powerful that nobody is going to address me. I’ll do what I like. If they don’t like it, so what? I’ll go.’

That is fine. He is obviously a man of intelligence and somebody who is quite good at an analytical report. But it is where he slips off into his left wing rhetoric that it gets people. When he interviews the Prime Minister or a minister or member of the coalition, his body language is turbid and angry. Yet when Mr Beazley or someone from the other side is before him, it is almost, ‘Oh, buddy, old pal, how are you? How are we going?’

His history is that he worked as a press secretary for the Labor leader Gough Whitlam and then for the deputy Labor leader Lionel Bowen. He has a bit of a CV on the other side. He is a Labor staffer. How can you say that he is not unbiased? Kerry O’Brien has probably been responsible for the ABC disappointing many people in the public and, I know, our party. We are sick and tired of the way that he continually drives home his ideological hatred for the conservative side of government. Kerry O’Brien basically does a good job, as I said, but he has to get himself out of this left wing bent.

Another strong ABC current reporter—and he seems to be a nice bloke—is Barrie Cassidy. He does the Insiders. I like watching the Insiders. But again he is a former Labor Party staffer. He worked for Bob Hawke as specialist media adviser from 1987 until about August 1991. You cannot get away from your past. You are what you are because of what you have been. These guys are very strong supporters of the other side.

There is a left wing culture in the ABC. They bring their families through the same cultural incantations and inductions to become members of the ABC staff or in broadcasting. This is where we have a bit of a problem with current affairs. They are not balanced. We know that when Richard Alston did an inquiry into this, he found 68 occasions just during the Iraq war where the reporting was quite biased.

I suppose I should mention Maxine McKew. Maxine McKew—even though I am not going to deliberately say that she has
been involved in the Australian Labor Party—is married to a former national secretary of the Labor Party, Bob Hogg. In the *Latham Diaries*—that name that should not be mentioned here—what did Mark Latham say about Maxine McKew? He said that they were going to try to fit her up for the seat of Fowler. I do not know what the current member for Fowler thinks about that. They were going to put her in the seat of Fowler because they wanted to anoint one of their hereditary peers. But Maxine McKew did not want to go and live there. She could not stand the people. She lives in the leafy suburbs by the shore. She did not want to go and live with those grommets over in Fowler. They were not her kind of people. So she declined. There is a fair bit of history.

The funny thing about it is this. At the national level, the ABC carries on with this sort of behaviour. The further away from Canberra you get, the less shrill it is. In Perth, for example, there is no greater political reporter than Peter Kennedy. Peter Kennedy is balanced. He is a gentleman and he does a fantastic job in the ABC. He is very unbiased. As late as today we had the ABC’s Fran Kelly on the Radio National *Breakfast* program, absolutely getting stuck into the government and this side of politics about customary Aboriginal law and banging on about political correctness.

This is the problem that we have with the ABC. I had the Friends of the ABC in Perth write to me about Iran and Iraq, the hard right lobby groups and the Howard ministers and their other cronies—complaining about Alston’s 68 complaints on the ABC et cetera. I have to tell the Friends of the ABC in Western Australia that I have never seen anybody so embittered as them. They do not represent mainstream opinion in this country.

The member opposite said that the ABC had been denuded of funds. The previous director, Mr Russell Balding, was very pleased with the previous budget because the ABC had received $88.2 million for new initiatives. That is a huge top-up of money. It did not expect anything close to that amount. Can I say that the ABC really needs to focus itself on local talent, on local productions and on local drama. Previously, the ABC was where young actors, drama writers et cetera in this country cut their teeth. The ABC gave them an opportunity to do short dramas, particularly Australian based dramas. To make sure that that does not get overlooked in the current affairs shenanigans that the ABC likes to run, $30 million of this is for local TV content—in other words, local dramas. That has been dedicated, as it should be, to the local talent in this country. It will be great to see how the ABC uses this in its new directions because, ultimately, this is where the future of this country is.

The ABC has a role to play in this country as the national broadcaster, but the fact is that if you cannot run a board because somebody cannot abide by the corporate governance rules then you cannot have them on the board. At the end of the day, Ramona Koval is somebody who has gone outside the boundaries. She would not sign any compact on this. Basically, she said that she is going to do what she can to spill the information on a large corporation like this. As a result, we had to look at reforming the board.

In conclusion, a general proposition of modern Anglo-American governance theory tends not to support the appointment of staff elected representatives to major boards of large corporations. In this case, I strongly support this bill for the direction in which it is going to take the ABC. *(Time expired)*

Mr *GARRETT* (Kingsford Smith) (5.24 pm)—Labor opposes the Australian Broadcasting Corporation Amendment Bill 2006, which reduces the maximum number of di-
rectors on the ABC board from nine to eight by abolishing the position of staff elected director. Upon reflecting on the recent comments by the member for Canning, I draw to his attention the fact that the Chairman of the ABC is a friend of the Prime Minister, that the newly appointed Managing Director of the ABC has past connections with the Liberal Party and that it is the purpose of the ABC to provide us with a diversity of opinions, not only opinions or views that the member or his colleagues agree with.

This staff elected position has been a feature of the ABC board for a number of years. It is a position that has been held in the past by people with wide broadcasting and media experience. It is a position that allows for in-depth knowledge and an organisational perspective of the ABC distinct or different from that of externally appointed board members.

The government claims this bill is a reform measure. It is nothing of the sort: it is a revenge measure. The government has had what it perceived to be the bias of the ABC in its sights ever since it was first elected. Its first action upon election was to freeze the funding of the ABC. No clearer message or signal could be sent to the corporation about the government’s faith or views about the ABC than that first primary action from whence all other actions have flowed.

The government have a lack of faith in the ABC that is more a reflection of their bias and values than it is of any quantitative or qualitative assessment of the corporation. I merely make the point, which will have been made at other times in the House, that KPMG conducted a funding adequacy review and found that the ABC is a world leader, that it is efficient, that it is innovative and that it needs significant funding.

Notwithstanding that, the government has a lack of faith in the ABC and an enmity towards the ABC that has been expressed on numerous occasions. It has become an article of faith for this government, and we have heard yet another display of it from the previous speaker. So any measure, however insignificant or petty, which reinforces this sentiment is seen to be a good thing. It is a political goal that has been kicked. What a pitiable state we are witnessing when a government uses its control of the parliament in this way.

I invite the House to consider the past decade of intense media reflection and examination of the government’s actions in relation to refugees, AWB, the falsifying and manipulation of reasons to go to war in Iraq—any number of contentious issues of the past decade—where this government has been exposed by the ABC. I ask the House to reflect on that fact. I also ask the House to reflect on the fact that the same thing would have happened and should have happened if it had been a Labor government. The primary purpose of the ABC is not to report on the government in the way in which it sees as being favourable or unfavourable to its performance but to report in a way which it sees and exercises to its best ability as being fair but besetting serious scrutiny.

The ABC, as befits its role as a national broadcaster, has inquired and reported. The government has taken some heat and it did not like it. That happens to governments of all persuasions, and when they are responsible for funding the organisation they need to resist the temptation to interfere in the way in which this government is doing with this board appointment. Unfortunately, the government cannot resist, so this bill represents a little bit of revenge, a little bit of payback. It has nothing to do with good governance, and it should be seen for what it represents. We oppose it for that reason.
The plain fact is that, if this government were serious about addressing and improving the corporate governance of the ABC in relation to board appointments, it would simply stop stacking the board with appointees whose ideological obsessions match theirs or, in the case of board member Michael Kroger, have a longstanding political association with the government.

The government has asserted that the bill is about removing the possibility for potential conflict of interest between the duties of a director appointed under the Commonwealth authorities act and their election to the position of board member by the staff of the ABC. This is a nonsense, when all the remaining positions are directly appointed by the government and where in the past and certainly today some of those appointments are political in nature. Conflict of interest can hardly be sustained as a charge against having a staff elected position in this case.

The government also claims that, as distinct from other board appointments, the very fact of staff election to a board creates a higher likelihood of a conflict of interest, as the elected board member’s independence is compromised and, as a consequence, they would be less able to fulfil their statutory duties as a board member. If that is the case, the government should take the appropriate action instead of bringing legislation into the House. If a board member has shown a conflict of interest or compromised their position, there is legislation to deal with it.

But this argument does not have substance, because it ignores the fact that board members’ responsibilities and duties are already described under existing legislation. For example, in the case of the ABC, all board members, including the staff elected representative, are bound by the Australian Broadcasting Corporation Act and by the Commonwealth Authorities and Companies Act 1997 which—within the exception of subsection 17(1)(a), which provides for non-disclosure of interests by a board member in the case of discussions concerning terms and conditions of employment—provide that the legal duty of staff elected board members is as it is for each and every board member—namely, to the organisation itself. That is as it should be. That is good governance. Legislation is in place and board members are bound by it.

The fact is that these legislative provisions—including the ABC Act and the Commonwealth Authorities and Companies Act that I have just referred to—make clear, in the case of the ABC Act, the obligations of board members and, in the case of the Commonwealth Authorities and Companies Act, the penalties that apply in the event that directors breach their duties. Of course, this duty would apply to other similar staff elected positions which are present in organisations such as the ANU or the Australian Film and Television School.

The fact of election is not the source of a conflict of interest, as it is the means by which a board member comes to the board. It is the fact of the proper exercise of board members’ duties that they must fulfil which goes to the heart of the debate about conflict of interest. If they are in breach of their duties, the minister can act. Is she acting here? No. Why not? The reason is a simple one: there are no grounds to act. This is merely a case of there being a staff elected representative, a position that the government wants only to abolish.

Additionally, the government claims that the removal of a staff elected representative is consistent with the recommendations of the Uhrig review. As is often the case in the House, arguments are put to cut the suit of the prejudice of those making the claims. But the Uhrig review was concerned with exam-
ining ‘critical business relationships’ in relation to organisations including the Reserve Bank, the Australian Taxation Office and the Health Insurance Commission. It was not concerned with the governance arrangements of the ABC.

Subsequent commentary by, amongst others, Professor Stephen Bartos, Director of the National Institute of Governance, whom the government also relies upon to buttress its arguments for this bill, provides some context for the argument. When Professor Bartos made his submission to the Senate inquiry into this bill he said, ‘Notwithstanding that the Uhrig report did not support the representational appointment to governing boards, it was not specifically concerned with staff elected positions.’ He said that, further, it did not make any formal recommendations on this matter and that the comments about representational appointments, which are common enough in the Public Service, were concerned in the main with government department representations. In other words, Professor Bartos’s comments draw a distinction between the kind of organisation that the ABC is and the kinds of organisations that were the remit of the review and the report done by Mr Uhrig. In any case, Professor Bartos goes on to remark that Uhrig’s comments are not specific to the ABC, and that the government’s argument is based on the ABC’s own political objectives. It has done no more or no less than that.

The case here is that the government does not appoint directors to the board of Channel 10 or the Austereo Network, as these organisations are commercial entities with responsibilities to their shareholders. On the other hand, the ABC has a specific charter. It is a national institution. Its shareholders are the Australian people, and nowhere have they claimed that the staff elected position is an affront to their shareholding or that it should be removed. In fact, the general prevailing sentiment, notwithstanding what I have said above regarding the ABC, remains positive. The Mansfield report, amongst other reports on the ABC, has revealed that both staff and the public view the ABC as a special organisation. It is widely supported in the community, and it is not unreasonable to argue that its primary purpose as a public broadcaster to serve the public as opposed to the shareholder interest allows a measure like a staff elected representative.

But this measure has nothing to do with reason and everything to do with revenge. The government wants a tamer ABC. The Prime Minister admitted as much when he lamented the absence of a right-wing Phillip Adams, and subsequently he got his wish—the Counterpoint program was initiated. This bill represents heavy-handed punitive measures by the government, a kind of final, sort of vindictive but unnecessary, burst of antipathy towards the national broadcaster that is still enjoying the confidence of the majority of Australians despite these attacks and despite the government’s own board appointments—and it is held in higher esteem as an organisation than the government that is so often hostile to it.

There have been some extraordinary outbursts by government members, both in this House and in the Senate. Senator Fierravanti-
Wells referred to the ‘pernicious left-wing influence that permeates far too much of the ABC’s biased and unbalanced coverage’. Memo to Senator Fierravanti-Wells and her co-conspirators: over 80 per cent of the Australian public believe that the ABC is reasonably balanced. But in other circles, such as psychological circles, what is happening here is called projection. We may as well identify it for what it is. ‘Projection’ is when I project onto another person—or, in this case, an organisation of people—through the prism of my views, what I think their views are; hence the senator’s description ‘pernicious left-wing views’. It is really only those of extreme right-wing views who see in a broadcaster, when it critically reports and investigates events championed by the right, extreme left-wing views. But, regretfully, it seems that the government has been infected with this alarm.

The government has produced a bill that offers no credible reasons for its support. It really looks like the final scene of *Witch Hunt*. After Senator Alston instituted his series of investigations into bias concerning the reporting of the Iraq war and failed—with the exception of a small number of counts—to prove anything approaching a permeating bias, the die was cast. That ‘small number’ was two out of 68, I would remind the House, regarding the first investigation; it was no more than that. But what to do next? Of course, he went on to the Independent Complaints Review Panel and, I think, ultimately across to the Australian Broadcasting Authority. But the public was not clamouring for heads to roll. To all intents, the current chair has managed to serve the interests of the ABC diligently, although sometimes earning rebuke from others in this House for his work. But, clearly, the position of staff elected representative had to go.

Given that the government appoints all other board members, the bill is about gestures and really has nothing to do with governance and independence. I call on the government to follow up this bill with similar legislation ensuring that ministers do not directly appoint CEOs of stand-alone government entities like the Australian Film Commission. If it were serious about governance, it would consider these things—but, of course, the government will do no such thing.

This bill, regretfully, comes after 10 years of sniping, complaining, undermining and underresourcing by this government of the Australian Broadcasting Corporation. It is a campaign that has signally failed to dent the confidence of the public in the ABC, but which has significantly impaired the ABC’s capacity and witnessed the decline in drama productions, which we became aware of last year, and the freezing of funding levels for the ABC in the past.

I acknowledge that this year’s budget contains some much-needed resources for an independent commissioning arm to produce urgently required local documentary and drama, for regional radio and for infrastructure repairs. But this amount does not compensate for past neglect. It is well short of the amount sought by the corporation and well short of the figure identified by the KPMG funding adequacy review, which said that the ABC needed a $126 million increase above inflation over the next three years to maintain services. The ABC is still underfunded.

Whilst underfunded, thankfully the ABC is still respected. Although many observers have raised concerns about recent board appointments, it is watched and listened to as much as ever, if not more so. The political class that inhabit this place are avid ABC consumers. Member from rural and remote electorates often have the ABC as the only consistent source of timely news and infor-
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mation. Most members I observe draw regularly on the ABC, especially when we dine in the parliamentary dining room. I would say to the House that the ABC continues to play a critical role in ensuring that our democracy is healthy; that, as it is expressed through governments—here and in the states, in the territories and locally—the ABC’s provision of accurate and comprehensive reporting about what governments do is absolutely essential to our democracy. It is the oxygen of democracy—no more and no less than that.

Notwithstanding the rage of commercial broadcasters afoot, the ABC is also the only national media organisation that consistently addresses politics and issues of the day across the country and in the international sphere through news, current affairs reporting, specialist programs, television and radio, podcasting and online. Is the position of a staff elected representative the burning issue for the corporation, given its real achievements and its challenges? Hardly.

Labor has long supported the establishment of an independent process for selecting candidates to fill vacancies on the ABC board. The position of staff elected representative was created in 1975, removed by the Fraser government but five years later restored by the Hawke government. We believe that it is essential to establish a truly independent process for selecting candidates that is both open and transparent. Vacancies should be advertised. There should be clear merit based selection criteria. That is how it happens in the corporate world and that is how it should happen here. An independent panel should conduct a selection process—and it may well turn up people with a background in politics, and there is nothing wrong with that. But, critically, the selection of the shortlist should be independent of the minister. It should no longer be a selection choice by a minister of any government.

Under Labor, the ABC would boast a truly independent board, thus ensuring the removal of perceptions of bias or taints of bias that inevitably accompany appointments that are not truly independent but which are a feature of the current appointment processes as practised by this government. I conclude by reminding the House that, in 1995, the Prime Minister himself said:

You not only must have a board that is completely politically neutral, but it must be seen to be neutral.

In that respect, the legislation that we oppose today and the comments of the Prime Minister stand in complete opposition to one another. We condemn the bill.

Mr MELHAM (Banks) (5.44 pm)—Labor will be opposing the Australian Broadcasting Corporation Amendment Bill 2006. It is bad public policy and bad corporate governance. It is bad public policy because the broadcasting expertise provided by the staff appointed ABC board member has consistently assisted the board in its decision making. It is bad corporate governance because the staff appointed board member, as with all board members, is legally required to fulfil their obligations as a board member with due care and diligence. There is no evidence that due diligence has not been followed by the staff appointed board members over the years.

You cannot just turn around and assert something without producing evidence. There have been many opportunities in the past few months for the government to provide hard evidence. The government has tabled the bill in the Senate, and subsequently senators have spoken on the bill. There have already been several speakers in the House on the bill prior to me, and there was an extensive inquiry by the Senate Environment, Communications, Information Technology and the Arts Legislation Committee. The
opposite has occurred: evidence of the value of the staff appointed member has consistently emerged. Indeed, in the Senate inquiry, several examples of the ability of the staff elected representative to put the needs of the corporation before anything else were cited.

One of those instances is particularly indicative. In the period 1996 to 2000, Telstra had approached the ABC for a deal which would allow Telstra to hand-pick from ABC programming, be involved in co-productions and have some influence on internal productions. Not surprisingly, the proposal was heavily weighted in favour of Telstra. The staff elected board member fought the proposal from its outset and from the shop floor, as it were. The staff elected board member, Ms Garrett, was able to demonstrate to her fellow board members that such a deal would impact negatively on the people in the front line and on the public broadcaster generally. The deal was eventually overturned.

A second case in point clearly demonstrates there is a crystal clear distinction between ‘staff elected’ and ‘staff representative’. In the 1990s a matter arose over back-door sponsorship whereby external parties could influence the content of programs. The ABC was short of cash and there were arguments that the financial injection would potentially save jobs. The staff elected representative argued that external funding was compromising the guidelines of the ABC. Mr Quentin Dempster, a former staff elected ABC board member who has recently been elected again, commented in relation to this issue in his submission to the Senate committee:

Rather than act in the narrow self-interest of the ABC’s staff, the staff elected Director’s role in the exposure was an agonising episode requiring the ABC’s interests and reputation to be placed above those of its employees.

All the staff elected representatives who made submissions or appeared before the Senate committee stated strongly that their role was as a member of the board, not of representing ABC staff. They also noted that, in almost every instance, the staff understood and supported that role. These people clearly understood their responsibilities in terms of corporate governance.

I particularly considered the evidence given to the committee by the unions representing ABC staff. The unions took the line that they would have resented the staff elected board member usurping the position of unions. Mr Graeme Thomsion from the Community and Public Sector Union stated to the committee:

To the extent that the staff elected director would seek to usurp the proper role of the trade unions, it would suggest—at least, in our minds—that we would not be able to support the staff elected director. The truth is that the staff elected director is not a staff representative—that is the role of the elected trade unions and the organisation. We believe that quite distinct and complementary roles are performed.

Therefore, the argument proposed by the government that this person would put the interests of staff over their obligations of corporate governance is a fallacy.

In its submission to the Senate committee, the Media, Entertainment and Arts Alliance mentioned a previous Senate committee. In 2001 the method of appointments to the ABC board was considered in an inquiry conducted by the committee that considered this matter. A report called Above board? Methods of appointment to the ABC Board resulted from this inquiry. Nothing has changed between 2001 and 2006 in relation to appointments to the ABC board. In that report, however, the report by the government senators supported the maintenance of the status quo of the appointment of board members. The chair recommended the retention of the staff appointed director. What has changed? The government senators at that
time were in the majority, as they are now. What has changed is that the government holds the majority in both houses of this parliament. The MEAA continued its submission to the most recent inquiry by arguing:

The Alliance rejects the implicit assertion that staff elected directors cannot and have not been aware of their roles and responsibilities as board directors. They have all been fully aware of their fiduciary and legal responsibilities as board directors ... they are elected for the contribution they can make to the Board, to the good governance of the organization ...

There are very clear legal parameters for the operation of board members enshrined in the Commonwealth Authorities and Companies Act 1997. The ABC is a Commonwealth authority for purposes of this act. It imposes duties on officers, including directors-general. These include duties of care and diligence, the duty to act in good faith, the duty not to misuse the officers' position and the duty not to misuse information. To my knowledge, at no time have any of the holders of the position of staff elected director betrayed those principles. To do so would mean they were in breach of their duties under the legislation as it currently stands. One could argue that the premise may as well hold true for those directors appointed by the government through the Governor-General.

This bill is a continuation of the government’s ongoing attack on the ABC. In the second reading speech the Minister for Local Government, Territories and Roads gave a number of reasons for doing away with a staff elected director. There was talk of the tension in relation to the position on the ABC board over many years. There was also the corporate governance argument. Tension of itself is not a basis upon which to abolish a staff elected director’s position. Tension can occur on any board of directors, and it can revolve around particular personalities. I serve as a director of Revesby Workers Club.

We have discussions in our board meetings, different sides are taken, the result is accepted and we go forward. With different personalities, there might be more tension—there might be leaking or a whole range of things happening—but that of itself is not a basis for getting rid of a staff elected director.

I think the government should be a bit more honest. I think this is just a policy decision based on the government’s political ideology. Just be up front. Forget about these false arguments. If it is the position of the Liberal Party that there should not be a staff elected director, then just say so. There is no doubt that, when one hears the contributions by members opposite and in the Senate, you can see the paranoia with the ABC and the hatred of the left-wing bias, so-called, of the ABC and particular commentators who were formerly members of the Australian Labor Party or who worked for the ALP. The same could be argued on our side for those with a Liberal bent. My view is that, because you have had a political view in your life, it does not disqualify you from appointment to bodies, whatever they are, and that you look at people on their merits and the contributions they make.

The history of the staff elected position is that it was first introduced by the Whitlam government without legislation in 1975. It was subsequently abolished by the Fraser government. The current position was created by an amendment to the ABC Act in 1986. Because the government now has a majority in the Senate, it is bringing forward its abolition, but I do not believe that it has made out a proper case in relation to corporate governance or tension. Tension can occur between directors who are not elected but who are appointed by a government wanting to take an organisation in a different direction. No-one can tell me that corporate governance sometimes has not been breached by
government appointments. This position is being attacked because it is a staff elected position.

The ABC has been served well by staff elected directors and they have made a contribution over the years. Quentin Dempster and Tom Molomby have added to and enriched the ABC and the deliberations of the board. This nebulous argument that there is some tension—and, as such, a particular person thought that the time should come to an end—is a nonsense. I think the government should provide more substance or be more honest about its ideological perspective not supporting such positions. And I think that is a sad thing.

In the past, the ABC has not failed to attract criticism from the Labor Party. When Labor was in government, the ABC rightly scrutinised the government. In many respects, it can be seen as the official opposition by the way it runs a number of programs that delve deeply into which direction a government is heading. But staff elected directors have, in my considered view, added to the ABC. If a rogue director comes along, then deal with the rogue. Do not deal with the principle of the position. Alternatively, be honest and come forth and say: ‘It’s our policy position that no such positions should exist. That is not the way we see the organisation running into the future.’

The corporate governance argument is a nonsense argument. It could apply equally to other directors of the ABC. Where there has been a consistent, continued pattern, you have to demonstrate that a staff elected director has put the ABC’s interests second and the staff’s interests first. The government has not been able to do that. If there were tension between the staff elected director and other members of the board, that of itself is not sufficient to abolish the position. It might say something about the staff elected director. I am not here to vouch for each and every one of them or their characters, because there are some I do not know or I have not met and I have not paid them particular attention. That is a matter that they would have to deal with in subsequent elections. I note that Quentin Dempster was elected to the position recently.

In relation to the ongoing attacks by the government, the Treasurer made much of the injection of $1.6 billion into the ABC over the next three years. The government appointed chairman, Donald McDonald, lauded the government’s generosity in providing $30 million for Australian drama and documentaries, an extra $80 million for specific initiatives, $45 million to upgrade equipment, $13 million for regional local programming and an additional $600 million over the next 10 years for the ABC’s move to digital broadcasting. What both the Treasurer and the ABC chairman failed to mention is that over the past 10 years the ABC has been chronically underfunded and denuded of funds. The operating budget has fallen across that period. The funding this year falls far short of consultant recommendations.

In a leaked report, we are advised that KPMG was commissioned to investigate ABC funding and efficiency. It is understood that the report recommends the government fund the ABC to the tune of an extra $125 million over the next three years. That funding would allow the ABC to continue at its current depleted level of operation—not ensure that the national broadcaster is a strong participant in the emerging digital media environment. Not surprisingly, Minister Coonan has still failed to release the KPMG report. That of itself is a disgrace.

With my colleagues I welcome the additional funding for the ABC. However, only half the amount requested by the ABC was forthcoming. I am advised that the new
money will allow the ABC to produce around 28 hours a year of new content. Recent figures show a staggering decline in locally produced drama on the ABC from 100 hours in 2001 to just 20 hours in 2005. Clearly this indicates why the ABC requested a further $38.4 million. Of this, $20 million would have been used to fund an extra 58 hours per year of home-grown drama, documentaries and children’s and arts programming.

Under its charter, the ABC has a responsibility ‘to encourage and promote the musical, dramatic and other performing arts in Australia’. This is quite simply impossible for the national broadcaster without adequate funding. I note the comments made by Judith Rodriguez from the Friends of the ABC in response to this year’s budget. Ms Rodriguez made her comments in the *Australian Financial Review* on 15 May, where she said:

The government has used the budget to increase its control over the ABC operations: The broadcast triennial base funding has been frozen to the level at which it was cut after the government was elected in 1996. Program funding above the base is tied, targeted to Australian TV drama and documentaries, and regional programming. Targeted funding overrides the ABC board responsibility of ensuring all areas of the broadcaster charter responsibilities are met.

Ms Rodriguez argues that this starving of the ABC creative base is ‘privatisation by stealth’—a truly terrifying vision, a quite real potential for what is effectively privatisation of the ABC. Imagine government determining programming for the ABC rather than the national broadcaster itself. I do mean ‘government’—not just this government but any government.

The ABC remains a stronghold of independent national broadcasting for this country, yet its very future is threatened. In May 2005 the ABC published, as it does every year, a Newspoll survey on community attitudes. One of the findings was:

... nine in 10 Australians continue to believe the ABC provides a valuable service to the community, and half believe it provides a very valuable service.

The commercial media would kill for such a ringing endorsement. A few years ago, *Readers’ Digest* asked its readers in Australia to name the brands and institutions they most trusted. The ABC came in as the sixth most trusted government service between public schools and public hospitals and came in ahead of such bodies as the CSIRO and universities. ABC news beat all other television news services. Yet this government continues its politicisation and privatisation of the ABC. The undermining of public trust in such a national institution is appalling. It is worth reiterating the duty of the ABC board as set out in the act:

The proposed abolition of the staff elected director position on the ABC board will not improve the governance of the ABC, it will not ensure the efficient functioning of the ABC and it most certainly will not maintain the independence and integrity of the ABC. I doubt that it will make the news impartial and accurate according to the standards of ethical journalism.

In spirit and in law, the ABC is meant to be independent. This bill continues the attack on the ABC the government has conducted since 1996. *(Time expired)*
Mr LINDSAY (Herbert) (6.04 pm)—The member for Banks has made some good points in his contribution to the Australian Broadcasting Corporation Amendment Bill 2006. He has indicated that the ABC provides good quality programming and that in the main it attempts to discharge its responsibilities under its charter. Certainly I have no difficulty with the programming on the ABC. I do have some difficulty with some segments, particularly in relation to news, and I will articulate that later in his contribution.

The Australian Labor Party is skating on pretty thin ice in its argument opposing this bill. The Australian Labor Party would do best and gain more credibility in the electorate by stopping being politically correct on this issue and starting to talk about things like good governance, integrity, conflict of interest and how you run a board in a proper way. Rather than appealing to the left-wing, politically correct people in the ABC, it should basically think of the national interest—indeed, the ABC’s interest—and support this bill.

There is no conspiracy here. The government is not into that. That is not why this bill is before the parliament. But there is a conflict of interest having a staff director on the board of this fine Australian organisation. There is a conflict of interest—nobody can deny that—and that conflict of interest has been amply demonstrated. The best evidence of that is the fact that the ASX chief, Maurie Newman, found himself having to resign from the board, blaming a gross breach of boardroom confidentiality. Mr Newman said that he could no longer be assured that accepted corporate governance standards would be observed on the board. He noted the refusal of the staff elected director to agree to the board’s corporate governance protocols.

That clearly points out the conflict of interest that a staff elected director has on the board of the Australian Broadcasting Corporation. That cannot be denied. I do not see why the Labor Party should stand in the parliament and deny that because it is just the fact of the matter. There is a conflict of interest and that cannot be allowed to continue. You would not have a conflict of interest on the boards of Australia’s major corporations—the BHPs or Woodsides of this world. It would not be allowed. It would not be tolerated. Nor should we tolerate a conflict of interest on the board of the ABC, and that is why the government is moving to fix this problem. There is no difference between the boardrooms of Australia and the boardroom of the ABC. There has to be good governance, there has to be integrity and there has to be no conflict of interest. It is very hard to find another Australian government agency where there is a staff elected director on the board. For example, the Great Barrier Reef Marine Park Authority, in my area, has no staff elected person—and it does not need one. The board should operate as boards do in the corporate world.

The other point is that there will be no impact on the independence of the ABC by taking the staff elected director off the board—none whatsoever. The ABC remains absolutely independent, as per its charter. Taking a staff elected director off does not change that. A strong board, an impartial board and a board that does not have a conflict of interest is needed to make sure that the ABC meets its charter.

Currently there is an area where the ABC does not meet its charter, and I put it to the parliament that that area is in the reporting of news. Let me be the first person to say that I deal with the ABC virtually every day. I deal with ABC North Queensland, in Townsville. Even though I am aware of the political affiliations of some of the journalists over the
years, to a person they have been scrupulously impartial. I am very pleased and proud to be able to say that my ABC reports the news as it is, with no editorial bias. And that is a good thing. The 630 ABC North Queensland newsroom can be proud that they are true professionals.

But you cannot say that about ABC newsrooms in Sydney, Canberra or Melbourne because there is ample evidence of misreporting and bias, and what makes me especially angry is the editorialising, particularly out of Canberra, that occurs in the nightly seven o’clock news service. A news bulletin is to report the news, not to editorialise. I do not mind how much the ABC editorialises in programs like The 7.30 Report, Media Watch, Insiders or whatever. Go for it, because viewers know that that is the kind program it is, but it is despicable, disgraceful and unprofessional that the ABC editorialises in the 7 pm news service. That has to stop—and a strong board has to stop that. I call on the ABC board to do what they need to do to cut out this bias that exists in the Sydney, Melbourne and Canberra newsrooms.

Let me give you an example of this that happened to me last week. I was asked about some comments attributed to Piers Akerman on the Prime Minister’s tenure in the job. I made a very clear comment and, to their credit, ABC radio’s AM program, who were the first to report my comments, reported them accurately—as they should. When I was asked about the Prime Minister I said: ‘The Prime Minister is there for as long as he wants to be. None of us want him to go. He’s a great Prime Minister. But one day he will go—as we all will go—and when Peter Costello takes his place he will do a great job, and he could even do a better job than the Prime Minister.’ I made those comments because we all know that in many corporations you get key people and everybody says, ‘Gee, we don’t want to lose that person; how would you fill that person’s shoes?’ and, when you do lose them, often you get a better person in their shoes, not realising that that can happen. So I was making that point. But how did ABC television report that? They were very clever: they cut out the first bit and just reported the second bit. What they reported is what I said, but they—don’t shake you head, Member for Richmond—

The DEPUTY SPEAKER (Hon. BC Scott)—Adelaide.

Ms Kate Ellis—It’s Adelaide.

Mr LINDSAY—I apologise, Kate. Don’t shake your head, because this is true. I can show you the tapes. What they did was to dump the first bit and play the second bit and make it look like I was pushing Peter Costello to be the leader straightaway. That is devious and disgusting. It is not reporting the facts. If the ABC think they have got me as a friend when they do that to me—I am standing here supporting the bill tonight—I will support the ABC board making strong decisions to ensure that the news is reported as the news and as the facts, not as some cleverly edited piece which makes it looks like I said something that I did not say.

I am very pleased to support the bill tonight. I want to see the ABC remain a strong, independent organisation. The government wants to see the ABC remain a strong organisation, and it is only through a board that has integrity, a board that practises the functions of good governance and a board that has no conflict of interest that we will be able to achieve that. I support this bill.

Ms ANNETTE ELLIS (Canberra) (6.14 pm)—I rise this evening to speak on the Australian Broadcasting Corporation Amendment Bill 2006. The aim of this bill is to remove the position of the staff elected director from the board of the Australian Broadcasting Corporation, the ABC. Labor oppose this bill because this change is just another ex-
ample of how we see the Howard government is crushing the independence of the ABC.

This battle between the coalition, to destroy the ABC as we know it, and the Labor Party, to strengthen the ABC, has been going on for many years. The Whitlam government introduced the first staff elected position on the governing board of the ABC back in 1975. The Fraser government subsequently abolished the position. The Hawke government created the current position in 1986. Therefore it comes as no surprise that the Howard government is now trying to remove that position. Unfortunately, with a majority in the Senate, the Prime Minister is simply using his power once again and will end up giving what we believe is another blow to the ABC.

And what excuse is the government giving for this appalling attack on the ABC? The explanatory memorandum for the amendment states:

The Bill addresses an ongoing tension relating to the position of staff elected Director. A potential conflict exists between the duties of the staff elected Director under paragraph 23(1)(a) of the Commonwealth Authorities and Companies Act 1997 to act in good faith in the best interests of the ABC, and the appointment of that Director via election by ABC staff. The election method creates a risk that a staff elected Director will be expected by the constituents who elect him or her to place the interests of staff ahead of the interests of the ABC as a whole where they are in conflict.

I ask: is there any evidence to show that this conflict—some special form of conflict—actually exists? I believe not. Firstly, the ABC is not the only Commonwealth authority with a staff elected board member, unknown to the previous speaker. Other Commonwealth statutory organisations with staff elected positions on their governing bodies include the Australian National University, the Australian Institute of Health and Welfare and the Australian Film, Television and Radio School. Secondly, the legal duty of these board members is to the organisation, not to the people whom they represent, and they are fully aware of this.

To defend this appalling amendment the government has used the Uhrig report, which examined the governance practices of statutory authorities in 2003. The report stated that representational appointments are not consistent with modern principles of corporate governance. But this argument is a sham. The Uhrig review did not specifically examine staff elected appointments, nor did it give any attention to the ABC. The focus of the review was on agencies with critical business relationships, such as the ATO, the ACCC, APRA, ASIC and the RBA.

This bill was referred to the Senate Environment, Communications, Information Technology and the Arts Legislation Committee, which went on to report in May 2006. The Labor, Greens and Democrats senators submitted a dissenting report opposing the bill, and this does not happen lightly. The inquiry examined the unwillingness of the current staff elected director, Ms Ramona Koval, to sign certain ABC protocols. During the inquiry, however, no evidence was produced that any staff elected director had breached their obligations to act in the best interests of the ABC. The report states:

1.18 The staff elected director defended her action in not signing the protocol:

It was about independence. It was about having my decisions and opinions subsumed to the opinions of the rest of the board—so that went to independence, which is an absolute core issue as far as a director of a corporation is concerned. I did not want to be in breach of the law, frankly.

In fact, the Senate committee heard a number of examples where the staff elected director opposed proposals that would have benefited staff, because they would have undermined
the independence of the ABC—quite contrary to the argument being put.

There are already remedies available under the Commonwealth Authorities and Companies Act for a breach of director’s duties. In addition, the Governor-General can dismiss a director for misbehaviour. The evidence received by the Senate committee demonstrated that staff elected directors have brought considerable experience in broadcasting to the deliberations of the board.

Clearly, this bill is the latest instalment in what we see as the Howard government’s decade-long attempt to undermine the very independence of the ABC. For 10 years, the government has worked to stack the ABC board with its political mates to try and control the ABC. The staff elected director makes an important contribution to the ABC’s corporate governance. The staff elected director is able to give the board an important insight into ABC operations. Particularly with the current board, the staff elected director is sometimes the only person with the expertise to question the advice coming from the ABC’s executive. If the government were really serious about improving the ABC’s corporate governance, it would end the practice of stacking the board with political friends.

Since 2003, Labor has argued that there should be an open and transparent process for making appointments to the ABC board. Vacancies should be advertised and there should be clear merit based selection criteria. An independent selection panel should conduct the short-list selection process. The selection of the short list would be independent of the minister. If the minister does not appoint a short-listed candidate, he or she should have to table in parliament a formal statement of the reasons for departing from the short list. Labor’s policy would enhance our democracy by strengthening the very independence of the ABC, the base for the discussion in this legislation.

Another way in which the Howard government has undermined the ABC has been through funding. While the budget contained some increases in funding, the appropriation fell well short of the amount requested by the ABC and identified by KPMG as necessary to maintain existing services. According to media reports, the KPMG funding adequacy review found that the ABC needs an extra $125 million above inflation over the next three years just to sustain the current range of services. In my view, it is a disgrace that the minister continues to try and hide the extent of ABC underfunding and refuses to release that KPMG report so that Australians around the country can assess the government’s performance for themselves.

The government’s failure to restore adequate funding means that the ABC will be forced to cut services or—and it is a big ‘or’—look to alternative sources of revenue, such as advertising on its websites. That is a very alarming path down which to travel, and one that we should all be very concerned about even seeing in consideration.

Labor is seeking further information from the ABC on the likely impact of the funding shortfall during the current Senate estimates process. We welcome the additional funding for the production of Australian content. The problem is that the government granted only half the amount requested by the ABC. The new money will allow the ABC to produce around 28 hours a year of new content. As a result, Australian drama production is likely to remain at less than half the level it was five years ago. I do not know how any government can be proud of that sort of record when we think about our public broadcaster.

Regrettably, the government has passed up the opportunity to use the ABC as a vehicle to promote the creation of exciting new digi-
tal content. The ABC’s proposal to stimulate interest in digital television and broadband through an extra 200 hours of digital only content was completely rejected. The Howard government’s chronic underfunding of the ABC is depriving Australians of the world class news, information and entertainment services that they expect and deserve.

I am extremely disappointed with the way in which the Howard government has treated the ABC over the past 10 long years, and many of my constituents in the electorate of Canberra have written to me with similar views. We also in the ACT have a very active Friends of the ABC organisation, one that I hold up as a great defender of public broadcasting not only in this city but in this country. The people of Canberra are strong supporters of the ABC and they will be very saddened—pretty appalled, I think—at this bill, which is driven by the Howard government’s extreme ideology and its desire to control the ABC.

I cannot conclude my remarks without responding to the comments of the previous speaker, the member for Herbert, about his disappointment at the methodology in one of the cases he referred to involving the ABC’s Canberra news service. I find it ironic in the extreme that the member for Herbert, with the greatest of respect, was a little bit miffed that part of a quote from him was used and part of the quote was not. We have that happen in this House every day by the government towards us. Every time we make a personal explanation to correct it, it comes back and it is done to us again. Maybe he needs to talk to his backbench about misrepresentation rather than just thinking about the ABC.

How many times do members in this House have to stand up and make personal explanations because of the way the media generally, not just the ABC—in fact, I do not think I have ever heard the ABC mentioned; but I have heard media mentioned: print media, the lot—misrepresent, misquote or quote by selection certain comments made by any one of a range of members in this very place. I thought that was a little bit precious. To be quite frank, that is not the sort of argument upon which you base legislation through which you are removing a democratically elected member of the ABC board. It is a pretty weak argument to put up, and I could not let it go without making some remarks on it.

In my view, and in the view of the Labor Party, the ABC is a significant and valuable Australian institution. It plays a vital role in our culture. It allows us to see ourselves in our own culture. Millions of Australians watch the ABC to be entertained. But many also rely on the ABC for the very diversity it provides. Many of us do not want to watch Big Brother and a lot of that other reality TV hogwash that appears through commercial channels. Thank God for the ABC—all power to it. At least it is given the right, with the proper funding and the proper governance, to produce the sort of drama that builds our industry in this country and does not destroy it. We rely on it so much for high-quality children’s programs, learning programs, great Australian drama and comedy, current affairs, world news and independent journalism. It is not at all unusual that a journalist from somewhere might have a view different to one put by somebody in this place. That does not mean bias; it means another opinion.

Ms KATE ELLIS (Adelaide) (6.26 pm)—I rise today to oppose the Australian Broadcasting Corporation Amendment Bill 2006. On 11 October 2004 the Prime Minister gave a radio interview during which he promised to use his Senate majority sensibly. He stated:
We’re not going to allow this to go to our head. We’re not going to start proposing things that are disruptive.

We have seen time and time again this arrogant government break this promise and allow this power to go to its head. Sadly, for the electorate, the Australian Broadcasting Corporation Amendment Bill 2006 will do precisely this. This government is not acting sensibly at all. Ideological changes that seriously erode the independence of the ABC are callous and spiteful—anything but sensible. This is a cultural war against the ABC that has raged on for more than a decade. A 2001 committee recommendation unanimously endorsed the advice to retain the position of the staff elected director on the ABC board. The only conceivable difference now is the government’s Senate majority.

The ABC is a pillar of Australia’s system of accountable and responsible government. It has provided us with decades of independent and critical reporting that has helped keep governments honest and the public aware and informed. It has also played an important role in nurturing Australian culture and epitomising the Australian identity. The ABC keeps Australians informed and entertained. Australians value its independence, which helps produce the wide array of quality programming demanded of our national broadcasting corporation. This is why I am so alarmed that the government is planning to abolish the position of the staff elected director, the only independent director on the board of the ABC. The government is clearly aiming to abolish the position before current director Ms Ramona Koval’s term expires on 15 June 2006. It is bad enough that since 1996 the government has starved this institution of the funding it deserves. Now it is taking a swipe at the independence upheld as essential by so many Australians.

I would firstly like to discuss the value of the staff elected director. The staff elected directors at the ABC have always brought considerable experience in broadcasting to the deliberations of the board. At a time when the government is intent on cramming the board full of government cronies, it is essential that this contribution is maintained. Often, this director is the only individual on the board with the expertise to question the advice coming from the ABC’s executive. In the 74 years the ABC has existed, the government has appointed only one person with broadcasting experience. That one person was Mr Robert Raymond, a former producer for both the ABC and Channel 9. Mr Raymond served only one term.

The position of the staff appointed director has always brought a fresh perspective to the board that can only come from the staff elected position. For the past 23 years it has ensured that at least one member of the board has an extensive understanding of broadcasting, especially public broadcasting. I agree with the suggestion of the Friends of the ABC in my state of South Australia that this position provides an ‘important safeguard’. There is no evidence of abuse of this position. David Salter, a former executive producer of the ABC’s Media Watch, is right to suggest that to abolish this position would be to ‘amputate a perfectly useful limb’. Senator Coonan has wrongfully suggested that this position is an anomaly amongst Australian government agency boards. The minister needs to be clear on the term ‘anomaly’ or to stop exaggerating. The boards of the Australian National University and the Australian Film, Television and Radio School, just to name a few, all have a staff elected board position.

Why abolish this position? The answer is clearly to fulfil an ideological agenda. The excuses provided by the Minister for Communications, Information Technology and the Arts are almost laughable. The government has continued to argue that the staff
elected director is subject to potential conflict because they may feel obliged to represent the interests of the people who elected them rather than to act in the best interests of the ABC. But no evidence has been produced demonstrating that any staff elected director has failed to carry out their duties. The Senate Environment, Communications, Information Technology and the Arts Legislation Committee received submissions from several former staff elected directors of the ABC and from one of the current directors, Ms Koval. There was no evidence in any of these submissions that suggested any staff elected director had breached their obligation to act in the best interests of the ABC. To claim that because this position is staff elected the director is representative only of staff is simply ludicrous. The minority report of the committee made the obvious point:

In the case of the ABC, the staff elected director is not a representative of the staff just as directors appointed by the Government should not be representatives of the Government on the Board.

The same logic of Senator Coonan’s implication that the staff elected director would act in the interest of staff could be applied, as the South Australian Friends of the ABC suggest with more concrete evidence, to the other directors. They stated:

... the politicians who appointed the other directors might expect those directors to place the interests of their political party ahead of those of the ABC.

This government clearly has no aversion at all to a biased ABC board, as long as the bias is in its favour. In fact, the Senate committee heard a number of examples of where staff elected directors opposed proposals that would have benefited staff because they would have undermined the independence of the ABC. For instance, the proposed partnership between Telstra and the ABC was opposed by the staff elected director. This could have allowed Telstra to influence production decisions and thus undermine independence. What is more is that, even if the staff elected director does breach their duties—and we certainly have not seen that they have—they could be dismissed for misbehaviour under the current legislative arrangements.

The government has relied on the Uhrig report to condone this decision. I am afraid this is misplaced. Mr Uhrig did not specifically examine government arrangements at the ABC but rather focused upon agencies with critical business relationships, such as the ATO, the ACCC and ASIC. Mr Uhrig did not examine the governance arrangements at the ABC nor did he make inquiries of any current or previous member of the ABC board. The government has further cited evidence submitted to the committee by Professor Stephen Bartos, who is Director at the National Institute for Governance. However, Professor Bartos did not endorse the abolition of the staff elected director but rather stated it was a matter for political judgment. The fact that the government cannot even back up its own amendments with hard and fast advice is appalling. What more evidence do the Australian people need that this government is not acting sensibly at all but is again embarking on an ideological rampage? This time the ABC is in the firing line.

This is just another example of the government’s blatant attempts to diminish the independence of the ABC. The Prime Minister has consistently attempted to undermine the independence of the board since 1996. The only reason the Prime Minister seeks to abolish this position is that it is a position he cannot control. This has absolutely zero to do with corporate governance. If the government were really serious about corporate governance, it would instead install an independent process to appoint directors to the board. There must be an open and transparent process for making appointments to the ABC board. As my colleagues have men-
tioned, a Labor government would advertise all board vacancies and install clear, merit based selection criteria. An independent selection panel would conduct the short-list selection process, and this process would be independent of the minister. If the minister then chose not to appoint a short-listed candidate, he or she should have to table in parliament a formal statement of the reasons for departing from the short list. This would enhance Australia’s democracy by strengthening the independence of the ABC. We need to look at every possible chance to strengthen Australia’s democracy.

I would also like to state on the record my opposition to the government’s personal attacks on Ms Koval. Government members of the Senate committee questioned her integrity and in paragraphs 1.17 and 1.19 of the majority report criticised her for her failure to sign the ABC board protocol, claiming that this demonstrated a lack of independence. In Ms Koval’s defence, she had received legal advice that the protocol jeopardised her legal obligation to act independently, and this advice was not challenged before the committee. I think this must be publicly acknowledged. It is absolutely disgraceful that the government would single out Ms Koval and tarnish her reputation in pursuit of their own ideological agenda, but I suppose this is not surprising in light of the government’s history. The government have been stuffing the board full of their political buddies in an effort to undermine the independence of the ABC.

I have previously spoken in this parliament about my strong views on the ABC and my belief that a strong, independent ABC needs adequate funding. I would like to take this opportunity to comment further on the Howard government’s insistence on steadily stripping the ABC of its funding.

The 2006 budget contained some modest increases in funding, but this figure is well below both what the ABC requested and, importantly, is below the KPMG recommendation of what is necessary to sustain its current range of services. The ABC is expected to put 20 hours of Australian drama on television this year, significantly down from 102 hours five years ago. The new money will allow the ABC to produce only 28 hours of new content a year. This government has led the ABC into a state of chronic underfunding, which must, and must only, be delivered by the federal government. I will again use this opportunity to call on the government to adequately fund our ABC.

I would also like to read an excerpt from an email which was sent to me by one of my constituents. She wrote when she heard of these proposals:

I have just read that John Howard has decided to axe the elected member of the ABC staff from the Board of the ABC. I fear this is the beginning of some very bad news. Please do everything you can to stop this!

This view is not uncommon amongst the ordinary constituents in my electorate. I assure this constituent—and, indeed, all others—that I will do everything I can to stop this, including voting against this proposal today.

We have seen on so many occasions the manner in which this government is prepared to misuse its Senate power in the pursuit of attacking its so-called opponents. This legislation is an extension of this pattern. This was perhaps most obviously highlighted by the pitiful contribution of the member for Canning, where he stooped to attack one respected journalist in an effort to argue the case for this proposal. ‘What was this journalist’s crime?’ you might ask. The crime, as the member for Canning said, was that she criticised the government. In Howard’s Australia, it seems, we cannot have any of that
anymore, can we? The nerve of some people—to dare to criticise this government!

The government is no stranger to using its power to attack perceived opponents or dissenting voices. We have seen it time and time again. We have seen it continually attack Australia’s trade unions and the role that they play. We have seen it attack and attempt to silence university students with its voluntary student unionism legislation, seeking to silence the student voices who quite rightly dare to speak out about the government’s continued attacks on the higher education sector. We have seen this government foster a culture of fear amongst community organisations which are reliant upon federal funding, threatening to strip them of their grants if they dare speak in opposition to Howard government policies. And, just last week, we saw one of the government’s most recent attacks on our very democracy when this chamber passed legislation to disenfranchise thousands of Australians, presumably on the basis that they may dare to oppose the government in the polls.

So whilst this government is perfecting its art form of attacking any perceived opponents, it must stop and recognise that the ABC are not enemies of the government. By doing their job—acting as a strong and independent voice reporting on current events, and educating, informing and entertaining the Australian public—they are playing a tremendous role, which must be recognised and respected by this government as it is by the Australian people.

I think it is important to fight for the ABC, because I want our children to enjoy the same quality, independent news and entertainment that everyone in this chamber has experienced. The government will obliterate the independence of the ABC if it goes ahead unchecked and that will be a very sad day for Australian democracy and for the Australian people. I oppose these measures, and I urge all members to do likewise and vote down this callous and ideologically driven drivel for what it is.

Ms HOARE (Charlton) (6.41 pm)—I rise tonight to speak against the Australian Broadcasting Corporation Amendment Bill 2006. This is a short bill which reduces the maximum number of directors on the ABC board from nine to eight by abolishing the position of the staff elected director. The government has argued that the staff elected director is subject to a potential conflict, because they may feel obliged to represent the interests of the people who elected them rather than to act in the best interests of the ABC. Labor opposes this bill. Absolutely no evidence has been produced to demonstrate that any staff elected director has failed to comply with their duties. This legislation is simply a further attempt by the government to undermine the independence of the ABC.

In March 2006, the Minister for Communications, Information Technology and the Arts, Senator Coonan, announced that the government would ‘restructure’ the ABC board, and that is what we see before us today. It is just one small change, but it is a very significant change and one which will significantly impact on the independence of our ABC. That change is to abolish the only non-Howard-government appointed director of the ABC board—the staff elected director.

I will give a bit of history that shows the commitment of Labor governments to the ABC and to the independence of the ABC. In 1975, Gough Whitlam’s Labor government created the position of the staff elected director. In 1978, that position was abolished by the Liberal government under Malcolm Fraser. In 1983, the Labor government under Bob Hawke reinstated the position. In 1986, the Hawke government, under section 13A of
the Australian Broadcasting Corporation Act, formalised the staff elected position.

Past staff elected directors have been Quentin Dempster, from June 1992 to June 1996; Kirsten Garrett, from 1996 to 2000; and Ian Henschke, from 2000 to 2002. Our current staff elected director is Ramona Koval and her term, I think, expires on 15 June, when she should have been replaced by Quentin Dempster.

The explanatory memorandum and the minister’s speech emphasise that the basis of this legislation is the Uhrig review. Indeed, the explanatory memorandum refers to pages 98 and 99 of the Uhrig review. The report of the Uhrig review was a document of 133 pages; only two of those pages alluded to representational appointments to governing boards. The Friends of the ABC’s submission to the Senate inquiry said:

The Bill appears to rely heavily on findings contained within the Uhrig Review of June, 2003.

The Friends of the ABC submitted that the Uhrig review focused on taxation, regulation and provision of services. In all of its 133 pages, the Uhrig review made no reference to the ABC or any of the other organisations that had representational appointments to their boards. It is a fairly damming indictment of the government and the minister that they have based this legislative change to the board of the ABC on a review which does not mention the ABC once.

The Uhrig review was established by the Prime Minister in 2002. The terms of reference were to review governance practices of statutory authorities and office holders, particularly those agencies which impact on the business community. I do not know about you, Mr Deputy Speaker, but I do not see the ABC as a statutory authority or an agency having as much impact on the business community as many other government boards or authorities. The Uhrig report dealt briefly with representational appointments, as I mentioned before. According to the Bills Digest:

The review did not consider staff elected representation specifically except a brief consideration of departmental public servants sitting on boards of other government agencies.

Apparentely the ABC is not the only Commonwealth authority or company that has a staff elected board member. Other organisations include the Australian National University, the Australian Institute of Health and Welfare and the Australian Film Television and Radio School. We have not seen the government move to eliminate or abolish the staff elected representatives on those boards, but I suppose that will come.

There has been debate today about a supposed conflict of interest—whether or not a staff elected representative on the board would put the interests of the ABC and the independence of the ABC before the interests of the staff who elected that particular director. In my mind, those interests coincide and would not conflict at all. I understand that there is a section of the act which deals with the elected director’s participation or non-participation in any discussion which relates to the conditions and pay of ABC staff.

On 24 March 2006, the Minister for Communications, Information Technology and the Arts, Helen Coonan, said that there is a clear legal requirement of the staff elected director that means that he or she has the same rights, duties and obligations as other directors, including to act in the interests of the ABC as a whole. That is covered in section 8 of the act. If a staff elected director of the ABC was in breach of this part of the legislation, that director would be removed from the ABC board. That has not happened over the past decades when we have had a staff elected representative. If it did happen, there is a clear legal avenue for the govern-
ment or the rest of the board to rectify that situation. But it has not happened and I would not anticipate that it would happen. As I said, staff representatives have a legal duty the same as that of other board members. It is not to their constituents but to the organisation more generally. These are set out in section 8 of the ABC Act, as I said.

The Bills Digest also said that it is worth noting that if there is a concern that staff elected board members might prosecute particular interests, that must equally apply to other board members who are appointed by the government. And, of course, they are in the majority. There is only one staff elected board member, as opposed to up to seven or eight appointed by the government. Of course, they would have their personal interests at heart as well.

There is also a moral duty. The staff elected director at the ABC board brings with him or her a wide range of experience in journalism and broadcasting. That is not necessarily the case with the government appointed directors. The staff appointed director is able to advise the board on a professional basis in the areas of journalism and broadcasting. They bring that whole depth of experience with them. That is the reason they are nominated and selected by the staff of the ABC.

We have heard that the Senate Environment, Communications, Information Technology and the Arts Legislation Committee had an inquiry into this. The inquiry was held in a period when there were five non-sitting weeks, and the government deemed that the inquiry would last for one day. It was a very short inquiry. There ended up being a minority report by Labor and the minority parties who did not believe that the evidence that was provided to them warranted a change of this significance.

I want to talk about the submission by the current staff elected director, Ramona Koval. Her submission to the inquiry included the statement:

Generally, there is an expectation that members of a Board of Directors will act collectively ... However, this is subject to the overriding duty of each individual member of the Board to act in good faith in the Corporation’s best interests.

That was when she had been criticised for some actions or decisions that she had taken as a director of the board, but she had done them on the basis of sound principles, values and good governance. Ms Koval talked about the criticism of her when she would not sign a particular document. She said:

One version of the document required that I not participate in “public (including media) discussions, interviews or articles relating to ABC Board matters”. This could imply that as a Director I cannot comment in public on any matter to do with the ABC at all, as a Board matter is really anything to do with an organisation.

Here is a document that is going to gag members of the ABC board, who are directed with running and governing the ABC, so they cannot discuss publicly anything about the ABC. It is quite extraordinary. I agree that she was quite within her rights to refuse to sign that particular document, and of course, as we have seen, she has been criticised widely for it.

Another staff representative on the ABC board from 1996 to 2000, Kirsten Garrett, said in relation to this legislation:

This is just red raw politics with an extraordinary disregard for the Australian people. If it succeeds, the Government will have complete control of the ABC.

We have heard many discussions since July last year of Howard’s extravagance since he has gained control of the Senate, and this is just another ideological push on his part of his personal responsibility, as he sees it, to destroy our independent broadcaster. Now
that he has control of the Senate, he will have control of the ABC.

Our ABC is not only under attack in this legislation; it is also under attack in this year’s budget. In the 2006-07 budget just brought down this month, the ABC received $88.2 million over three years for drama and documentary making, regional and local programming and capital renewal. This is not enough to sustain programming needs, and it is substantially less than the ABC’s budget submission log of claims. Speaking on the budget, the Friends of the ABC spokesperson—and I need to declare a vested interest here: I am a member of the Friends of the ABC—Margaret O’Connor described the ABC’s funding situation as ‘grim’ and ‘dire’ and forecast that the ABC is facing significant programming cuts.

In their last annual report, the board of directors said that ‘a critical point has been reached’ and that unless ‘adequate funding is secured for the coming triennium, the Board will be faced with a range of fundamental questions about the extent and quality of ABC programming and services’.

Further, the government commissioned KPMG to investigate the ABC’s funding. The government will not release this report and has been withholding it from the parliament and from the public. This is something that taxpayers have paid for. It is a review into the funding of our ABC—the ABC that belongs to each and every Australian—and now the government is hiding it. There must be something in this KPMG report that the government does not like, and it will not release it to the general public.

I would also like to quote from a letter to the Australian Financial Review of 15 May by Judith Rodriguez, who is a Friend of the ABC in Melbourne. She writes:

While funding to the ABC was increased, the broadcaster received less than it needs to maintain its existing level of service. The additional funds come with strings attached that undermine the ABC’s independence.

The ABC budget appropriation is $37.6 million short of the amount that leaked from a government-commissioned report revealing ABC needs for the next three years.

She concludes:

The community values the ABC because it knows the public broadcaster is not compromised by government or commercial influence.

Undermine the ABC’s independence, and there will be no reason for the ABC to exist.

It looks like this is precisely what the government is seeking to do.

The community will need to be vigilant if the ABC is to survive in more than name.

Well done Judith Rodriguez, and there are so many more people like her who are Friends of the ABC and who will continue to stand up for the independence of the ABC.

In conclusion, I would like to quote from a recent newsletter from the Friends of the ABC in New South Wales. We have a very active branch in Newcastle of which I am very proud to be a member. A boxed article at the bottom of page 3 entitled ‘DID YOU KNOW?’ says:

Friends of the ABC (NSW) celebrates the 30th anniversary of its founding in April. It was formed in protest at funding cuts (familiar?) imposed by the Fraser Government. Here we are thirty years later with many of the same issues existing in 1976 and some additional ones to challenge us.

Ms BIRD (Cunningham) (6.58 pm)—Tonight I rise to speak in opposition to the Australian Broadcasting Corporation Amendment Bill 2006. Like my colleague, I wish to be up-front in acknowledging that I am also a member of the New South Wales, and specifically the Illawarra branch, Friends of the ABC and that approximately 80 per cent of my scarce viewing and listening time
is spent enjoying the excellent programs offered by ABC television and radio.

I joined the Friends of the ABC a number of years ago as I grew concerned by the concerted and, indeed, borderline paranoid attacks on the independence of the ABC by the former Minister Alston. I note that this legacy has been taken up in the other place with gusto, particularly by the newly elected Senator Fierravanti-Wells.

Like the majority of Australians, I believe the ABC in its various broadcast forms provides the most informative and unbiased reporting in Australia on current and world affairs. I also appreciate the range and breadth of the journalistic opinion which is on offer. Unlike some on the other side of the House, I do understand that opinion, when offered, should not misrepresent itself as news. In my experience, the ABC is far more rigorous in making this distinction clear in its programs than is often the case in the commercial media.

I acknowledge that the ABC, like some of the individual journalists and reporters in the commercial field, can give governments—and, indeed, oppositions—a torrid time in pushing and questioning their actions and explanations. They certainly did when Labor was in federal government. We copped it most times. Sometimes we argued with the ABC about it, but we did not undervalue the democratic importance of its role and did not seek to starve or bully it into submission, as has been occurring under this government over the last 10 years.

The minister claims that this legislation is necessary because the ABC staff elected director position is an anomaly in corporate governance. To the contrary, such positions are not at all unusual on many boards that govern other types of organisations such as tertiary and cultural institutions—for example, the University of Wollongong in my own electorate—and health systems. Indeed, some more progressive private enterprises and businesses that value the corporate knowledge and shop floor experience of their own staff also make provision for a staff elected director position. Even multinationals, I understand, such as Mercedes Benz do this. There are certainly extensive examples of boards that are too insular to have protected the organisation they oversee, and there are many cases where this has led to corporate collapses or public scandals. Surely it is only good governance to seek a broader gene pool of talent to draw from, rather than to minimise it and fall into the trap of cloning existing board members. Indeed, the current scandal with AWB shows that boards can only benefit from wider gene pools, particularly one that delivers some independent and critical thinking.

Former staff elected director Quentin Dempster has outlined circumstances in which past staff elected directors have been critical players in identifying problems with board considerations that have resulted in avoiding significant loss or embarrassment. In interview, Mr Dempster referred to the role of the staff elected board director in the creation of the board ordered inquiry into the breaches of the ABC Act and the ABC board editorial policies through ‘backdoor sponsorship’ of television infotainment programs by vested interests. He further outlined the role of staff elected directors acting to protect the ABC’s independence in policy and operational terms in opposing the failed proposals for commercial partnerships with John Fairfax Holdings Pty Ltd and Cox Communications of the United States in subscription or pay television and with Telstra in broadband content with access to all ABC content.

The government argues that a staff elected director carries an inherent conflict of interest between their directorial responsibilities and some form of constituency responsibi-
ties arising from being elected. The government does not provide—and I believe has not successfully provided—an argument about why a director who is elected is more bound to their electors than a director who is appointed is bound to their appointee. All directors are bound by the ABC Act’s clauses covering duties of directors, pecuniary interests and removal, regardless of the method of their elevation to the board. Mr Dempster outlined the case that in the backdoor sponsorship issue the staff elected director’s actions were contrary to any narrow sectional interests of journalists, producers and support staff, as it resulted in infotainment being taken off air and, again in the pay TV case, 100 jobs being lost.

In trying to make the argument for this amendment based on the Uhrig report of 2003, the government is ignoring the fact, as has been identified by other speakers on this side, that the report deals with the types of boards and circumstances that are not identical to the staff elected director of the ABC board nor to the functions of the board. The report by and large referred to taxation regulation and provision of services and failed to make any reference in its 133 pages to the ABC board, its membership or circumstances.

In reality, most government members have risen in this House and in the other place to claim that they really value the ABC and that this amendment is about good corporate governance, not about attacking the ABC. Strangely and almost without exception, they then proceed to attack various presenters, journalists or shows. As an example, I particularly refer to the speech delivered on this bill by Wollongong based Senator Fierravanti-Wells, who listed a string of complaints against the broadcaster in her newly appointed Alston successor role. The senator seems to feel that the ABC should censor the range of views and opinions that can be presented on their news and current affairs coverage and that, if the range of people she identified as inappropriate are allowed to appear, the ABC should act as an alternative voice and debate the issue. This is a profound misunderstanding of the role of effective journalism. Certainly a good journalist should push for an interviewee to be accountable for their views and actions, but this is far from being an alternative voice.

The senator then goes on to tell the ABC what question it should have asked the former ALP leader Mark Latham. Personally I think the media did a good job with a pretty willing participant to dump buckets on the ALP, but this was not enough for the senator. She launched an attack on the ABC journalist for not asking one question which she feels was crucial. If this is giving her so much angst, perhaps she should have considered a career change to journalism rather than to the Senate. But this is a distinction that government members seem incapable of comprehending in this debate.

Those on the other side of the House have no problem with the commercial media running many of the same stories as the ABC, reporting many of the same events, providing air time and columns to the same characters, asking or failing to ask the same questions or using or failing to use particular terms and references——so why the special criticism of the ABC? The answer to this question lies at the heart of this bill. Government members believe the government should own the ABC body and soul. They should be director, editor, producer and reporter. They should be judge and jury of every story. The senator concludes her contribution by claiming that the ABC is actually under threat by ‘the pernicious left-wing influence that permeates far too much of the ABC’s biased and unbalanced coverage’. This bill is certainly about the independence of the ABC. This bill is about the real problems this government has
with the very independence that the ABC maintains, despite attempts over the last 10 years to starve it into submission.

Mr MURPHY (Lowe) (7.07 pm)—Following the announcement in March 2006 by the Minister for Communications, Information Technology and the Arts concerning her plans to restructure the board of the ABC, many held hopes of legitimate reform. It would not be naive to assume that many supporters of the ABC believed the minister’s statement to imply that the government was making a belated yet genuine attempt to ensure that the ABC’s corporate governance arrangements reflected community demands for a vibrant and independent national broadcaster. Such a restructure ought to have provided greater scrutiny of board appointments while restraining the practice of the government to stack the board with its political mates. Tragically, the Australian Broadcasting Corporation Amendment Bill 2006 achieves neither of these laudable objectives.

Before voicing my stern opposition to this bill, it would be instructive to analyse what it does not do. The bill has failed to implement an open and transparent process for making government appointments to the ABC board. Given the minister’s apparent intention that the bill ensure that all board members act in the best interests of the ABC rather than in the interests of those who have put them on the board, it is inconceivable that she could have any objection to a process that would advertise all board vacancies and ensure that any selection is based on merit rather than on the basis of political patronage.

It is no stretch of the imagination to suggest that this government has been unjustifiably sensitive to the ABC’s overt independence and has responded in kind by catapulting onto the board people with whom it has networked or who are close to it. One only need look to recent appointments, including Michael Kroger and Ron Brunton, to realise that the government is doing all it can to reel in what it considers to be an unruly child. It is clear that the government would prefer the ABC to be biased—but biased in favour of its ideology and philosophy.

If the government were serious about resolving the so-called tension between the obligation of directors to act in the best interests of the public broadcaster and their obligation to serve the interests of those who elected them to their positions, it would have provided a framework for board appointments to be made objectively. For years, Labor has been calling for a truly independent selection panel to undertake a short-list selection process for board appointments. This short list would be independent of any minister and would limit the circumstances in which political stooges could be appointed to the board. That there should be clear merit based selection criteria is something that all ABC supporters can agree on. That such a proposal has not been adopted by the government demonstrates that the intent of this bill is not, as the minister suggests, ‘to improve the ABC’s corporate governance’.

The question must then be asked: what exactly does this bill restructure? The minister’s restructure consists of just one measure: a proposal to abolish the position of staff elected representative on the ABC board. It is no coincidence that the staff elected position has been targeted for termination. It is the one appointment to the board of the ABC that the government cannot control. Despite the protestations of the minister, this bill has nothing to do with improving corporate governance whatsoever but is just the latest instalment in this government’s epic battle to undermine the independence of the ABC. Naturally, the minister denies this and refers to section 78(6) of the ABC Act, which states:
... the Corporation is not subject to direction by or on behalf of the Government of the Commonwealth.

This is a disingenuous attempt to employ shallow words to give soothing assurances that the ABC has and always will be independent while underhandedly destroying the few structures in place that give effect to such words. Recent events demonstrate that words are insufficient to protect the ABC’s independence. In spite of section 78(6) of the ABC Act, I note a report by Louise Dobson in the Sydney Morning Herald of 9 May this year. That report suggests that the ABC board had short-listed an individual to take over the role of managing director and run it past the government only to be told to try again.

Indeed, in recent days, as we now know, Mark Scott—a former chief political adviser to the Liberal state education minister, Terry Metherell—has been announced as the ABC’s new managing director. Is it a coincidence that, according to reports in the Sydney Morning Herald of 22 May this year, Mr Scott is said to be on good terms with the minister for communications? With the abolition of the staff elected position, one wonders whether this will be the only way to be elected to the ABC board of directors—that is, by being on good terms with the minister.

So much for the section 78(6) requirement of being ‘not subject to direction by or on behalf of the government’.

The few structures in place that promote independence, including the staff elected representative position, are needed now more than ever. Our national broadcaster is at the crossroads. The government has made a decision on the ABC’s funding, which is not enough to sustain basic programming needs and is substantially less than that recommended by an independent report by KPMG. The board has just announced its new managing director who will be instrumental in determining the ABC’s long-term direction, including whether advertising will be permitted on our national broadcaster. That should be of grave concern to all of us. I draw the minister’s attention to my letter published in today’s Financial Review on that very topic.

There exists now more than ever a need for a director who better understands and is entirely committed to the ABC’s charter to inform, educate, entertain and enhance a sense of national identity. Moves to commercially exploit the ABC, which have not been ruled out by Mr Scott, will be much harder to resist without a staff elected director to act as a charter safeguard. There exists now more than ever a need for a director who better understands the unique nature of the ABC. Most private companies would envy the passion and loyalty that characterise the relationship of staff elected directors with the ABC; the government begrudges it.

Perhaps the government understands only too well the inexorable nexus between the interests of the ABC and the passion and loyalty held by many members of its staff. In light of the government’s devastating funding arrangements and mooted desire to permit advertising on the public broadcaster, it makes sense for the government to eradicate the largest stumbling block to alleviating the pain in its hip pocket. Indeed, the minister has expressed an interest in allowing the ABC to become a rating-chasing, revenue-raising body at the expense of diversity in children’s, religious, science, health, music, drama, documentary, comedy, news and current affairs programming. There can be no doubt that the staff elected director, who is the only board member with the expertise to cross-examine advice coming from the ABC executive, is a monumental thorn in the side of the Howard government. Professor Ken Inglis, a leading authority on the organisation, has stated that the:
... staff elected director has exercised more influence ... than any other single director, apart from the chairman and deputy chair.

In light of the government’s plans for the ABC, is it any wonder that it seeks to destroy this position? Putting aside the government’s clandestine intention, Senator Coonan, the communications minister, has also failed to bring forward evidence that supports the public position taken by the government in respect of this bill. The minister’s explanatory memorandum to the bill quotes a report of June 2003 by John Uhrig, entitled Review of the corporate governance of statutory authorities and office holders. Relevantly, the minister’s explanatory memorandum quotes the Uhrig report’s conclusion:

The Review does not support representational appointments to governing boards as representational appointments can fail to produce independent and objective views. There is the potential for these appointments to be primarily concerned with the interests of those they represent, rather than the success of the entity they are responsible for governing.

At face value, this statement provides compelling evidence in favour of the abolition of the staff elected director position. The minister has spoken publicly of a concern that staff elected directors could feel obliged to represent the interests of the staff who elected them rather than to act in the best interests of the ABC. An inquiry into the bill by the Senate Environment, Communications, Information Technology and the Arts Legislation Committee proves this to be anything but the case. Indeed, the Senate committee has heard numerous examples of where a staff elected director has opposed measures that may have benefited staff but which have jeopardised the independence of the ABC. This is perhaps best seen with a staff elected director’s exposure of backdoor sponsorship infotainment programs on ABC TV in the 1990s in breach of the ABC Act.

It is hypocritical in the extreme for the government to be casting aspersions on staff elected directors when it has failed to accept or even acknowledge that members of the board appointed by the government have a far greater potential for conflict of interest than has been shown to exist for any director that staff have elected to the position. It clearly does not suit the government to acknowledge the passion and loyalty that characterises the relationship of staff elected directors with the ABC. Doing so would bring into question the passion, loyalty and bona fides held by those appointed by the government itself. Nevertheless, assuming Uhrig’s conclusions, referred to in the explanatory memorandum, are true, it is interesting to note that his findings on this matter only made up one page of a 133-page report. Furthermore, Mr Uhrig made no reference to the ABC anywhere in his report. It is also interesting that Mr Uhrig’s comment that ‘there are no universally accepted structures and practices that constitute good governance’ did not find its way into the minister’s explanatory memorandum. I ask why.

It would be pertinent to note the comments of another expert in governance at this point. Professor Stephen Bartos, Director of the National Institute for Governance, has stated that the choice of governance model to be adopted for a public sector body should not be formulaic but should be driven by the objectives of the organisation concerned. Clearly, should the Howard government see the ABC as operating in a similar manner to other commercial television and radio stations, a governance structure espoused by Uhrig may be justified. However, if we are to continue to conceive of the ABC as being a different sort of body—a community based body which is not interested in rising ratings and raising revenue—having representative directors onboard is entirely appropriate.
If the government is serious about fostering the independent spirit which resides within the ABC, it must maintain the only position over which it has no control: the staff elected director. The staff elected director is the one voice which has exposed past board attempts to tie the ABC to commercial arrangements which would corrupt its public purpose. It is the one voice that has done most to protect the integrity of the ABC charter. It is the one voice that can exercise genuine independence in all board decisions. And it has done that with distinction when we were in government.

Given the absence of merit based selection criteria for board appointments made by the government, the staff elected director also brings much needed practical broadcasting experience and insight into the boardroom discussion of policy and operational procedures. Given the board selection process, such experience and insight may otherwise have been missing from boardroom discussions. There has long been a concern that the government has made no effort to select board members with an appropriate mix of skills for running a national broadcaster. Indeed, similar concerns were raised by a highly unlikely source: former Senator Richard Alston, as Chairman of the Senate Select Committee on ABC Management and Operations. He said, inter alia:

The current ABC is required to make decisions with long-term implications in a time of overwhelmingly rapid transformation of broadcasting technology. The board’s task may have been made more difficult by the fact that many of its members have little specialist knowledge of either the broadcasting industry or the new technologies. The committee believes that the board as a whole lacks the range of depth of skills and experience which would be necessary to provide adequate leadership for the ABC.

The staff elected director has this specialist knowledge of the ABC and the broadcasting industry. The staff elected director has the range of skills and experience which is necessary to provide leadership of the ABC. What the staff elected director does not have is the capacity to succumb to this government’s extreme and destructive plans for the ABC.

The staff elected director position has served the ABC well. Far from deserving to be abolished, the position ought to be retained in the ABC’s governance structure. I congratulate Mr Quentin Dempster on his election again to the board because he, more than anyone, has been an ornament to the public broadcaster. I do not think anyone in this House would quarrel with the integrity of Mr Quentin Dempster.

A vote for this bill is almost certainly a vote for the commercial exploitation and political manipulation of the ABC, given the ease with which it can occur without the watchful eye of a staff elected director. As taxpayers and viewers, we deserve to see our public broadcaster better protected against such manipulation and coercion. To make this bill into law would fail Australia’s most important national institution as well as the millions of Australians who rely on the ABC for news, information, entertainment and education.

For as long as I remain a member of this parliament, you can be sure that I will continue to fight against this government’s vitriolic and unjustified attacks on our public broadcaster. I encourage any true supporters of the ABC who are sitting on the other side of this chamber to do the same. I reject this nonsense that is always thrown at the ABC about its so-called bias. I well remember Neville Wran, Bob Hawke and Paul Keating complaining about the ABC. Of course, any government will complain when the public broadcaster runs an editorial contrary to a policy position of the government of the day.
whether it be federal or state. So the politici-
sation of the ABC continues.

The government are prepared to allow the
ABC to raise its revenue to supplement its
budget. We all know that, apart from the
concerns that we all have with regard to
compromising the independence of the ABC,
once the government rely on revenue being
drawn from the corporate sector, the gov-
ernment will take that amount of money out
of their budget for the ABC. So it will be a
neutral position; the ABC will not gain any-
thing. Moreover, I think this is quite a seri-
ous matter at a time when the government
are about to change our media ownership
laws and hand over our democracy to Mr
Packer and Mr Murdoch. That should be of
great concern to all of us. I call on all mem-
ers of this House, in particular the members
of the government, to come to their senses,
support the independence of the ABC and
support Mr Quentin Dempster in his cam-
paign. I reject this bill.

(Time expired)

Mr KATTER (Kennedy) (7.27 pm)—I
rise to speak on the Australian Broadcasting
Corporation Amendment Bill 2006. I person-
ally have suffered greatly at the hands of the
ABC. In finding what was called the
‘crooked creek cattle company’ in North
Queensland, some 18 people gave evidence
about it. Of those 18, six were dead within
two or three years and the remaining 12 were
put up on trumped up charges of one type or
another. The Queensland Commissioner of
Police and I were included in the 18 and, at
that stage, I was a senior minister in the gov-
ernment. It was the very courageous actions
of Steve Austin, an ABC journalist who has
covered the Drive show in recent years, who
exposed the situation.

For reasons that I do not entirely under-
stand, it has been the tradition and culture of
the ABC to show great courage at times and
to do things that are very important for Aus-
tralia. For those who have read the story of
Kokoda, Chester Wilmot exposed what was
going on at Kokoda and received terrible
treatment by the Australian government and
the Army. The militia battalions saved Aus-
tralia on the Kokoda trail. Chester Wilmot
had all of his reporting confiscated by the
Army and the government of the day. But it
was not the fault of Chester Wilmot or the
ABC. They made strenuous efforts to try to
protect Australia.

One of the reasons given by the govern-
ment is that this sort of thing is normal in a
corporation. But the government is not run-
ning a corporation; it is running a country. It
is assessing the values of such a system to
the country if the country requires a free and
unfettered media. In one article I read re-
cently, two corporations—Woolworths and
Coles—are responsible for 27c of every Aus-
tralian dollar spent. If we eliminated the
ABC, we could save the trouble of having an
election. We could just ring up Coles and
Woolworths and let them decide who they
want to appoint as Prime Minister of Austra-
lia, because their powers would be so great
and excessive.

Debate interrupted.

ADJOURNMENT

The SPEAKER—Order! It being 7.30
pm, I propose the question:

That the House do now adjourn.

Mr MARTIN FERGUSON (Batman)
(7.30 pm)—I rise this evening to speak about
an important international issue. It relates to
the campaign launched this month to protect
those most vulnerable workers amongst us:
those who clean up after us—the people who
clean our toilets, mop our floors and hoover
our offices. This is a good reminder to all
members here, who have the privilege of
working in one of the most spotless buildings in the country. I extend my sincere appreciation to those workers, many of whom are migrant women who have handled a variety of jobs around Canberra. I note there is an international push at the moment to improve the conditions for cleaners, which was also launched recently in cities across Australia and New Zealand. This campaign to improve the lot of cleaners is also being run in the Netherlands, the US and the UK.

Earlier this month cleaners for Deutsche Bank in London were among thousands of workers that gathered at Westminster Cathedral to hear the leader of the Catholic Church, Cardinal Cormac Murphy-O’Connor. Cardinal Murphy-O’Connor called for corporations to give these workers a fair go and give them back their dignity through the provision of a living wage—something which is part of the debate in Australia at this point. The Deutsche Bank cleaners are seeking a minute percentage of the bank’s record profit of $2.9 billion. A similar campaign in the US, Justice for Janitors, was also backed by religious leaders.

The Australian launch of the campaign across our capital cities, appropriately called Clean Start, also included the support of church leaders, who joined Labor and union representatives at various rallies around Australia. The campaign in Australia is particularly timely given the impact of the government’s harsh industrial relations laws on cleaners. The situation is so bad for these workers that many of them have to turn to charities just to survive. This is one of the reasons churches are so concerned, because looking after these people actually falls to charities and churches all too frequently.

Let us stop for a moment to think why that is so, remembering what these workers do and the conditions they work under. Many of them rise before dawn or work late into the night after all the office workers have switched off their lights and have gone home at a reasonable hour. They have impossibly tight schedules, which makes it very difficult for them to complete the job properly. Their work is physically demanding. They vacuum, scrub, mop and clean up after people, such as all of us members of parliament. They have to bend down to clean dirty corners or reach up high to clean windows and ceilings. They have short-term contracts, which means they often work two jobs, rising early and working late into the night to make ends meet. They have to deal with chemicals and poor equipment. And for this they are paid a pittance. The federal minimum wage for cleaners is $13.77 per hour and permanent part-time cleaners stand to lose at least a quarter of their wages because of proposed cuts in penalty rates for early morning and evening work.

Cleaners are our invisible army. They are rarely seen and rarely heard. This campaign gives them a voice against the largest corporations amongst us. Recently, for example, workers in 10 cities across Australia protested against AMP and their Capital Investors division which manages buildings on behalf of property owners. The contrast cannot be greater: the gleaming buildings of such corporate giants, polished and maintained by workers being paid below-poverty wages. Just think about the wages paid to cleaners cleaning the facilities owned and operated by Macquarie Bank, whose chief executive earns $58,000 per week compared to about $13.50 per hour for the cleaners. At the AMP owned Santos House cleaners have to clean toilets and kitchens, vacuum floors and remove rubbish on 14 levels in—guess what?—three hours. Sweated labour and harsh working conditions exist for these people.

It is time these corporations got a heart. It is time they recognised those workers work
hard to make sure they have clean, comfortable and decent work environments. In conclusion, I commend all those involved in the fight on behalf of cleaners, including the churches both here and abroad. Just because we rarely see them, we should not forget them. They are human beings who also have to meet their own financial commitments, often working much harder and in more difficult conditions than members of parliament. I commend the Clean Start campaign to Australia at large and especially to the big corporations who use up and abuse these decent, hardworking men and women. 

Mrs Doreen Washington

Mrs Bronwyn Bishop (Mackellar) (7.35 pm)—I rise tonight to add a contribution to a celebration that took place in my electorate today, being the 108th birthday of a constituent of mine, Mrs Doreen Washington. I first met Mrs Washington several years ago when she was just turning 104 and still living in her own apartment, looking after herself with the assistance of friends. A very sprightly, delightful lady she was and remains.

Today she had a lovely party back in the electorate, and I would dearly love to have been there and to have celebrated with her. I thought I would mention the fact tonight that she is celebrating her 108th birthday and acknowledge that she is still lively and that she is still entertaining company—indeed, on Anzac Day she tossed the first penny for the two-up game at one of my local RSLs. It is her indomitable spirit. When we look back at what she has been through in 108 years of living, as one of the last surviving Gallipoli war widows and as someone who has seen so many changes and is still able to discuss them, she is an important source of oral history for us all.

She does have a lovely message that she gave today. The front page of my local newspaper, the Manly Daily, today has a photo of Doreen. It says at the top: ‘She eats no fruit or vegetables and she drinks every day—and she has outlived all her doctors’. I think it says something about a person who makes a decision about what is good for her. She still does, indeed, enjoy a tipple of whisky or a glass of beer and she invites people to enjoy it with her.

I think when we look back at all the warnings that we receive, when we are told if we do this or that we will lessen our life expectancy, that we have to live by rules that somebody else sets down for us, we should remember that Doreen, in being 108, has set the rules for herself. She was widowed in 1965, so she has been very much on her own, living on her own wits and her own ability to make decisions, for a long time. I think there are some lessons for us as we listen, as I said, to all the gloom and doomsayers who tell us that this is bad for us and that is bad for us and that we have to be disciplined according to somebody else’s dictates. Perhaps, if we listen to what our own body or our own self is telling us, we can work it out for ourselves and we do not have to be intimidated into living a life that perhaps does not suit us.

Doreen will have gathered around her about 100 people today, people she has touched just by being who she is. One particular person has been a splendid friend to her: Mr Chris Pike, who visits her regularly and who always made sure she was all right when she was still living in her own apartment. She has another close friend, Fred Leong. They are both close friends, young men who have seen that here is a woman of indomitable spirit, whom, in their terms, they love to call a friend.

Perhaps there is another message for us too. As we realise that we are an ageing population, we should rejoice in that. When
we say the fact that there are many older people who are giving great joy to people and being vibrant parts of our community, and when we say we are an ageing population and people are living longer, that is a call for rejoicing. We should not call it a problem but say it is an opportunity. Doreen Washington is one who has taken many opportunities. May I simply say to her: have a wonderful birthday today.

**Avian Influenza**

Mr Rudd (Griffith) (7.39 pm)—Avian influenza is a significant national security threat to Australia and our region. Chicken populations in South-East Asia are large by global standards. There have already been a number of deaths in South-East Asia arising from avian flu, including most recently in Indonesia. That is why the opposition since March 2005 has campaigned consistently for the Howard government to implement a regional plan to combat avian influenza. The reason we have done this is that, up until that time, preparedness on the Howard government’s part for an avian influenza pandemic had primarily related to onshore measures—that is, within Australia. And the problem with the avian influenza virus is that it is no respecter of national boundaries, as we have seen with the spread of the virus from Asia to Europe over the course of the last 12 months.

Last September the opposition released a five-point regional plan to combat avian influenza, and following its release and earlier statements from the opposition on this important matter the government has slowly started to lift its game in its funding allocations for regional preparedness—even though it has to be said there is still much more to be done.

Today the Minister for Agriculture, Fisheries and Forestry decided to weigh in to this debate and claim that 400 words of what he described as a 600-word policy had been taken from international and other sources without citation. The opposition’s policy document is in fact an 11,200-word document, running to 29 pages. The policy recommendations section of this document alone goes to 1,200 words. The minister has chosen to base his statement to parliament on selected extracts of this policy document which were separately prepared by the Labor eHerald. Even these selected extracts ran to 1,000 words. Furthermore, the Labor eHerald extract states specifically that the full 11,200-word document could be accessed as a PDF file. The full policy document, of course, has been in the public domain since its release.

The policy document cites a range of domestic and international agencies including the Australian Biosecurity Cooperative Research Centre at Curtin University of Technology, the Centre for Infectious Disease Research and Policy at the University of Minnesota, the US Centers for Disease Control and Prevention, the US Secretary of the Department of Health and Human Services as well as the Regional Director of the World Health Organisation. In the preparation of the document, my office inadvertently neglected to insert citations in seven paragraphs of the 11,200-word document—paragraphs of an entirely descriptive nature referring to the scientific definition of the H5N1 virus, its historical impact on humans as well as the history of earlier flu pandemics. My staff have assured me that this was an inadvertent error, given that the document elsewhere extensively cites the work of a range of international and domestic agencies. This contrasts with the agriculture minister’s statement that this 11,200-word document contains no attributions.

Significantly, the agriculture minister is totally silent about the document’s actual policy recommendations—the whole point of a policy document in the first place—
because these are the recommendations which the government has sought to respond to in the debate which Labor has generated on this important matter of Australia’s foreign policy and national security policy over the last 12 months or more. I am advised that in the period since September 2005 we have had a total of $122.3 million in Australian aid allocated to this important task and, as I said before, it is an area where more work still needs to be done.

Finally, the agriculture minister failed to make any reference to the following rider, which is clearly inserted on page 3 of the policy document, which reads as follows:

Although at the time of publication, Labor made all reasonable efforts to verify the information cited in this document, given the resource constraints facing the Opposition, Labor is unable to provide an absolute guarantee that it is free from errors, inaccuracies or omissions. Labor expressly disclaims liability for any errors, inaccuracies or omissions or any actions taken in reliance thereon.

Labor is proud of the fact that we have been a significant contributor to the preparedness debate in relation to the H5N1 virus. There are still major gaps in regional preparedness: in surveillance strategies, diagnostic facilities, public health preparedness, veterinary health preparedness, public education, farming practices, vaccine and antiviral availability, contingency planning and administrative coordination. This should be a high priority for the Howard government in making Australia and the region maximally prepared for the terrible day that the H5N1 virus changes from animal-to-human transfer to human-to-human transfer—the day that we face a pandemic with grave consequences for our nation. (Time expired)

**Braddon Electorate: Polyethylene Project**

**Mr BAKER** (Braddon) (7.44 pm)—I rise this evening to inform the House of a great local company in my electorate of Braddon and an exciting project which could create as many as 20 new jobs. MES (TAS) Pty Ltd was established in north-west Tasmania as a supplier of mining equipment and supplies, particularly for mines on Tasmania’s mineral-rich west coast. In recent years, the company has sought to manufacture its own products rather than importing all of its stock from interstate.

Recently, MES decided to manufacture polyethylene pipe, while relocating the business to a new facility near Wynyard, west of Burnie, in north-west Tasmania. This company has invested significant funds into the introduction of new, specialised equipment that will make it possible to produce polyethylene pipe customised to order. I understand the company will be the first in Tasmania to be able to produce this pipe, for which there is a growing demand in our resurgent mining industry and also interstate.

I am pleased to say that the Australian government is a major player in assisting this company to develop the project. Under the Sustainable Regions Program, the Australian government is providing a grant of some $165,000, including GST. This funding has given the company the confidence to install not one polyethylene production line, as originally planned, but two. While it was expected that the project would create seven new full-time jobs, now with two production lines soon to be installed it is hoped to create as many as 20 new jobs.

The introduction of the polyethylene pipe production capability within Tasmania is also expected to assist to reduce costs for the local mining industry and provide better products in response to their needs. The company has also just opened an outlet interstate, at Bendigo. Importantly, the new capability will also enable MES to expand and diversify into supplying other industries, right across the board, including agriculture.
Last week, I had the privilege of visiting the company and its production line. I was very impressed with the state-of-the-art equipment. When operational, the two new production lines will have the capability to produce varying widths, lengths and sizes of pipe, depending on what is needed by the customer.

The driving forces behind this company, David and Kylie Kenworthy and their staff, are displaying through this project the confidence, ingenuity and vision that is needed to thrive in a regional business. For these types of individuals and companies to invest such large sums of money just demonstrates the confidence that is out there in regional Australia now. Under their direction, this company will continue to grow and prosper. It is a fine example of an innovative and successful business located in regional Australia.

Up to $12 million was originally made available under the Sustainable Regions Program to support projects within the Cradle Coast region of north-west Tasmania that will provide long-term strategic benefits to the community. I understand that well over $11 million has been committed to myriad projects, with outstanding success. These projects are now reaping success, and they are developing employment, businesses and industries that will thrive well into the future.

While at times those on the other side have criticised the Sustainable Regions Program and various other programs which provide direct assistance to regional Australia, we on this side are getting on with the job and helping people like David and Kylie Kenworthy to realise their vision and deliver new job opportunities in regional Australia.

I must make special mention of the work of the tireless Cradle Coast Authority in supporting the regional program in north-west Tasmania. In particular, I would single out Roger Jaensch and Karen Hampton, who have worked with north-west companies on their submissions and advised the government on the allocation of funding. This is an independent authority that provides recommendations based on what projects would be the most successful. Their efforts are most appreciated. The coalition government’s Sustainable Regions Program, with their help, is an outstanding success in regional Australia, and it will continue to deliver benefits, investment opportunities and employment in regional Australia.

**Indigenous Communities**

Mr JENKINS (Scullin) (7.49 pm)—On 18 January, Senator Chris Evans, the Leader of the Opposition in the Senate, as the shadow minister for Indigenous affairs, made the following comments in a media release. He did this following the release of the survey on child protection released by the Australian Institute of Health and Welfare, a report that painted a grim picture of all children in protection but particularly Aboriginal and Torres Strait Islander children. The findings showed that Indigenous children were vastly overrepresented. In this release, Senator Evans said:

‘While Labor acknowledges the sensitivity of these issues, this should never be used ... as a reason to justify inaction.

‘The abuse and neglect of any child is completely unacceptable.

‘Unfortunately, it seems clear that particular problems exist in Indigenous communities, and Labor is committed to working to identify ways forward to improve this situation.

‘This is not an Indigenous culture problem, it is a social problem that we need to try and overcome.’

He concluded:

‘The report shows that there is [an] urgent need for coordinated national action involving Indigenous leadership to address these problems in the future.’
Three weeks later, on 7 February, Minister Brough was installed as the Minister for Families, Community Services and Indigenous Affairs. Four months later, after visiting different communities over a period between his appointment and now, Minister Brough has discovered the issue and put it on the agenda.

I do not mind things like this being put on the agenda. I mind if it is done in a sensational way and then, that being done, it is done in the context of putting up simplistic solutions. I also object when ministers in this government—and this is yet another example—place on the national agenda a very important topic but will not come into this chamber, make a ministerial statement and allow that important topic to be debated. Question time is not the vehicle for that debate to be carried on. As I have said before, Mr Speaker—and I hope that you understand, as other occupants of the chair have done, that this is not a reflection on the way the chair operates here—the rules of engagement of question time mean that it is an inappropriate way of floating problems and floating solutions.

What we have seen over the last week is an inability for us to sit down in a calm, cool and collected way to discuss this in a bipartisan way, which is the only way of going forward. It is just too simplistic and knee jerk to have the Acting Prime Minister talk about the measures that are necessary to target child abuse and family violence in Indigenous communities. The measures include additional policing, bringing offenders before courts and proper penalties. We agree that there is no cultural or other justification for offences, as the Acting Prime Minister said, but surely the government must see that there must be more in the efforts than simply the policing in the way that they have described. They do not even describe it in the context of community policing, actually having the police in the communities—not just putting the perps behind bars but assisting the victims and assisting the communities to tackle the problems.

I hope that somewhere in all this discussion there is a broader agenda. But bring it in here, allow us to understand it and do not abuse us because we say there has to be more. We do not decry that an aspect of this has to do with putting police into the communities and ensuring that the victims can come forward. But do we talk about the increase in legal services to allow the victims to confidently come forward and offer them some protection through the judicial system? Do we look at the other aspects, the reasons that lead to this type of violence—the poverty, the dysfunction? These things have bases in things that have gone on for generations: the lack of employment, the lack of education, the appalling health, the appalling housing. We can go forward together to achieve in a bipartisan way in this place, with the state and territory governments, and importantly with the communities and Indigenous people themselves. (Time expired)

Mr Tom Quinn OAM

Mr NEVILLE (Hinkler) (7.54 pm)—Tonight I would like to pay tribute to a local Bundaberg man: Tom Quinn. Tom is a man for all seasons, literally. He took early retirement from his accountancy profession and Qantas in 1978 and made the move to Bundaberg from Sydney. But I think retirement was the last thing on his mind. On arriving in Bundaberg he took on an aviation consultancy role and lectured at the Bundaberg College of TAFE and Bundaberg’s CQU campus. He became the first CEO of BACAS, our group apprenticeship scheme, which he ran for 14 years.

He also held the positions of state and federal president of Group Training Australia at various times. Towards the end of this pe-

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period Tom enrolled at the University of New England and graduated in law in 2001. After completing his professional year in Brisbane, with all the young bucks of the profession, he was admitted to the bar in November 2003 at the age of 75. Since then he has undertaken more than 400 pro bono cases for people unable to obtain legal aid. A colleague recently estimated the notional value of his contribution to the law as being in the vicinity of $1.2 million.

To undertake a third career in one’s 70s is quite exceptional, and what Tom has done for the most deprived people, who could never have had their day in court, is a generous and crowning glory to an already distinguished career. He received a number of honours, but two of the most outstanding were a Masters of Business from the Central Queensland University in 1995 and the Medal of the Order of Australia in 1997.

Tom has made two other exceptional contributions in his plethora of community involvements. Along with engineer Lex Rowland and I, Tom helped set up the rescue of Bert Hinkler’s Southampton home from the UK in 1982. At the time the house was marked for demolition. After some intensive fundraising and a lot of hard work by the Bundaberg East Rotary Club and Bundaberg’s construction sector, the house was dismantled brick by brick, transported to Australia in two 20-tonne containers and rebuilt in the Bundaberg Botanic Gardens. It was opened by Sir Joh Bjelke-Petersen in 1984 on the day he was knighted. The house is now the centrepiece of Bundaberg’s Botanic Gardens and has seen more than 400,000 visitors. The vision will soon be completed by the Hinkler Hall of Aviation, to which the Commonwealth government has contributed $4.5 million.

The other significant event in Tom’s life was the development of a community centre named in his honour. In 2000 he floated the idea of restoring a derelict waste management building and transforming it into a centre for young people with ADD. His plan blossomed well beyond that and a range of services, business houses and Work for the Dole programs have since helped restore the building to its original finery. It now houses a range of community services focusing on deprived and disengaged youth, and others serving community service orders, and people in need of training. The centre contains a furniture restoration shop, a bicycle construction business, a training kitchen and a range of counselling and skills programs. It was opened in November 2002 and was named in Tom’s honour. It is a beacon of hope for some of our town’s most deprived.

Last week business representatives, Salvation Army leaders and many of the centre’s clients gathered not only to launch the Red Shield Appeal at the centre but to honour Tom, whose Archibald portrait by Ann Grocott was unveiled locally and presented to the centre. It will hang in the centre as a mark of respect for the amazing amount of work that Tom has done in our community. I met some lawyers at the function who are going to take over Tom’s work. Tom is now reaching the time when he must go into his third retirement. It is only fitting, when someone has made such a huge contribution and has been so honoured by his colleagues, his peers and the Salvation Army community that he serves, that we in this parliament should acknowledge him also.

**Eileen Goss**

Ms CORCORAN (Isaacs) (7.59 pm)—I rise to pay tribute to Eileen Goss. Eileen was born Eileen Ryan on 5 March 1919 in East Brunswick. She died on 4 March 2006, just short of her 87th birthday. She was a long-time member of the Mentone branch of the ALP, joining early in the 1970s. She attended
meetings until just a few years ago. Ellie, as she was often known, held branch meetings in her lounge room in Mentone for many years before the meetings moved to other premises. Ellie held the positions of treasurer and secretary at various stages. Ellie’s daughter Sue Waltho and son-in-law Peter are also proud members of Mentone ALP and tell many stories of Ellie embarrassing them at local fundraisers. For her funeral Sue wrote a poem for her mother:

I speak your name with love and pride
I smile through the tears that I cannot hide
A special person you have been
The greatest Mum the world has seen.
A special smile, a special face
And in my heart a special place
The gates of heaven have opened wide
A lovely lady has stepped inside.

The SPEAKER—Order! It being 8 pm, the debate is interrupted.

House adjourned at 8.00 pm

NOTICES

The following notices were given:

Mr McGauran to present a Bill for an Act to amend the law relating to fisheries, and for related purposes. (Fisheries Legislation Amendment (Foreign Fishing Offences) Bill 2006)

Mr McGauran to present a Bill for an Act to amend the Plant Health Australia (Plant Industries) Funding Act 2002, and for related purposes. (Plant Health Australia (Plant Industries) Funding Amendment Bill 2006)

Mr McGauran to present a Bill for an Act to establish a Do Not Call Register, and for other purposes. (Do Not Call Register (Consequential Amendments) Bill 2006)

Mr Brough to present a Bill for an Act to amend the law relating to social security, veterans’ affairs, family assistance, family law, child support and taxation, and for related purposes. (Families, Community Services and Indigenous Affairs and Other Legislation (2006 Budget and Other Measures) Bill 2006)

Mr Ian Macfarlane to present a Bill for an Act to amend legislation relating to energy, and for other purposes. (Energy Legislation Amendment Bill 2006)

Mr Rudd to present a Bill for an Act to amend the Royal Commissions Act 1902, and for related purposes. (Royal Commissions Amendment Bill 2006)

Mr Nairn to move:
That, in accordance with the provisions of the Public Works Committee Act 1969, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: Fit-out of new leased premises for Centrelink at Greenway, ACT.

Mr Martin Ferguson to move:
That this House:
(1) recognises that:
(a) anti-personnel mines are a tragic legacy of war causing tragic devastation to individuals;
(b) anti-personnel mines represent a huge barrier to combating poverty and improving the livelihoods of people and communities in more than 80 countries; and
(c) while 151 countries have now joined the ‘Mine Ban Convention’, the non-signatories to the convention include the largest producers and stockpilers of anti-personnel mines; and
(2) calls upon the global community to reinforce its commitment to encourage all nations to commit to the Mine Ban Convention and to work co-operatively on mine clearance efforts, survivor assistance, mine risk education and integrated mine action programs that assist survivors to rebuild their livelihoods.

Mr Keenan to move:
That this House reaffirms that:
(1) every Australian is entitled to the full protection of Australian law;
(2) cultural practices in any community do not lessen that protection; and
(3) human rights override cultural rights. (Notice given 24 May 2006.)

Mr Georganas to move:
That this House:
(1) notes the alarming and ongoing increase in fuel prices in Adelaide’s western suburbs and across Australia;
(2) recognises the severe implications of exorbitant fuel prices for family budgets, and both community groups and the volunteers on whose efforts they depend;
(3) acknowledges residents’ concerns about reported instances of possible price gouging practices within the petroleum refining and distribution industry; and
(4) asks the Treasurer to direct the Australian Competition and Consumer Commission to formally monitor prices under Part VIIA of the Trade Practices Act 1974. (Notice given 24 May 2006.)

Mr Georganas to move:
That this House condemn the Federal Government for:
(1) failing to adequately fund healthcare in Australia;
(2) its role in causing the current doctor and nurse shortage in Australia; and
(3) Failing to adequately address this shortage. (Notice given 24 May 2006.)

Mr Stephen Smith to move:
The DEPUTY SPEAKER (Hon. IR Causley) took the chair at 9.30 am.

STATEMENTS BY MEMBERS

Deakin University Parking

Ms BURKE (Chisholm) (9.30 am)—I am extremely disappointed with the City of Whitehorse, which has granted a permit allowing car parking dispensation for Deakin University’s new International Centre and Business Building. So disappointed am I that I have written to the Victorian Civil and Administrative Tribunal as an objector and have requested that they review the decision. By allowing Deakin University to reduce the number of car parking spaces it would normally have to allocate, traffic along Burwood Highway and Elgar Road will become even more congested than it is already. I feel that the Whitehorse City Council, in making its decision, has not taken into consideration the views of local residents, who are already extremely frustrated at the level of congestion on the roads in our neighbourhoods. Last week I wrote to the residents and asked them how they felt about council’s decision. Every single Burwood resident who has contacted me is fiercely opposed to it. They rightly fear that an increase in congestion will result in an increase in traffic accidents. They are deeply concerned about the dangers this will pose to schoolchildren, including those at PLC and Wattle Park Primary School. Here I must declare an interest, as my child goes to Wattle Park Primary School and I drive this intersection every day and know it intimately.

Local residents without garages already find it virtually impossible to find parking. Those who do find parking say that it is almost impossible for visitors and guests to do so. Local businesses are already losing trade because shoppers cannot find a place to park. One local business operator who has run a successful bike shop in my electorate for a long time is contemplating closing down because he fears that the further loss of public car spaces will force him out of business. I initially wrote to council on 28 February this year to express my opposition to Deakin University’s car parking dispensation. The West of Elgar Residents Association has strongly opposed car parking dispensation for Deakin University’s new business school, as have local traders, who have contacted me about this issue.

While I celebrate Deakin University and proudly proclaim in my community and in this place the great role it plays as a fantastic higher education institution, I do not believe that the university’s needs come before those of the local residents. I feel it should take responsibility for its own car parking, rather than place extra pressures on our local roads and public car parks. We have had an ongoing dispute with Deakin University, which will continue, about access to the university site and a proposal for a rather large and ugly bridge over our beautiful parkland. Again, I must declare an interest, as I walk my dog along that reserve most mornings when I am at home. This is a passionate local issue for me but it is one that is really having an impact on the local community. Previously, the site of Deakin University was a small teachers’ college. It has morphed into a university and it has not taken into consideration the fact that it is smack bang in the heart of suburbia. I strongly oppose this permit. I hope that it will be overturned. We must not ignore the negative impact that increased congestion will have on our local communities.
Mr LINDSAY (Herbert) (9.33 am)—Yesterday I revealed a conspiracy being run by the Queensland Labor government in relation to my electorate of Herbert and the federal government. It will not surprise you, Mr Deputy Speaker, that the matter is road funding. We need a new port access road in Townsville. In fact, there is not one at the moment in the location where it is proposed that it be built. There is a $3 billion aluminium refinery project in the pipeline that Townsville may win and we need a port access road to service that project.

The state government have been working against the federal government and against the interests of my electorate by denying me any information on what the cost of this road might be. The Queensland state government are the design and construction authority. They cost the project. More than a year ago, in the interests of my community, I went to see the state Minister for Transport and Main Roads, Paul Lucas, who I think is quite a decent fellow. We get on very well. He promised that he would give me the information so that I could come to the federal government and fight for funds for that road. That information was not forthcoming, despite follow-ups on my part and despite the fact that our local state member, Lindy Nelson-Carr, is the Parliamentary Secretary to the Minister for Transport and Main Roads. Despite the fact that she is in Townsville and she understands the need for this project, I was given no information.

Of course, when the federal budget was brought down, there were no funds allocated for the port access road because we do not know what the cost will be. The Labor Party proceeded to give me a public flogging. They cannot have it both ways. They cannot not give me the information and then properly give me a public flogging. Yesterday I was able to release the letter from the minister, which has come in now, two weeks after the budget— that is the conspiracy—and I find that the cost of the road project has increased from $10 million five years ago to $190 million today, and will probably be more in the next few years.

When the member for Mundingburra was asked about her position in not supporting the city, her spokesman said—she did not say—that I was running scared with the federal election due next year. I am not running scared. The people of Townsville will know which has been the delaying authority in this regard. They will know that I have, apparently wilfully, not been provided with information so that I can get the money included in the next budget. I am determined now to make sure that we do get the money for the port access road, the most needed road project in North Queensland.

Ms ANNETTE ELLIS (Canberra) (9.36 am)—This morning I want to talk about a wonderful community program in my electorate called the Safety House Program. I recently had the honour of accepting an invitation by Safety House Canberra to be one of their copatrons. Last night I had the pleasure of attending a dinner here in Canberra hosted by Chief Police Officer Audrey Fagan of the Australian Federal Police in the ACT celebrating Safety House Day, which occurred on 5 May. Safety House, as many of you will know, is a wonderful program that began in Victoria some years ago. In Canberra, with a population of 320,000, we have over 600 safety houses spread throughout the community. These safety houses, of course, are offered up by members of the community as an insurance policy, in my mind. It is hoped that they will never be needed, but members are willing to participate in the protection of community members should that be necessary.
I have, along with many other members of this place, the pleasure of my office in Tuggeranong business town centre being a safety house on a commercial level, and it has been for some years. So my connection to the Safety House Program is long and very strong. I want to pay a definite and distinct compliment to Shirley Cowan, who is the current president and has been for some years of Safety House ACT, and to her very hardworking committee. At the dinner last night celebrating Safety House Day, there were many members of the community who have been members of the safety house committee for some time. They have put their time and commitment to their community very much upfront in their dedication to the Safety House Program. It is a very good program. The liaison and relationship between the safety house committee, all of the people who offer their premises or homes as a safety house refuge and the Australian Federal Police at the community policing level also have to be recognised and complimented.

As I said at the outset, this is a bit of an insurance policy, really. Most people in the room at the dinner last night agreed that their measure of success is that someone will never need to knock on their door. But, should they have that need, then they are prepared to be a very active part of the fabric of our community and to offer themselves up as a support network to their local families, children and anybody else for that matter who may find themselves in need of emergency assistance. So I commend the safety house committee of Canberra to the House. I compliment and congratulate every one of them involved in this wonderful program. As I said, there are over 600 houses in this small community. I also want to commend the Woden Tradesmen’s Union Club, which is now a very strong financial supporter of the Safety House Program in the ACT. (Time expired)

Paterson Electorate: Rural Fire Service

Mr BALDWIN (Paterson—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (9.39 am)—On 20 May I had the honour to present three national medals to members of the Rural Fire Service at Tuncurry. Neville Keith Turton is one of the founding members of the Tuncurry Rural Fire Brigade. Neville joined in 1956, holding the rank of senior deputy captain for 41 years. Neville has maintained his level of efficiency, continually being available for operational call-out and community service. Since he stood down as senior deputy captain, he has held the position of permit-issuing officer and continues to give good service to the brigade. Neville was elected to life membership of the brigade in 1990.

I also presented a medal to Keith Edward Gleave. Keith joined Coomba Park Brigade in 1984 and was active until 2002, serving as captain from 1989 until 1998. Highlight events were fundraising to purchase a category 9 appliance in 1992 to supplement the category 1 and 2 tanker trailers. In the bad fire season of 1991 Keith was in command of the Coomba area of brigades from Bulahdelah, Bungwahl, Pacific Palms, Green Point and Tuncurry. Keith was active in training members of his brigade and others, being a rural training coordinator until 1999. During his period of training he trained many individuals who now hold or have held responsible positions in the Rural Fire Service, both volunteer and salaried. These include one DFCO, five group captains and three brigade captains. In all, over 200 firefighters have had some training or assessment delivered by Keith.

I also presented a medal to Colin Robert McCarthy. Colin joined the Tuncurry Rural Fire Brigade in 1990 and during his 15 years service he served as deputy captain from 2003 until 2004. Colin obtained crew leader and rural fire instructor qualifications, and through his ef-
forts the communications group and fire boat crew were organised and trained, while he was still filling in for the training officer as required. Colin is consistently available for operational call-outs and community work including strike force deployments around the state. Colin has received life membership of the Tuncurry brigade.

Also on Saturday I joined the Mayor John Chadband and the state member John Turner in presenting 50 ACT medals to those from my area who came down to Canberra to fight the bushfires in January 2003. I am extremely proud of the members of my Rural Fire Service and, indeed, of all emergency service personnel. These people are prepared to put their lives on the line for people they do not know. This is the spirit of Australia, when people are prepared to take such steps. In talking and reflecting with members at this function I was amazed to discover how many have been called away on Christmas Day, just as they have sat down to lunch—time away from their families so they can defend the assets and lives of other families in our community. I am proud of them and I know the whole of our parliament would reflect on how proud they are of their serving men and women of the Rural Fire Service.

Mr GEORGANAS (Hindmarsh) (9.42 am)—I rise this morning to speak on behalf of people within Adelaide’s western suburbs, especially the suburbs of Camden Park and Edwardstown. These people were left without telephone lines recently and would like to see Telstra given more incentive to repair telephone services in a speedy manner. Telstra has a customer service guarantee which specifies what they pledge to do within certain time frames, and what they will pay the consumer if they fail. The concept of a customer service guarantee is, I think, just as important for such a company in full public ownership as it is in mixed ownership or some other ownership structure.

A recent problem saw Telstra extend to affected customers the interim telephone service. In one case this was coupled with an interim telephone answering machine to minimise the disruption of the service break for the customer through incompatible technologies. This is one instance where you can watch what they do, nod and say to yourself, ‘Good on them for that.’ Constituents are less reassured by the fines imposed on Telstra for failing to meet their customer service guarantee. The guarantee states that, if Telstra fails to connect or repair the service within the specified time or on an agreed date, a payment of $12—a measly $12—for residential or charity customers, or $20 for business customers will be incurred. It might be payable for each day it takes to fix the problem over the prescribed time or for up to five working days. Beyond the initial five days delay, customers may be entitled to receive a payment of a mere $40 per additional working day of delay. I suspect paying fines like these, which are about the size of a parking ticket to most of us, would mean less to Telstra than any statistics showing customers whose needs were not met by the customer service guarantee. Customers who under some strange set of circumstances were not adequately serviced in 2002-03 through to 2003-04 received an average fee of around $24.

Telstra’s fines amount to approximately $2 million per year. Failure by Telstra to meet the customer service guarantee might not be such an inconvenience within households but I question whether the same can be said for businesses where multiple people are reliant on telephone and other services for the generation of thousands of dollars each and every week just to keep their doors open. A $40 fine per day is not likely to reflect the inconvenience, loss of opportunities and costs of having no business communications, nor is it likely to give Telstra...
additional resolve to meet their deadlines and restore services. Negative publicity would be much more harmful than such insignificant costs. I suggest that customers would be more likely to receive the very best service if Telstra’s inconvenience were more in proportion to their own. In light of the sale of Telstra, as we head towards its full privatisation, it is certainly an area that should be looked at. I encourage this government to ensure that those fines are increased. (Time expired)

Flinders Electorate: Primary Schools

Mr HUNT (Flinders—Parliamentary Secretary to the Minister for the Environment and Heritage) (9.45 am)—I want to refer today to the good work of not just the schools but also the school committees and boards within the electorate of Flinders. In particular I am delighted to be able to announce to the House 17 Investing in Our Schools grants, which I have only just received notice of, for primary and secondary schools within the electorate of Flinders. I think these are tremendous rewards in recognition of the work done by these primary and secondary schools.

I would like to mention them. Baxter Primary School received $142,000 for a building extension. Bayles Regional Primary School, a small school at which the staff do a tremendous job, received $144,000 for building refurbishment and extension. Bittern Primary School received $82,000 for a range of activities. Cowes Primary School, which suffered a catastrophic fire only a small number of years ago, received $149,000 for playing field development. Dromana Secondary College got $150,000 towards an upgrade of the oval, which will be used as a community sports facility and in particular as a synthetic running track, and I think that is an outstanding outcome for David Barclay, the principal, and for the students, parents and community around Dromana Secondary College.

Eastbourne Primary School received $150,000 for a hard court playground and classroom upgrade. Lang Lang Primary School got $142,000 for a shade structure, playground equipment and sporting infrastructure, and as it is a rural primary school it is extremely important that it has full support and these community services. Mount Martha Primary School received $85,000 for music and building construction. Osborne Primary School received $32,000 for airconditioning, furniture upgrades and pathways. Pearcedale Primary School received $100,000 for classroom construction. The Peninsula Special Development School, which does such wonderful work for children with disadvantages, received $79,500 for hall refurbishment and sporting equipment. Rosebud Primary School received $122,000 for airconditioning and walkways. Rosebud Secondary College received $150,000 to contribute towards the Performing Arts Centre refurbishment, which is an outstanding community asset. San Remo Primary School received $69,500, for building refurbishment and playground upgrade. Summer School received $61,000 for play equipment. Tooradin Primary School got $106,000 for the playground redevelopment, airconditioning and heating, and Tyabb Railway Primary School received $95,500 for grounds and building upgrade. Next round we will look at those other schools that have not yet been successful. Congratulations to all 17 schools involved. $1.8 million, and each of them deserves the grant. They do a fantastic job.

David Hicks

Mr McMULLAN (Fraser) (9.48 am)—I want to use this opportunity to raise once again my concerns about the treatment of David Hicks and about the continuing operation of the Guantanamo Bay detention centre. It is humiliating to Australia that one of our citizens has
had to seek to exercise a right to British citizenship to get a shot at justice. However critical one might be of the Blair government’s policy on Iraq, they have been unequivocal about Guantanamo: it is no place for British citizens to be held because they will not get justice. Australia should say the same. Tony Blair has said that Guantanamo should close; the Australian government should do no less. Jack Straw, the former Foreign Secretary, has said correctly that it was as a result of his diplomacy that all the British citizens held at Guantanamo Bay were released. I wish our foreign minister could make the same claim. In fact I wish he had even tried.

Even former Prime Minister Berlusconi of Italy and Chancellor Merkel of Germany have expressed concerns but the Howard government has said nothing. Just calling for the closure is not enough. The people in Guantanamo are not saints and angels, and nobody wants to say, ‘Open the gates and let them all walk out.’ Through all the years we have had this debate, it has been extremely difficult to find an appropriate forum in which to deal with these people.

Clearly the military commissions are totally inappropriate, and no Western country except Australia accepts that its citizens should be tried there. I want to draw attention to a positive proposal that is circulating for an alternative to deal fairly with all the people in Guantanamo, including David Hicks. The proposal has been published by the Center for American Progress. If members wish to see it they can look at the website; all they need to do is remember the American way to spell ‘centre’ and they will find it quickly. The Center for American Progress is proposing a special tribunal for international terrorist suspects, based on the models developed for Lockerbie and for the International Criminal Tribunal for the former Yugoslavia.

I do not agree with absolutely everything in this paper, but I think it is the best, most positive proposal about saying, ‘We need to give justice even to people accused of the most terrible crimes.’ We gave justice to the people who were charged with blowing up the aircraft over Lockerbie—in which a friend of mine was killed. They should have had justice. They should have been tried fairly, and they were. David Hicks should get no less. All those other people in Guantanamo should get no less. It is a blot on the record of the Howard government that they stand idly by, cheering from the sidelines, while our citizen has been 4½ years in detention without trial or charge. They have been saying it is appropriate and they have done nothing. They are the worst Western government in the world on this matter. (Time expired)

**Stirling Electorate: Community Water Grants**

**Mr KEENAN** (Stirling) (9.52 am)—I rise to speak about a happier subject, but before I do I think we need to completely reject the notion that somehow military justice is some sort of kangaroo court.

**Mr McMullan**—The military commission is; it’s not military justice.

**Mr KEENAN**—I think the member for Canberra is completely mistaken in his inference that somehow that is the case.

**The DEPUTY SPEAKER (Hon. IR Causley)**—We are not debating the issue across the chamber. The member for Stirling has the call.

**Mr KEENAN**—I would like to move on to more pressing matters in my electorate. As we all know, Australia faces a great challenge to better manage our scarce water resources now and in the future. In my electorate of Stirling the community has taken up this challenge, with
a number of local projects successfully applying for funding under the federal government’s Community Water Grants program. Millions of litres of water are set to be saved in Stirling, thanks to funding of $127,000 received through community water grants announced in the first funding round of this program.

Last week I had the great pleasure to present one local primary school with a commemorative plaque in honour of their $50,000 school efficiency project that will save an incredible 14,200,000 litres of water each year. Deanmore Primary School in Karrinyup has put together a sprinkler efficiency project that will reduce the amount of ground water used to irrigate its sports ovals through the use of more efficient sprinklers, watering at night for less evaporation and reducing watering times. The school has calculated that the project will save up to 45 per cent of the ground water currently used to irrigate the school’s turf areas, which will in turn save on electricity and labour costs as well as reduce greenhouse gas emissions. It will give students and the local community greater access to the oval, which is now restricted by the presence of surface pipes and wet areas when the sprinklers are operating. Importantly, it will provide practical study examples to increase the awareness of students of water-wise practices.

Deanmore Primary School’s amazing project is proof that even the smallest of local communities can take responsibility for achieving a sustainable and water-wise future. Everyone can and should play their part. I am proud to say that in my electorate of Stirling our schools, the local council and our local environmental groups are all volunteering for many hours to implement water-wise projects. It is an incredible commitment by them to conserve our most precious resource.

The Community Water Grants program is an excellent one that has been championed by the government, and it is part of the Australian government’s $2 billion water fund. The Community Water Grants program will make a real difference in the way that our community uses its scarce water resources, and I heartily commend the project.

**Calder Highway**

Ms VAMVAKINOU (Calwell) (9.55 am)—As part of my electorate’s ongoing campaign to procure funding from the federal government for urgently needed upgrading to sections of the Calder Highway, I want to present a further petition from 572 petitioners calling on the government to address this very pressing issue. With the petition I seek to table today and the one that I tabled during budget week, we have a total of 1,064 petitioners—and there are lots more coming. My constituents will not let this issue rest until the federal government takes the action necessary to restore safety and efficiency to the Calder Highway.

As I have mentioned before in this place, the Calder Highway, which services the people of Sunbury, is a major regional highway that serves as a major freight route and a commuter route into the city. As a regional highway, it is vital to the regional development. However, its increasing use has put pressure on commuters because it has become seriously congested, therefore dangerous, between the intersections of Kings Road, Sunshine Avenue and Calder Park Drive. There have been a record number of serious traffic accidents, which have resulted in deaths, injuries and endless delays for motorists trying to go about their daily lives and business.
My constituents, particularly the many thousands who use the road on a daily basis, are concerned about this dangerous road. I have received many letters, but I seek leave to table one in particular, from Mrs Nola Hamilton from Sunbury, who has asked me to bring her case to the attention of this chamber. I will read Nola’s letter:

In 36 years I have lost three family members: my brother in 1970 aged 20, my father in 1973 aged 44, and my sister in 1999 aged 46, all due to car accidents in roads in Victoria. Is this a good enough reason for fixing the Calder Highway mess? I am now raising my sister’s children with my own. I dread Monday to Friday every week when my daughter drives the Calder and turns down Sunshine Avenue to her teaching position in Keilor. Please present this letter with your petition.

Mrs Nola Hamilton.

Nola’s story is heartbreaking because of the precious lives that were lost and cannot be replaced and the devastation that road deaths cause to those left behind who have to live with the consequences of these tragedies. It is unacceptable that motorists who use the Calder continue to risk their lives by driving on dilapidated, dangerous and overcrowded roads.

Calder was formally declared a road of national significance more than four years ago, which means that it is the joint responsibility of the state and federal governments. The Victorian government has recognised the vital importance of these road improvements and has agreed to shoulder half the costs of fixing the Calder. The Victorian government’s $40 million is already on the table. It now requires the federal government to provide the remaining half so that these urgent repairs can be made.

Large signs erected along the Calder Highway warning people that they are travelling in high accident zones acknowledge that there is a serious problem, but it is by no means a satisfactory or sufficient way of fixing it. We need to have these upgrades done as a matter of urgency. The federal government must commit to road improvements that will in fact save lives. Until such time as these works are funded—and therefore allowed to proceed—the people in my electorate will continue to petition the government. In the strongest possible terms, I call on the federal government to provide the remaining half so that these urgent repairs can be made.

The DEPUTY SPEAKER—Is leave granted to table a petition?

Mrs Gash—Yes.

The DEPUTY SPEAKER—The member for Calwell should check with the clerks to see that the petitions comply. They can be accepted as long as they comply.

The petition read as follows—

To the Honourable Speaker and Members of the House of Representatives assembled in Parliament:

This petition of certain citizens of Australia draws to the attention of the House the dangerous and congested condition of the Calder Highway between the intersections with Sunshine Avenue and Calder Park Drive. We call on the House to:

(1) Acknowledge that this section of the Calder Highway is in desperate need of upgrading;

(2) Guarantee funding for the construction of proposed interchanges at Kings Road, Calder Park Drive and Sunshine Avenue;

(3) Subsequently enable the intersection with Robertsons Road to be closed; and

(4) Support general improvements to the Calder Highway.

from 572 citizens

MAIN COMMITTEE
Burnett State College

Mr NEVILLE (Hinkler) (9.58 am)—Last week I had the pleasure of officially opening the new administration block at Gayndah’s Burnett State College, which is an amalgamation of the Gayndah State High School and the Gayndah campus of the Wide Bay Institute of TAFE. It is a very interesting model, where the principal of the high school is also the principal of TAFE. Gayndah is a small but significant town in my electorate, best known for its citrus production. I applaud the local community for supporting the creation of this new education facility. In fact, honourable members who buy citrus this week in the supermarkets will notice that it comes from Gayndah. The cycle at present is going to fruit—

Mr Danby—Can you fix us up with bananas?

Mr NEVILLE—Not bananas, but we can fix you up with mandarins. If you look for the sign ‘Gaypak’ you will notice that it comes from my electorate. The Australian government has fully funded this $472,000 project and, by doing so, has given the local students more educational opportunities into the future. The block is a multipurpose building comprising staffroom, amenities and adjoining interview room with facilities, which will be available for the public and community to use at night, including for TAFE lecture courses. Gayndah State High School was originally opened in 1963 with enrolment of 135 students. Since then it has developed into a leading secondary education unit for the district.

With the additional bonus of offering trade and technical courses, Burnett college will draw senior students from throughout the North Burnett region, from towns like Eidsvold, Mundubbera and Biggenden. These students will now have the chance to complete their secondary education whilst gaining valuable skills in the areas of engineering, business, office administration, information technology, horticulture and child care.

While the majority of the funding for this new facility came from the Australian government, the school was also involved in contributing $8,000 worth of landscaping and additional fixtures and fittings for the project. The parents of students at Gayndah State High School deserve special mention, in particular the P&C president, Liz Paton, because without this hard work and commitment to the school the project may not have got under way and developed in the way it did.

I would also like to congratulate the school principal, Greg Parry, a most focused and dedicated educator, his deputy, Louise Wood, and in particular the school gardener, Gordon Schneider, who has done a wonderful job in presenting this new administration building in landscaped gardens. We often build these things and they sit out there in some stark, colourless background, but to go to this new administration block was quite remarkable and a tribute to all those involved. I am proud that the Commonwealth put its money into such a project.

The DEPUTY SPEAKER (Hon. IR Causley)—In accordance with sessional order 193 the time for members’ statements has concluded.

CONDOLENCES: MR RICK FARLEY

Mr ALBANESE (Grayndler) (10.02 am)—Mr Deputy Speaker—

The DEPUTY SPEAKER (Hon. IR Causley)—Is the honourable member seeking indulgence?

Mr ALBANESE—Yes, I am seeking indulgence.
The DEPUTY SPEAKER—Before I grant indulgence, could I make a couple of comments. Indulgence is something that the chair can grant or deny, and I intend to grant indulgence on this occasion. It is an unusual indulgence. Each member will have to seek indulgence to speak. Secondly, I note that the Acting Prime Minister and the Leader of the Opposition were quite concise with their comments, and I ask members to cooperate and to try to be as concise as possible. Indulgence is granted.

Mr ALBANESE—Thank you, Mr Deputy Speaker. I rise today to honour one of my constituents, a man who was a uniter amongst the Australian people, Mr Rick Farley. Rick Farley connected communities and inspired many to follow him in pursuit of social justice for all Australians. The array of people who have paid tribute to Rick over the past week shows the extraordinary way he united usually disparate interests.

On Monday I had the honour of attending the celebration of Rick’s life at St Brigid’s Church in Marrickville, just up the road from my office. It was standing room only. The amazingly intertwined aspects of Rick’s life were all proudly represented. Rick’s partner, Linda Burney, spoke of her time with Rick with such amazing strength and love. She stated that she would miss most the sheer brilliance of his mind—clear, creative, pragmatic, brave and, very often, cheeky. Linda was, as always, an inspiration. In the past five very difficult months since Rick suffered a brain aneurysm, Linda has shown extraordinary courage and love.

Linda has acknowledged that she found it impossible to thank the hundreds of friends and community members who have sent messages of love and support over the past months. Linda did, however, include a few of these tributes in the program for Monday’s service. One said:
Rick’s contribution to Australia, both socially and ecologically, is his lasting monument.
Another said:
He was a fine Australian who cared for all Australians and was able to walk on both sides of politics and society at large.
A stranger to Linda wrote:
I have never met you or your husband though I did hear him speak twice. His intelligence, strength of character and outspoken moral principles enriched my life and gave me extra courage to actively pursue social justice goals. Australia has lost a great man.

There would be very few people, none I can think of more so than Rick, to whom at a celebration of their life people from right across the spectrum would come to pay tribute. People from the Cattlemen’s Union, the National Farmers Federation, Reconciliation Australia and social justice organisations were there paying tribute to Rick. Mr Pat Dodson’s eulogy, sent from Broome and read by his colleague Paul Lane, was quite extraordinary. In part, he said:
Our mate was a champion who carried the vision of reconciliation and justice for Indigenous people in his heart and in his hands ... He delivered where others posted, achieving against the odds, always creating spaces of opportunity where others could follow ... Our mate saw where bridges needed to be built and knew how to make the foundations. Our mate argued over and over again that we needed to use natural resources in a sustainable way, to protect the future of our nation.
If there was a theme running through Monday’s celebration, it was Rick’s relationship with
the land. The way he was able to bring together pastoralists’ and farmers’ interests with those
of Indigenous people, out of that respect, was quite extraordinary.

But what a life. He was born in Townsville in 1952 but grew up in Brisbane. He did it
pretty tough as a kid, losing his father when he was five. He and his sister were raised by his
mother, a nurse, who worked long hours to pay for her children’s education. Rick graduated
from the University of Queensland with a degree in drama and literature. His involvement in
politics while at university was peripheral, finding time to protest against the touring white-
only South African Proteas before going to the game the next day.

After graduating, he joined a touring theatre company and went to Nimbin, before heading
north to Rockhampton and becoming a journalist with a local newspaper. Rick later worked
for Dr Doug Everingham, the Minister for Health in the Whitlam government, and was acting
press secretary at the time of the dismissal. In 1976, Rick became the public relations director
with the Cattlemen’s Union, a role which, he joked, saw him shift from vegetarian to steak
lover, a role which allowed him to move eventually onto the national stage.

Rick became Executive Director of the National Farmers Federation in 1988 and it is this
work—skilfully handled on a range of controversial and sensitive issues, notably the negotia-
tion of native title legislation—for which he will be very much remembered. In his usual
frank manner, Rick explained his tactics by saying that he:

... always tried to destroy stereotypes and encourage different points of view. That’s why I’ve put farm-
ners in touch with environmentalists and Aborigines. I’ve had differences of opinion on politics with
rural groups, but they have been worked out over the years.

A division having been called in the House of Representatives—

Sitting suspended from 10.07 am to 10.23 am

Mr ALBANESE—Rick Farley had an astute understanding of the political climate in
which he worked. He was able to forge a bond between the National Farmers Federation and
the then Australian Conservation Foundation—with Phillip Toyne, the then head of the
ACF—to form Landcare Australia. Many years on, we can acknowledge that Landcare
changed the very way that farming practices occurred and built an alliance which has been
long lasting with regard to these issues.

From 1991, Rick was also a unifying voice on the Council for Aboriginal Reconciliation.
Those who worked alongside Rick Farley on the council have spoken of the way he would
quietly and movingly articulate the need to find a way to share our land. Rick would speak of
the need for a just and united Australia.

In this spirit, in 1993, Rick, along with NFF president Graham Blight, negotiated with the
Keating government on the native title legislation that followed the 1992 High Court decision
on Mabo which gave Indigenous Australians limited rights to the land they once occupied.
Other employer groups—miners and the then federal opposition—refused to even come to the
table to deal.

In 1995 Rick became a part-time member of the Native Title Tribunal and ran his own land
management consultancy business, helping to develop a joint venture cattle enterprise be-
tween Elders Ltd and the Aurukun Aboriginal community. Rick’s environmental and native
title work was a constant part of the rest of his life. He said his views were shaped by all
groups: farmers, conservationists and Aboriginal and Torres Strait Islander people. He said, ‘This is my Australia, warts and all.’

I came to know Rick as a neighbour in Marrickville and as the partner of Linda Burney, the state member for Canterbury, which is mainly in my federal electorate of Grayndler. I am proud to say I signed Rick up as a member of the Australian Labor Party, and he joined the Warren branch. He said at the time that he had been a candidate for the Senate here in the ACT for the Australian Democrats. Usually we have a waiting period in the Labor Party for people who have been members of other political parties. In Rick’s case, we welcomed him, and we welcomed him straightaway, because he was a quality human being—the like of which Australia has seen, in my view, very few. Australia is so much the poorer for losing Rick Farley. All Australians will miss him and, in particular, the local community where he lived the later part of his life will miss him. We pay tribute to him. We pass respect to his partner, Linda Burney, to his two children and other family members, and to his many thousands of friends throughout the nation.

Mr BRUCE SCOTT (Maranoa) (10.27 am)—I seek the indulgence of the Deputy Speaker and the Main Committee.

The DEPUTY SPEAKER (Hon. IR Causley)—Indulgence is granted.

Mr BRUCE SCOTT—I want to extend condolences regarding Rick Farley for two reasons: firstly, because of his involvement in the pastoral industry and organisations and, secondly, because he is the first cousin of my wife. Rick’s father and my wife’s mother were brother and sister. Whilst they did not grow up together in a close way because of their separation, they were aware of each other’s progress as children and throughout life.

When Rick Farley joined the Cattlemen’s Union as its executive director, it was a very difficult time for the beef industry. But, as one person who was involved in the agricultural politics of the time, I always respected the way that he was able to pick up an issue, focus on the issue and assist the president and the organisation of which he was director to fearlessly take the agenda forward to government of whatever political persuasion. He never sought favour with any political party when he was the director of the Cattlemen’s Union. As I said, it was a very difficult time for the beef industry, and in many ways he was the right person at the right time to help that organisation gain traction and gain recognition for the cause that the cattlemen of Queensland had on their agenda. At that time I was President of the Maranoa Graziers Association, and in many ways we worked together, although the Cattlemen’s Union was in fact a breakaway organisation from the United Graziers Association of Queensland. More recently, the Cattlemen’s Union, the grazing organisations and the grain growing organisations are all speaking with one voice as an amalgamated body.

He brought that same energy when he came to Canberra as the Executive Director of the National Farmers Federation. At that time, the National Farmers Federation had raised a great deal of money under the farmers fighting fund, which was used to take on some of the unions in relation to the waterfront. Once again, through his fearless approach he was able to take forward fearless advice to the National Farmers Federation and its executive.

Another role that he took on, which in many ways was ahead of its time but later proved to be at the right time, was his focus on land care. I had a great deal to do with Rick because of his decision to focus on the Landcare movement, which was driven as much by Rick as by a
very close friend of mine, Jock Douglas from Roma. They took up that issue fearlessly at a
time when you might say the farm organisations were rather resentful. Rick and Jock were
seen as perhaps not looking after the land when they believed they were looking after the
land. But we know now that Landcare is a nationwide movement, and both sides of parlia-
ment see the need for the government to make an investment in the sustainability of the na-
ton’s land resources—be they farming lands, crown lands or our national parks. That whole
movement of Landcare was an issue that Rick Farley took forward. As a great communicator
he was able to send a very clear message across Australia through the organisations that then
came on board.

I feel I speak on behalf of the many thousands of friends that he had and associates that he
worked with during his life in the Cattlemen’s Union, the National Farmers Federation, the
Landcare movement and Aboriginal reconciliation. I know that he did not always make
friends wherever he went, but he spoke about and did what he believed was right for the fu-
ture. Of course, in so many instances what he fought for turned out to be ahead of its time.
Rick Farley was a great advocate and a great communicator.

I was privileged to know Rick, and his passing is a great loss to the nation. I know it will
be a great loss to his children and his wife. I say, on behalf of rural Australia: thank you, Rick,
for what you did. You gave us direction. You were so often controversial, but at the end of the
day you were on the right page. The direction you took has put us in a much stronger position
today, whether in the beef industry or through the changes on the waterfront. Your work was
so important, albeit resisted by the unions, pastoralists and others. Rick always had a focus on
what really was right, and often that was at odds with a particular section of our community.

Rick, we will mourn your loss. The tributes that have flowed from around Australia, from
editorials in the major newspapers and from the parliament yesterday, are testimony to the
esteem in which Rick Farley was held. He was held in the highest regard. To his wife, Linda,
and his children, I send my condolences on behalf of my constituents and on behalf of so
many people of rural Australia.

Mr McCLELLAND (Barton) (10.33 am)—Mr Deputy Speaker, I seek the indulgence of
the House to make some brief remarks in condolence on the death of Rick Farley.

The DEPUTY SPEAKER (Mr Lindsay)—Indulgence is granted.

Mr McCLELLAND—Unlike the previous speakers, I never met Rick Farley, but I know
and have tremendous respect for his partner, Linda Burney, with whom I am on the Mick
Young Scholarship Trust. Linda, like Rick, has the ability to bring people together to work for
an outcome to improve the lives of others, and that is a rare and precious gift.

Rick, by his personality, competence, drive, sense of fairness and commonsense, achieved
a tremendous amount for his fellow Australians in all too short a life. Every now and then, as
the member for Grayndler mentioned, we see someone with those characteristics emerge to
drive an issue forward. There is absolutely no question that, because of his position and qual-
ities, Rick was able to bring forward in a litigious sense the slowly evolving concept of cus-
tomy native title by at least a generation. His work in securing the passage of Australia’s
native title legislation has been lauded on both sides of politics.

Equally, Rick’s work in advancing environmental issues has been recognised. As leader of
the National Farmers Federation Rick was able to convince farmers that, unless they reformed
farming practices, they would slowly destroy their own capacity to produce. The fact that he was able to earn the trust and respect of that body, and its members in particular, is all the more remarkable given his background of having worked for a Whitlam government minister. Again, you can only earn that trust and respect by your inherent decency, dedication, competence and fairness, which Rick clearly demonstrated.

It is all too easy for people in public life to play to their own particular gallery. From all reports, politics within the National Farmers Federation and previously the Cattlemen’s Union, where Rick was, was every bit as challenging—indeed perhaps more challenging, given the reputation of agripolitics—as politics within any trade union, lobby group or political party. Too often we see people trying to obtain and retain power by appealing to extreme elements within their own organisations. Rick specifically did not do that. To the contrary, as has been mentioned by members from both sides of politics, he quite literally took positions at right angles to those within the organisations he led—and lead he did, as has been acknowledged, in the right directions.

As his partner, Linda Burney, said, ‘Rick made a difference.’ He made an incredible difference. His legacy is his achievements, but just as important is the example he set for all of us in public life to make a difference by having credibility and by pursuing issues of merit and decency rather than obsessions with the extreme elements within the bodies that we often tend to be associated with.

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (10.37 am)—Mr Deputy Speaker, I seek the indulgence of the Main Committee to say some words about Rick Farley.

The DEPUTY SPEAKER (Mr Lindsay)—Indulgence is granted.

Mr ROBB—Rick Farley’s death at 53 years of age is very sad for so many people. I met Rick 26 years ago and I worked with him for much of the 1980s during my time at the Cattle Council of Australia, when Rick was the executive director of a member body, the Queensland based Cattlemen’s Union. I worked closely with Rick during those years, and then even more closely for three years when Rick was my deputy at the National Farmers Federation. He was a great guy to work with. He did really excellent work for me, for which I will be forever grateful.

In those years we called Rick the ‘stiletto man’, because he could always find the sharp end of an issue. I would often take a draft press release in to Rick; he would fiddle around, perhaps with the words in paragraph 5, and sure enough paragraph 5 would end up as the headline in the papers the next day, usually on page 3 instead of on page 23, where it would have been had it been my original draft. Rick had a real nose for issues, and he was a great communicator in that sense.

Rick made his greatest mark, I think, as Executive Director of the NFF, especially with his work on the environment and his involvement with the Mabo legislation. Much has been written and said about those contributions, but I think reference should also be made to the many formative and valuable years of Rick’s professional career spent working with the cattlemen in Queensland. Rick made important contributions in so many areas during that time. He was there, I think, from 1976 until he joined me at the National Farmers Federation, and even then
he was of course still representing Queensland cattlemen, amongst other farmers around the country.

I know, from my time with the Cattle Council, of the contribution Rick made to the eradication of TB and brucellosis in the Queensland cattle herd—no mean feat given the gulf country and the difficulty of that issue. He made great contributions to marketing schemes and carcass classification—lots of things that are now taken for granted but which were revolutionary at the time. He made an important contribution to the genetic development of Brahman cattle in particular in Northern Australia, and that has meant many tens of millions of dollars for the Australian economy and cattlemen across the north. He played a very constructive role in the royal commission into the ‘roo in the stew’ meat substitution scandal, which played a big part in making some very constructive changes to the meat processing industry across the country.

But, without a doubt, Rick’s biggest legacy is the Landcare project that he and Phillip Toyne extracted from Bob Hawke. That program has led to even bigger and better environmental initiatives; it trailblazed for a lot of the resources that have subsequently been spent to that end. But, just as crucially, it shifted, shaped and influenced community and farmer attitudes in a very major way towards accepting the necessity of a sustainable agricultural landmass. That is now conventional wisdom and nothing to be debated. It has the full support of, and is understood by, the farming community and the broader community alike.

Rick was a complex fellow and we did not always see eye to eye, but he was unfailingly a gentleman. He had a very fine mind; he was a very intelligent man. He was good company. He had a huge work ethic. He was pragmatic and effective as a negotiator and he was a fine communicator. And he moved things; he made things happen. A lot of people talk about things but do not seem to have the capacity to make things happen, but Rick did have the capacity. We saw that throughout his career, including in the last stage of his career, when he was working with our Indigenous community.

Rick was very catholic in his political affiliations, and that probably explains in some ways his effectiveness on some issues. In the seventies he worked for Doug Everingham, the health minister in the Whitlam government. In the eighties he worked with the Cattlemen’s Union and the Farmers Federation—a mildly conservative group! In the nineties he stood for a Senate seat with the Democrats. However, I will remember Rick as a decent fellow—a talented man who had an abiding commitment to our rural community and our Indigenous community. Rick’s passing is very sad for his wife, Linda; his lovely children, Jeremy and Cailin; his step-children; his mother, Joan, whom I know well; his extended family; and also his first wife, Cathy Reade, who was a big part of his life for a long time—and they continued to have a very amicable relationship despite the fact that they moved apart in later years. I extend my sympathy and prayers to all of them. At 53, Rick was too young to die. It is perhaps another reminder that we should all take the time to smell the roses while we can.

Mr GARRETT (Kingsford Smith) (10.43 am)—Mr Deputy Speaker, I seek the indulgence of the House to make some comments concerning the death of Rick Farley.

The DEPUTY SPEAKER (Mr Lindsay)—Indulgence is granted.

Mr GARRETT—Australia has lost a great citizen who, in his life’s work, showed compassion for Aboriginal people and an understanding of the need to bring together disparate groups, particularly the farming community and the environment community, in working out
better and more sustainable ways of using our landscapes. We have lost someone who committed himself to the public interest, over his personal interest, through the course of a very diversified but successful career. His life reflected an extraordinary trajectory for a boy from Queensland.

The tragic events that took place on Boxing Day which saw him confined to a wheelchair, unable to speak and seriously paralysed, sent shockwaves through not only his immediate family and his wife, Linda Burney, but all of us. We were so used to his tremendous communication skills and vitality in the work that he had always done, yet he was struck down in this way. His passing is tragic. I certainly want to pass on my deepest condolences to his first wife, Cathy Reade, to his children, Jeremy and Cailin, to his mother, Joan, and to his partner, Linda Burney, who has had a very difficult period looking after him following his illness and then suffering his sudden loss.

Many speakers—the member for Grayndler, the member for Goldstein and others—have remarked on the extraordinary career of Rick Farley. I reflect on some comments of Phillip Toyne, whom Rick worked with when Phillip was Executive Director of the ACF and Rick was Executive Director of the National Farmers Federation and they both took the Landcare proposal to Prime Minister Hawke. Phillip remarked that Rick Farley was a consummate advocate for farmers and later for Aboriginal rights who, through his work, contributed to the reshaping of Australia. I think those comments are very true. How did he do this? He was a creative alliance builder who used his principled intelligence to try to reach agreements and negotiate outcomes. He was prepared to hang in through the long meetings and through the difficult years for the things that he thought were important. He was both a man of purpose and a man of principle.

I reflect on the work that he has done. During his time at the NFF he did, I think, discover the extraordinary Indigenous heritage in land and some of the still to be resolved difficulties that we have in accommodating the subsequent pastoral industry and its use of Aboriginal lands and Aboriginal people’s claims and titles to their country. It is probably a realistic reflection of the history of the time to note that his departure from the NFF came as a consequence not only of the fact that he had done good work there, particularly through Landcare, but also of him wishing to speak out and to pursue Indigenous interests and the Indigenous cause more fully. And of course that is what he did—subsequently serving with distinction on the Council for Aboriginal Reconciliation. He was involved as a consultant in a number of important issues, including the resolution of the access to grave sites at Lake Victoria, working with the Murray Darling Basin Commission there, and was centrally involved with the Cape York land use agreement. Later on, he did a lot of work with the mining industry as they resolved Indigenous land use agreements.

His loss will be sorely felt. I think it is undoubtedly a reflection of his character and his contribution that the parliament should come together on this condolence, which I support.

Mr SNOWDON (Lingiari) (10.48 am)—Mr Deputy Speaker, I seek the indulgence of the House to make some comments concerning the death of Rick Farley.

The DEPUTY SPEAKER (Mr Lindsay)—The member for Lingiari may proceed.

Mr SNOWDON—I was saddened very much by the passing of Rick Farley. When he first fell ill in the new year, one hoped that he would recover very quickly, but the nature of his
illness meant that he would not and, ultimately, in a very tragic way, he left us. But what he left us with is what we need to celebrate. We need to recall this unique person whose life traversed so much of Australian society, from the urban centres of Brisbane to the heady days of Nimbin, to work for the cattlemen’s association and the NFF and to reconciliation and to be an advocate for native title. There are not too many Australians who would traverse that country. I think it is a tribute to him. It shows a person who was magnanimous.

At the ceremony in Sydney on Monday, his niece Erin recalled that he was also flawed. But he was also loved. At that ceremony on Monday what struck me was the celebration of his life, which was unique, but also the people who were there to celebrate it and to recall—to see in his family this great love for him. Yes, they could be critics, but central to them was his love for them and their love for him. As we travel along life’s journey, how many of us will be lucky enough to say at the end of that journey that we have shared that family love?

So to Linda, his wife, and especially his children, Cailin and Jeremy, I want to express my heartfelt condolences. I also want to express my condolences to his mother, Joan, who was clearly a very strong woman to have raised two young children having lost her husband, when the eldest child was very young, and to have watched them follow their respective paths in life. In the case of her son she has seen that life celebrated in such a fine way in Sydney on Monday. For his sister, Patty, who is a friend of mine and someone I have known for almost 30 years, there was always a spot for him in her heart whatever role he played, wherever it might be and despite whatever differences she, I or anyone might have had with him. There was always that love and respect. Her daughter Erin I thought gave a most insightful view of the life of this uncle of hers, who played such an important part for all of us.

We have heard already about his role in the National Landcare movement with Phillip Toyne. Of course, in the Hawke government, those events were quite momentous. But nothing was more momentous than the arrival, ultimately, of the passage of the native title legislation in this parliament. I was involved in many of those discussions with a whole range of people—my colleague over here, the member for Canberra, and others, and a lot of Indigenous leaders who were working out of my office here in Parliament House and trudging to and from meetings. Initially they were not quite sure what was going to be up with this bloke from the National Farmers Federation. But the government had made an inspired choice in 1991 when they appointed him to the Council for Aboriginal Reconciliation.

It was very clear that this was not a man who had a fixed view of the world but one who was amenable to argument, to understanding and to a belief that things could be different. He was able to bring a great deal of passion to that cause and to bring along with him some of the National Farmers Federation to the table to negotiate a very important piece of legislation. I have to say that I did not always agree with him, but ultimately we arrived at a piece of legislation—and he made no small contribution to it—which has provided us with the capacity to properly recognise for the first time in this nation’s history the rights of Indigenous Australians in relation to their sovereign interest in land.

To that extent I believe that Rick’s role in that was extremely vital. When we reflect upon those people who attended the ceremony on Monday, the number of Indigenous leaders from all over Australia who came to show their respect is I think commentary enough on his success in that regard. It was also a commentary to see those ex-members of the Cattlemen’s Un-
Mr Andrew Robb, Mr Ian McLachlan—there to pay their respects to a man who served extremely well the industry they were then involved in, the primary industry sector.

This is a unique situation. I cannot recall another time in the parliament when we have spent such time extending condolences for a person who has not been a member of the parliament and who has not been a major political figure on either side of politics. This is a person who, as we have seen, had a very catholic view of politics ultimately but ended up in his rightful home—the Labor Party.

Mr Garrett—This is where we do end up.

Mr SNOWDON—This is where we all do end up. It is like the church; we all come back. Maybe not! But ultimately it showed us—and I think it has been demonstrated in the way in which people have contributed to this discussion—that whatever he may have been to each and every one of us, what he left us with was a great number of achievements, and we give him the respect that he deserves as someone who showed the way for so many of us. If, at the end of our own life’s journey, we can look back and say that we were able to bring as many people along with us as he did with him, we will have been a great success.

Mr McMULLAN (Fraser) (10.56 am)—Mr Deputy Speaker, I seek indulgence to speak on the same subject.

The DEPUTY SPEAKER (Mr Lindsay)—The member for Fraser may proceed.

Mr McMULLAN—It is traditional, in speaking in condolence, to speak of when one first met the person to whom one is referring. I cannot remember when I first met Rick Farley, it is so long ago. I suspect it was when he was working for Doug Everingham, which makes it more than 30 years ago. I found it hard for a while to believe that the person speaking for the Cattlemen’s Union was the same bloke I knew when he worked for Doug Everingham. I do not want to say any more about that except that it did seem a little bit like an unorthodox career path. I had known him a little bit for a long time but I came to know him better when he was Executive Director of the National Farmers Federation and in subsequent years. I can now see the common themes that ran through many of those contributions that, by orthodox analysis, seemed a little bit contradictory.

I will not repeat what was said by the member for Goldstein, the member for Kingsford Smith and others who have really gone to the heart of what made him an effective advocate for many causes that had in common a belief in decent opportunities for Australians, reward for hard work for Australians, protection of the land of this continent and the rights of people, particularly Indigenous people in subsequent years, and their access to that land. One of the significant things about the fact that I cannot remember when I first met him is that, once you knew Rick, you felt you had always known him. He treated you like that and I felt like that. When I think about it, perhaps it is because I have always known him, but I think it felt like that to everybody on virtually their first meeting with Rick.

The work in which I knew him best was on native title. Of course, I knew of his and Phillip Toyne’s role in Landcare—two fine Australians—but I was not in any way associated with that. I was merely an observer of unfolding events. They were events which I supported but in which I had no part to play. From the very first, when many representatives of agricultural interests thought that if they closed their eyes native title would go away, that the High Court had done something with which they could not come to terms and if only they wished hard
enough it would disappear, Rick saw that it was in their interests as well as in Indigenous inter-
ests and in the national interest. He saw that the High Court had not invented some dictum but had re-established an enduring right that was never going to go away. There were two choices. We could go forward with continuing litigation, High Court case after High Court case, and the law of native title would be established but it would unfold slowly, arbitrarily, expensively and in a manner that made certainty for landowners impossible.

The legislative framework that emerged in the Mabo legislation was not perfect. It has been made worse by some subsequent amendments but better by the evolution of the practice around it, to which Rick made a substantial contribution as a negotiator. But the country is so much better because we were able to negotiate an agreement. No one person can take all the credit for that and certainly not Rick. But he was a major player and it would have been of a lesser character as an agreement had it not been for the role which he played, and it would have evolved less well were it not for the active role that he played. He could see both sides of the argument both because of his personality and because of his unique history that enabled him to make a contribution that almost nobody else could have made. I am always very loath to talk about people being indispensable. Events evolve, nations and history take their course, but it is hard to think of anyone else with the combination of experience and personality who could have played the role that Rick did.

People have spoken correctly about Rick’s role on the Council for Aboriginal Reconcilia-
tion. Apart from the commanding heights of it, he was very active locally. I remember meet-
ning him and Linda in an airport on their way to a meeting of local reconciliation groups. This was not some grand public event that he was going to get a lot of publicity for. They put their hands in their own pockets to pay to go to a meeting attended by people who were organising reconciliation groups in local communities. They were not going as leaders, other than as leaders of the local community around Marrickville. That was their reconciliation group that they were representing and they were travelling around Australia to attend that meeting. I admire and respect his role. If that is all he had done he would warrant great acclaim. But others have spoken about his previous role in the agricultural industry—and I thought the member for Goldstein spoke very well about that—and in Landcare, where others like the member for Kingsford Smith have more expertise.

I had another peculiarly close association with him that is not something which one usually speaks of in extending condolences. He ran against my party here in Canberra. Fortunately, for me, it was not the year in which I was a Senate candidate—that was some time before—but I was a House of Representatives candidate when Rick was running for the Democrats. The Senate situation in the ACT is a bit unusual in the way the quota system works. The Labor Party always wins one seat and there is a hot contest for the second between the Liberal Party and all-comers. It is no secret that I was very keen for Rick to be elected on that occa-
sion. The second Senate candidate for the Labor Party was a friend of mine, and I had to keep saying to him, ‘No, you are not going to win. Relax, don’t worry, don’t resign your day job; you are not going to win. We are all working very hard to get Rick elected on our second preferences.’

Mr Crean—It’s the old campaign director in you, Bob!

Mr McMULLAN—Exactly, but it is also called arithmetic. Both Rick and I were reasona-
bly good at it. We knew his chances were a long shot and he did not win. But what a differ-


ence he would have made if he had. In some ways what happened to him on Boxing Day would have been even more tragic if he had been elected, because he would have held the balance in the Senate after the last election. He would have been the key player who would have prevented some of the things that have happened from occurring had he won in 1998. There is no doubt that, once he was elected, he would have been re-elected. I regret that he was not. I do not think it was the biggest regret in Rick’s life. I think he went on and did some other and better things—and quite what his relationship with Linda would have been in those circumstances is a very interesting question. But it was, nevertheless, for the nation a great loss—not just because you can imagine the individual decisions made in the Senate that would have been different with that arithmetic but bringing that person into the parliament would have been a significant contribution. We all want to be able to say that, if we engage in public life, we made a difference and that we leave the world better than we found it. There is no doubt that Rick can say that.

I want to conclude—because a lot of people wish to speak—by just saying something about Linda. I do not know the rest of Rick’s family. I share the condolences extended to others but I can only do it formally because I do not know any of the others. But I know Linda very well. I have known her for a very long time—not before I met Rick, because that goes back a long way, but before I got to know Rick very well I knew Linda as a public servant and before that I know she was a schoolteacher. I knew her as a dynamo, as a person who also got things done. I was delighted when she became a Labor member of parliament. I look forward to her carrying on the struggle to which she is and has been committed and to which she and Rick were committed. It will be harder for her now but the need for her work is now twice as great.

Mr CREAN (Hotham) (11.05 am)—Mr Deputy Speaker, I seek indulgence to speak in condolence on the death of Rick Farley.

The DEPUTY SPEAKER (Mr Lindsay)—Indulgence is granted.

Mr CREAN—The death of Rick Farley was tragic and it was untimely. He suffered a brain aneurysm last year. He was in the process, as I understand it, of recovery only to sustain another tragic accident that ultimately claimed his life. At 53 he was too young to lose. He had so much more to offer and as a nation we do not just mourn him; we are less for his loss.

It was a privilege to have known Rick over so many years. I had many dealings with him both as ACTU President and as minister for primary industries in particular, but then in various parts of my parliamentary career subsequently. Rick was committed, he was courageous, he was caring and he was compassionate. He also believed very much in community. He was not a captive ever of any constituency that he represented; he would always seek constructive solutions on behalf of the groups that he represented. He was fiercely competitive and would always strongly argue his case. He could be irascible at times but over time I came to understand that this was really part of his passion and his commitment—his belief in the cause.

Despite his determination he believed fundamentally in building partnerships, in bringing together the different parts of the debate, in devolving of responsibility and in engaging the community. One of those early partnerships, of course, was Landcare, and many people have spoken about that. It was a movement, a cause and an initiative that still remains today. I think the testimony to any politician or advocate is the extent to which that with which they have
been associated stands the test of time regardless of the change of government. Landcare is such an initiative.

Together with Phillip Toyne from the ACF and the Hawke government, Rick was able to be part of developing a proposal for funding sustainable care through community based partnerships of one of our greatest national assets, our land. It was a program which did not just cover the bush; it also covered the city. When it was announced it obtained immediate and bipartisan support. Rick worked also with the Hawke government to produce the nation’s first effective national drought policy—another policy, I might add, which has stood the test of time.

There were many other issues where our paths crossed because it was a time of great crisis in the rural sector associated not only with the drought but also with the serious restructuring issues confronting many rural sectors. Rick was not always easy to deal with but he was good to deal with. He had integrity. If he gave his word, he honoured it. He always had a view; he was always constructive; he always sought solutions.

I mentioned that he developed into, and was very much, a community man. He was also an internationalist. The member for Fraser would be aware of the very strong commitment and support that Rick and the leadership of the NFF gave to the then government—the Hawke government—and its leadership in the Cairns Group and the Uruguay Round, and the fundamental necessity to get, through multilateral agreements, the opening of trade circumstances and opportunities for this nation.

I think the biggest challenge for Rick in his day—and for all of us, for that matter—was dealing with the consequences of the Mabo decision and the native title debate. Here again Rick was a key player. The Keating government, in response to that High Court decision, had determined a three-pronged strategy: securing native title legislation that effected the impact and significance of the High Court decision, dealing with the legalities of the competing land claims and access and use arguments; the establishment of the Native Title Land Fund; and the development of a social justice package for Indigenous Australians. Rick was the negotiator for the National Farmers Federation. The implications for pastoral leases were a huge issue, and he and I had many dealings over them. They were resolved, and they were resolved because he, like us, brought goodwill to the table. Everyone knows that those negotiations were hard. At times they did not produce the perfect result, but they did produce a very good result in the circumstances, and he is to be given credit for the contribution that he made in overcoming what appeared at times to be irreconcilable differences.

When the native title legislation was finalised, he left the National Farmers Federation but he did not leave the issue. He had found a new challenge: the challenge to achieve reconciliation with our Indigenous people. He continued to promote alliances with Aboriginal communities—again, the sorts of initiatives that the member for Fraser referred to by example. He served until 1997 as a member of the Council for Aboriginal Reconciliation, with Pat Dodson, the father of reconciliation, as its chair. He served also as a member of the Native Title Tribunal. He was, until his death, a member of the New South Wales Reconciliation Council.

Rick also became involved in politics, standing for the Democrats in 1998, a detail alluded to by the member for Fraser. He joined the Labor Party in later years. We were proud to have this warrior for rights and justice as one of ours. As always, he did not necessarily agree with
everything we did, but it was always a great pleasure to meet him, engage him and draw wisdom from his continuing commitment.

The nation has lost a true champion. We mourn him. My condolences go to his partner, Linda, to his children, Jeremy and Cailin, and to Linda’s children, Binni and Willurai.

Ms ANNETTE ELLIS (Canberra) (11.13 am)—Mr Deputy Speaker, I also seek indulgence to speak on this matter.

The DEPUTY SPEAKER (Mr Lindsay)—The member for Canberra may proceed.

Ms ANNETTE ELLIS—Many words have been said today by colleagues on both sides of the House—colleagues who knew Rick Farley much better than I did. However, I want very sincerely to extend my condolences. My first recollection of Rick Farley was when I worked in this building not as a member of parliament but as a member of staff in a ministerial office at the time of the development of things like Landcare. I remember seeing from the side the sorts of contributions that were being made by people like Rick Farley and Phillip Toyne, who have been mentioned in this morning’s discussion as virtually a duo. I remember very fondly being quite amazed at the level of dedication of Rick Farley at the time. I had absolute admiration for the effort put in by Rick Farley. He was someone I admired very greatly from a distance and someone I got to know informally at that time. From then on, I have constantly been an admirer of the work he contributed to through his continuing career and up until his untimely illness and death.

The other experience I had of Rick was in more contemporary times. As the member for Fraser has already detailed, Rick Farley ran in the 1998 federal election as a Democrat candidate for the ACT in the Senate. In the ACT, federal elections almost become a personal affair because of the size of the town and because of the fact that we only have four positions in the parliament—two in the House and two in the Senate. So it becomes inevitable that, when you are out on the hustings, you really get to know other candidates quite well. I very much admired the way Rick Farley conducted himself during that campaign. I share absolutely the member for Fraser’s wish that he had succeeded. I was hopeful that he was the one who could break the mould and achieve a second non-government Senate position for the ACT, but it was not to happen. If it had happened, of course, history would have taken a quite different path, not only for Rick but for our country.

I want to endorse the comments of the member for Lingiari, who said that, in measuring our feeling of loss, we really need to measure our feeling of gain—to celebrate the achievements of and the contribution by Rick Farley. I agree with that entirely. In my view, particularly when I think about Indigenous matters in this country, he is certainly leaving for me—and I hope for a lot of other people—a benchmark and a certain measure. We should dedicate a great deal of the move forward in Aboriginal reconciliation to Rick Farley, because of the work he put in, the belief he had and his attitude to the whole of our society, not just to the Indigenous part of our society. He had a view as to how it could all work. He saw the possibilities and the potential. When we consider how we can take Indigenous matters forward in Australia we should have Rick Farley and his attitude to those issues foremost in our minds.

His passing is certainly a loss to our country. To his partner, Linda Burney, whom I know, to his children, to his extended family and to all those friends and acquaintances who knew him so much better than me, I send my very sincere condolences and warmest wishes. It is
certainly a loss to them, but it is really also a great loss for our nation and for the potential that Rick Farley would have continued to show if fate had dealt him a different hand. We will mourn the loss of Rick Farley, but we have so much to learn from him. I hope that we all do that through our own sincere contribution to the betterment of our society into the future.

Dr EMERSON (Rankin) (11.18 am)—Mr Deputy Speaker, I too seek the indulgence of the House to make a statement in relation to Rick Farley.

The DEPUTY SPEAKER (Mr Lindsay)—The member for Rankin may proceed.

Dr EMERSON—The best contribution that I can make to pay tribute to Rick Farley is to tell stories about him, and he would wish that I did so. I did not know Rick for a major part of his life, but I was intensively involved with him on a number of occasions, so I want to put on record a couple of those stories. At Rick’s funeral, Phillip Toyne, who had worked closely with him, described how he and Rick walked into Prime Minister Bob Hawke’s office with an irresistible offer: that the two great traditional adversaries, the environment movement and the National Farmers Federation, would join forces and put forward a proposal for a decade of land care. It was an irresistible offer and Phillip Toyne informs us that Bob Hawke, as Prime Minister, agreed on the spot. As they were walking out of the Prime Minister’s office, Rick turned to Phillip and said: ‘Damn, I knew we should have asked for more.’ I said to Phillip after the funeral, ‘You should have too.’

As it turned out the $320 million, which was granted over 10 years, did grow into a billion dollars, so no great damage was done. One of the reasons this offer was so irresistible is that we had decided to put together what John Kerin at the time called WGES, the world’s greatest environment statement. This was after the Prime Minister had said to his cabinet, ‘Now, it’s very important that we don’t raise expectations about this environment statement that we’re planning.’ So John went out and described it as the world’s greatest environment statement. It involved measures in relation to ozone protection and confirmed the Australian government’s position on a ban on mining in Antarctica. It recounted some work that had been done to save the Tasmanian forests—the Southern Forest of Tasmania and Lemonthyme—that were heading for the World Heritage List but it also very neatly incorporated this decade of land care. It was a privilege, as an environmental adviser, for me to be able to do that preliminary work with both Rick and Phillip so that the Prime Minister was in a position, when he made the offer, to say on the spot, ‘Yes, I agree.’

I decided in preparing for this statement to retrieve the relevant section of the world’s greatest environment statement, Our Country Our Future. It describes, under the heading of Landcare:

A year (1990) and Decade of Landcare (to the year 2000), suggested initially by the National Farmers Federation and the Australian Conservation Foundation, will entail awareness, participation and education programs among rural and urban communities.

During this Decade of Landcare, the Government expects to provide over $320 million for land care and related tree planting and remnant vegetation conservation programs …

That was the $320 million about which Rick lamented, upon leaving the Prime Minister’s office, that perhaps they should have gone higher. That was an enormous achievement on the part of Rick Farley and Phillip Toyne. I take this opportunity to acknowledge the very good work of Phillip Toyne—these two characters, one from the farming community and one from the green community, working together in this alliance to make Australia a better place and to
make our land healthier. It was a wonderful achievement of the part on Rick and also of Phillip.

The final story I will tell is that, having got to know Rick quite well—and he was often a bit prickly in his dealings but underneath it all a tremendous person who was always focused on getting good outcomes and decent results for Australia—I got into conversation with him. He obviously had a genuine interest in politics, as was evidenced later by his run for the Senate here in the ACT. But he said, ‘Look, there’s just no way that Labor’s going to win the state election in Western Australia.’ I said, ‘Oh, we will; we’ll retain government there.’ He said, ‘Not in South Australia.’ I said, ‘No, we’ll win that too.’ He said, ‘Well, you’ll never win Queensland because it’s been 32 years.’ I said, ‘No, we’ll win that too.’ He said, ‘You’re kidding yourself; you certainly won’t win all those three plus the federal election in 1990.’ I said, ‘We’ll win that too.’ He said, ‘I bet you don’t.’ I said, ‘I’ll bet you we will.’

Mr Laming—Greens preferences.

Dr Emerson—This is Rick Farley: we are talking about the National Farmers Federation preferences, my friend—not many of which, I must say, were flowing our way. Nevertheless, I could not accept that proposition on an even money basis because only one of those four results would need to turn negative and I would have done my dough, but Rick very generously gave me odds of three to one. I think we really deserved about six or seven to one, but he was a pretty tough guy. One by one the dominoes fell—that is, Labor did retain government in South Australia and in Western Australia. The one I was actually really worried about was Queensland because it was 32 years in opposition. Queensland seemed to be saying that they were pretty determined to vote for the National Party and the Libs, but Wayne Goss got Labor across the line very well in Queensland. So the last one was the federal election and we won that too, after losing nine seats in Victoria with the collapse of the State Bank, the tram strike and a few other problems.

Mr Kerr—Bolted it in.

Dr Emerson—The member for Denison is here. He would be able to inform the House that he did very well on behalf of the Labor Party. He is a very good local member. He is very effective in Tasmania. We had hoped to pick up the seat of Lyons and did not at that stage but subsequently we did. We lost one or two other seats. I think we picked up the seat of Kennedy. The long and the short of it is that Labor won the 1990 election and I got the money. Good on Rick for paying up. He was a man of great honour. I will never do that again—take three to one on four election results. Rick and I had lots of laughs about that subsequently.

When I heard of his aneurysm on Boxing Day it was tragic news for all of us. I had the opportunity of going to see Rick some weeks later. He was in pretty bad shape at that time. He did make something of a recovery but, as we know, that turned out to be short lived. It was an honour to be at Rick’s funeral. Linda, through all of that period, was an absolute tower of strength. She was totally committed to caring for Rick for a very long period. That was what her expectation was, that it would be a very long journey back but that she would be with him all the way. It was not to be. At the age of 53, it is a tragedy for Linda, for Rick’s children and for our nation that he left us at such an early age. He was, and is, a great Australian. He has made an enormous contribution to this continent. He leaves behind a great legacy and inspiration.
EXPORT MARKET DEVELOPMENT GRANTS LEGISLATION AMENDMENT BILL 2006

Second Reading

Debate resumed from 11 May, on motion by Mr Vail:

That the bill be now read a second time.

upon which Mr Rudd 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:

(1) notes the Government’s attempt to modify the Scheme’s Australian origin rules will change the test of whether products under the scheme are made in Australia and give the Minister discretion to determine the definition of ‘Australian origin’; and

(2) calls on the Government:

(a) not to proceed with the provision to remove the export performance test for ongoing applicants as this will remove the performance criteria which applicants must meet to be eligible for multiple grants under the Scheme; and

(b) to implement the Senate Foreign Affairs, Defence and Trade Legislation Committee recommendation that the government request the Auditor General to conduct a performance audit of the scheme two years after the proposed legislation comes into effect”—

Mr Laming (Bowman) (11.27 am)—Let my haste in rising to my feet reflect only my unreserved enthusiasm for the Export Market Development Grants program, which has been a long-existing program set up by a previous administration. I rise not only to speak in strong, favourable terms about export market development grants but also to reflect upon our export performance. There has been from the other side of the chamber some confected arrhythmia about the fact that our current account deficit has increased by about a quarter of a per cent. So today I respond to the member for Batman and the member for Griffith as much as I speak favourably about these great export market development grants.

Let us go back to the take-home messages from the last time we were sitting in this chamber talking about the Export Market Development Grants program: 77 per cent of all money goes to small business, which I think needs to be remembered. I am reminded that $123.9 million of total grants has gone out to I think 3,277 very worthy recipients. The figures speak for themselves. But, of course, making these grants simpler and more accessible has also been the mission of government. It is not just about volume; it is sometimes about how well you can ensure that. Government responds to the needs of business: they are busy people and their area of expertise is not engaging government. It is our job. It is our prerogative to make our grants as accessible and easy to apply for as possible.

That has been done through public submissions. They have been received and, clearly with these amendments, they have been responded to. The grant system is extended for five years, as will be recalled from last time we debated this. Also the rules for Australian origin have been reviewed. Issues around disposal of intellectual property and, of course, principal status will make the scheme more accessible for emerging exporters. That is the objective of this grants scheme. All of these amendments will streamline administration and will make a great difference for the very small and medium sized exporters, which in my electorate of Bowman are applying at this very moment for upcoming rounds.
Bruce Goodrick, from Seafood Innovations in my electorate, is developing a remarkable trout-stunning system—a humane way of ending the life of the noble trout so that it can be processed in the food industry. He said, ‘The grant has allowed us to do research that we could otherwise never have done.’ He said the first trial of his automated fish-bleeding machine had a 93 per cent success rate and that the machine is comparable with machines produced in Denmark but significantly cheaper. This gives us a strategic advantage and an ability to provide to our part of the world some fantastic new Australian technology. Edward Bunker of Redlands Nursery said of the EMD grant: ‘The grant was necessary for our growth. It has assisted us to develop markets in other countries, including Canada, the United States and a total of 13 countries in Europe.’ They have even made inroads into the Japanese and South African markets. I think there is general agreement on both sides of the chamber that anything we can do for emerging exporters is a good thing.

I would like to move now to the more contentious area of how our exporters are performing. One of the touchstone issues on the other side of the chamber is the claim that Australia’s manufacturing is dissolving away to nothing. It is rarely articulated that profits in manufacturing are as high as they have ever been. Australia is holding up very well, albeit that parts of our manufacturing sector are changing and responding to international demand—and that is, of course, what you would expect in a developed economy. But let us go to the figures. When I look at export performance, I find a fundamental difference in how the two sides of the chamber approach the issue of investment in infrastructure. This government strongly encourages private investment in infrastructure. There is $31 billion worth of private investment in infrastructure. I do not think it is unreasonable to hold the position that the private sector investing in infrastructure allows the government to focus its resources on more needy areas that are not met by the private sector.

What has been the outcome of that? The $31 billion provided by the private sector is $31 billion that is not taken out of taxpayers’ pockets. The problem of the bottleneck at Dalrymple Bay is being addressed. By addressing the bottlenecks, we have had massive improvements. The commodity prices at the moment are a lucky turn of events for Australia’s terms of trade and we are in a position to maximise those changes in our terms of trade. Many countries cannot respond quickly, update their contracts and see the flow-through into their economies. Australia is doing as well as any nation. Our giant coal industry is worth $21 billion and our iron ore industry is worth $11 billion. That is a 78 per cent increase, which is an extraordinary difference.

I often look at the debate over petrol prices, and not for one moment do I say it is not going to be difficult this year, compared to last year, to fill the fuel tank of the family car. We ride the commodity boom and accept all the profits from iron ore and coal, but we somehow carve that away and make an issue out of the rise in the price of another commodity—petroleum. You cannot have one and not the other. We are riding a commodity boom, and Australia is well placed to do that; but, as part of that, we have international parity pricing on gasoline. We are benefiting enormously, but indirectly, from a range of commodities. In the last year, iron ore was worth $11 billion, aluminium was worth $4.7 billion and natural gas was worth $3.7 billion. The size of the natural gas market is up by an extraordinary 41 per cent. Motor vehicles exports are up by 12 per cent. The medications industry is worth $3 billion, as is our alcohol industry—primarily, our wine industry.
Our export performance is excellent, but, more importantly, we are capitalising upon terms of trade that favour us. Australia does not determine its own terms of trade. As a medium sized economy, we float on the rough waters of international finance and trade. So, while the terms of trade are good, the question should be: are we optimising what we do for our exports to neighbouring economies? I put it to you that, if we look at the performance of other economies, we are, in the main, doing that extraordinarily well.

Australia is also doing incredibly well on export of services. We know that the export of education related services is high, at $7.3 billion—and that is up by 10 per cent. I do not believe we would have that impressive export performance had there not been substantial private sector investment in education. Without ever giving a figure for overall investment in education, the shadow spokesperson on education will often repeat the claim that public investment in education is down. We need to look at the whole picture. It is obviously up, thanks to a mix of private and public provision.

If we have to drag the other side of the chamber with us into generational change to accept that, we will do it because right now private sector investment in education is up enormously, and far more than any change in public investment, and because we are reaping the rewards directly in tradable goods. It is one thing to be providing educational services at home but quite another to be maximising our opportunities with education related services that can be exported. Also on that list of service exports are business related services and transportation services, both exceeding $3 billion, and of financial services.

Given that profile of our exports, I want to turn to the analysis of the current account deficit. I know at this moment there is often an element of shifting dullness, where the opposition moves from one side to the other of a fairly impressive economic performance looking for isolated figures and then trying to form some sort of picture that there is poor economic performance. The latest one was the increase in the budget deficit. It needs to be pointed out that, when one sector of Australia’s economy booms—and it might well be resources—and those that dig the resources out of the ground and send them overseas are not wholly Australian owned companies, of course some of these profits are repatriated overseas. It is my understanding that, over the last three decades, we have moved towards a more liberalised financial economy. That means that, if a company selling iron ore overseas from Australia is 55 per cent foreign owned, 55 per cent of those profits are repatriated overseas. The only alternative that I can recall from lessons in economics is to send that company packing and find an Australian company that can do it. That cannot always be the case. That is why you have a very dominant two or three players doing most of the mining. Australians are welcome to be shareholders in any one of those companies, but it is worth knowing that, when their profits boom, we do not keep all of them because it is not an Australian company.

It is a fundamental lesson of economics that, if we have a coal led or an iron ore led boom, our current account deficit can widen but our net position is enormously enhanced. I think that point is never clearly made by the opposition. We have had a series of enormous price gains: in hard coking coal, up 120 per cent; in thermal coal, up 20 per cent; and, in iron ore, up 70 per cent. We are not talking about seven per cent here: these are enormous jumps in contract prices. They take time to flow through. That does not happen in three months, because we have pre-existing suppliers with whom we are replacing contracts. China is holding out, try-
ing to avoid paying a 19 per cent increase for iron ore. Every other domino has fallen, and I predict China will do the same shortly.

So, while we ride the wave, the question is not: has our current account deficit increased by a quarter of a per cent? I have given a good reason for that having occurred. The question is: is Australia doing everything it can to capitalise upon our endowments and look after Australian people as a result? I would argue that every dollar of profit that is repatriated back to the Australian economy is, logically, a dollar that we do not take out of the pocket of a hardworking householder. That is what we have seen in the last two budgets.

Moving from issues of export to infrastructure, there have been debates about state and federal responsibility in areas like Dalrymple Bay and the Port of Newcastle. Those two very important bottlenecks are now being addressed. It is an important challenge for every economy: as a sector of the economy and its export performance expands, government and the private sector are together mandated to find solutions to bottlenecks. That is occurring, but it does not occur overnight. The other issue affecting our export performance has been the drought. It was welcoming to hear that there have been really impressive rainfalls that have made 2005-06 the second biggest year on record for our farm sector.

Ongoing global demand for what Australia can produce insulates us against future shocks. Australia has already shown—through, in no small measure, the efforts of this government—that we have negotiated a number of crises over the last 10 years within our own region. Where most observers would have expected that Australia would have fallen foul of international crises, we did not. No government can guarantee a crisis will never happen. I think it is incumbent upon the opposition to always point out that there may be trouble over the horizon, but it does wear a little thin when the member for Batman and the member for Griffith are continually talking about the bubble bursting. All I would say to those two members from the other side—and I would expect better from two who pride themselves on their economic credentials—is to have a look at what the financial markets are saying. They say:

... strong world demand and expansions in production capacity make for a positive growth outlook for resource export volumes over the remainder of 2006.

You cannot have a bubble burst, typically, without someone starting to say that that forecast is wrong and, until that occurs, I suggest that the opposition might like to move to another frontier of attack because criticising our export industry, I would put to them, is wasted effort. What we also have in Australia is a very high exchange rate, so our terms of trade are good, our dollar is quite high and our trade weighted index sits at around 63, so predictions can only be made around those inputs which we know and control. But one thing is fairly certain and that is over the last decade or so Australia has fairly closely followed US monetary policy. As a result, we have seen a move away from the 1980s and the enormous fluctuations in economic performance, and we have seen more stability. I think that has been good—that a medium sized power like Australia, which is a major exporter, has found a way to stabilise some of the toing-and-froing of economic performance. And, if you look at what has happened in cyclical moves in exports and imports, that is exactly what we have witnessed.

Of course the income deficit is still tipped to widen in 2006 and 2007. There were some high estimates by Treasury that exports would grow by between zero and six per cent, and that did not materialise. This was focused on very closely by the member for Griffith, who was quite critical of the high estimates for export growth. My only response there is that,
again, one makes the best estimates one can from information available. But I am not terribly worried about whether an estimate from Treasury is a few per cent out. What Australians care about is that the platform is being laid for strong export performance in this country, and from the dividends of that strong export performance I am sure Australians can make their own decisions about what they choose to buy—and they may well choose to import. We have seen, in the last quarter, imports increase by $3 billion and exports increase by $1.1 billion. Therein lies the current account deficit that we are discussing today. In the end, individuals are making private purchase choices and that is a whole lot better than the government making purchasing decisions on their behalf, going into debt on their behalf and ultimately servicing debt on their behalf.

The factors contributing to the widening current account deficit are primarily those of a stronger export sector and, as I have said, companies involved in the export sector are not always Australian owned. It is also worth noting that as long as the petroleum price remains at over $70 a barrel that will be a major driver pushing inflation up towards the three per cent mark. As long as it sits somewhere between two and three per cent we are within the Treasury benchmark and the preferred channel in which we would like to see inflation sit. But the great fear, of course, is that secondary effects of rising fuel prices can cause the price of other commodities and other local products to rise for Australians. That will be something, I know, that the government will watch very closely.

Australia is a strong exporter. Over the last 12 years, the size of our economy has moved from 16th to 12th on OECD rankings. It is incumbent on us to look at our performance relative to other OECD economies to see where we are moving and whether we are actually capitalising upon the endowments we have. Australia was very active in Doha—one of just six nations that led negotiations in that round. We are a leader in freeing up trade, which we know is probably just as important as foreign aid for the developing economies that seek to capitalise upon the opportunities that liberalised financial markets give them. This government has negotiated a number of free trade agreements: with Singapore and Thailand already; with China, ASEAN, Malaysia and the UAE shortly; and we are already moving ahead with Japan, hopefully, towards the end of 2006.

Mr Deputy Speaker, in closing, this is a government absolutely committed to our export sector and particularly focused on the needs of small to medium exporters. Those in Bowman that have been recipients of this important grant round cannot speak highly enough of it. I support these changes which indicate that this government is listening and responding. I would like to see it continue on and that my exporters in Bowman remain able to access it, and that we continue to insulate Australia’s future with a particularly strong export performance.

Ms BIRD (Cunningham) (11.44 am)—I say to the member for Bowman that it is quite wrong to characterise Labor’s discussion of the current minerals boom as critical of the minerals boom. Our concern is how that boom can be utilised in order to safeguard the longer term future. I come from a major coal-producing area that saw massive redundancies and the heartache that they caused, and I think it is quite legitimate for us to have a view of how the investment following that boom time should be made to safeguard our future. So I correct the representation that the member for Bowman made that our concern is to be critical of the
boom itself. Our criticism revolves around our view about the investment of that boom for the future.

I welcome the opportunity to contribute to the debate on the Export Market Development Grants Legislation Amendment Bill 2006 and, like the member for Bowman, acknowledge some of the businesses in my area that have utilised this very important program and its initiatives. I agree that it contributes to assisting Australian businesses in the challenges and opportunities in export. The bill amends the Export Market Development Grants Act 1997 by extending the life of the EMDG scheme until the end of the 2010-11 grant year. It provides for a review of the EMDG by 20 June 2010 and makes 14 amendments to the current act.

The EMDG scheme is perhaps one of the most outstanding continuing government programs in Australia. It has had a long life, as the previous speaker acknowledged, and so it should. In fact, as with most policies of such enduring value, the EMDG was introduced by, as the previous speaker described it, a ‘former administration’. I will not be so shy; I will say that it was introduced by the Labor government in 1974. It has been maintained, although in various forms, by governments of all political persuasions that have come and gone. The EMDG is a crucial element of the export strategy of Australian companies seeking to commence and/or sustain their exports. The EMDG directly assists small and medium businesses, most of them in regional areas of Australia. The costs of export and sustaining the export market are prohibitive to these small and medium businesses. The EMDG helps provide them targeted financial assistance. I will also use the opportunity of this debate, as have previous speakers, to comment on Australia’s general export performance over the last 10 years.

The opposition is supporting the bill but has moved a second reading amendment which we believe would improve it. The EMDG was reviewed by Austrade, which considered nearly 400 submissions. It concluded that the EMDG was popular among the Australian business community and that this support was not limited to any particular industry sector. It also concluded that the EMDG was an effective program to assist small and medium businesses to commence and continue export activity. The Minister for Trade announced a series of measures on the EMDG in late January this year, which are encompassed in this bill.

As the opposition amendment suggests, we are concerned by the removal of the Australian content rules. Currently, goods are eligible if they are manufactured in Australia and have at least 50 per cent local content. If goods are manufactured offshore, eligibility requires that at least 75 per cent of the components’ value must meet the 50 per cent Australian content requirements. The bill also gives the minister discretion in determining whether goods are made in Australia. Given the minister’s recent appearance before the Cole inquiry, I no longer have much confidence in the discretion provided to ministers. All too frequently we have seen examples of how such discretion has been abused or incompetently administered. Ministers and parliamentary secretaries are responsible for discretionary powers—for example, under the Regional Partnerships program. These discretionary responsibilities were abused on occasion and incompetently administered, as revealed during the Senate committee inquiry into the program last year. I urge the government to adopt the reasonable proposals contained in the opposition’s second reading amendment, including having the Auditor-General audit the EMDG two years from the date on which this bill is enacted.

The EMDG is far too important to small and medium businesses, especially in regional areas of Australia such as mine, to be the victim of any abuse or incompetence. I note that the
bill does not address one area of business concern: certainty of payment. Eight years ago the
government capped the EMDG. The Australian Chamber of Commerce and Industry has been
most critical of the way payment is made. The more reasonable Australian Industry Group,
which has a more realistic world view, devoted some thought to the EMDG in its report re-
leased last week, entitled *Manufacturing futures: achieving global fitness*, a briefing on which
I attended in Wollongong. Page 63 of the report states:

Since 1996 there has been a gradual erosion in the real value of the Scheme’s budget ... A yearly alloca-
tion of $300 million would be more appropriate for what is the keystone of Australia’s efforts to foster
and develop a diverse and sustainable export sector.

It goes on to say:
The uncertainty surrounding full payment of eligible claims and the long lags in receiving the rebate
further undermine the efficacy of the Scheme.

The bill, unfortunately, does not address these key issues despite the calls from the Australian
business community. As fate would have it, given it is so important in my area, I had asked
the Minister for Trade a question on notice about the EMDG in early February 2005. He pro-
vided some interesting information relating to the EMDG and the program’s use by busi-
nesses in the Illawarra in May 2005. In my electorate the EMDG total value of grants in the
period 1993-94 to 2004-05 was $3.3 million. In Throsby, my neighbouring electorate, for the
same period the amount was $1.6 million. In Gilmore, again over the same period, the amount
was $4.6 million. The number of applicants and recipients in each electorate has been rela-
tively constant over the decade. This indicates to me the popularity of the EMDG for small
and medium businesses in regional areas. It also confirms that the Illawarra continues the ex-
port task.

In my electorate the businesses having received EMDG grants between 1993 and 2004 are
wide and diverse, as they are across Australia under the program. They include: photographic
and optical goods, inbound tourism, computer consultancy services, fabricated metal product
manufacturing, toy and sporting good manufacturing, electrical and equipment manufactur-
ing, mining and construction machinery manufacturing, plant nurseries, data processing ser-
VICES, telecommunications services, fruit and vegetable wholesaling, boatbuilding, black coal
mining, domestic appliance retailing, glass and glass product manufacturing, education, and
wine manufacturing—none of which is quite as amazing as the fish-stunning piece of equip-
ment that the former speaker referred to.

This is an extraordinary list of businesses by industry groups exporting goods and services
to the world. And they are based in the Wollongong and Illawarra region, once so famous for
its steel and coal but now expanding its export base. These are just another indication that the
region I represent in this place has vastly diversified its economic base over the last two dec-
dades directly as a result of the fact that the coal industry did experience a significant downturn
and that economies did have to diversify and, whilst we appreciate and value the current
boom in export commodities, we do realise that it is important to continue to build on our di-
versified base for the future.

When I was first elected I discovered an EMDG recipient based in Bellambi in my elector-
ate. I have mentioned Seawind Catamarans before in this place. Usually, unfortunately, it has
teen in the context of the skills shortage because they have had a problem in that area. Seaw-
ind build boats and catamarans at the luxury end of the multimillion dollar industry. The
Seawind site at Bellambi—the giant shed—at any one time is full of boats and catamarans, some just skeletons, others nearly finished, others complete, polished and ready for launch at the Wollongong boat harbour on a very early morning run. Most are placed in the water for their sail to Sydney and then for export to Asia, the United States, and other countries.

Just a few weeks ago I met with the new management team at David Brown Gear Industries based at Bulli. David Brown Gears has also been a recipient under the EMDG scheme. This company is part of Textron, a $10-billion multi-industry company with 45,000 employees across 40 countries. Forty-five per cent of their activity is involved in aircraft, 15 per cent in fastening systems, 15 per cent in industrial products, 18 per cent in industrial components and seven per cent in finance. I recently invited the University of Wollongong and its Innovation Campus initiative to make contact with David Brown Gears to talk about establishing a research partnership, and AusIndustry representatives have also been to the site for discussions. I will be asking my colleague the honourable member for Gilmore to meet with me shortly to discuss the potential of the company to be involved in defence related industry, which is such a strong part of her area and which I know she strongly supports.

These two examples of successful businesses based in my electorate confirm a rather insightful comment contained in the AiG report I referred to earlier. On page 20, a quote appears from a Wollongong metal manufacturer stating, ‘We are no longer an Australian company, but a global company based in Australia.’ Australia’s export performance over the last decade has, sadly, been poor. The balance of payments figures confirm a structural weakness in our trade performance. The Prime Minister, in March last year, said: ‘The current weakness on our trade account will only be temporary.’ At that stage Australia had recorded 38 monthly trade deficits in a row. Now, we are on the verge of 50 consecutive trade deficits. Just how disastrous does it have to be to be taken seriously by the government?

The government has been cautioned, warned and advised by international organisations—including the IMF and the OECD—of the consequences of running unsustainable current account deficits. It has similarly been cautioned, warned and advised by the Reserve Bank of Australia, Treasury and even respected private economic consultancies such as Access Economics. The government should not simply ignore this giant problem and wish that it would go away.

Like its last Liberal predecessor, the Fraser government, in which the Prime Minister served as Treasurer, it is relying on the engine of China and India to power a resources boom. The government has been warned, and Australian history confirms, that these resource booms do drop off and the consequences for Australia, as have occurred in the past, will be massive. Last week’s budget confirms just how precarious Australia’s trade position actually is. The budget strategy announced is based on a false floor: a commodities boom that cannot and, history foretells, will not last forever. The current account balance in the budget’s macroeconomic forecast shows a deficit for 2004-05 of $58 billion. We still have a further two months of the financial year to go. The forecast for 2006-07 is a massive almost $63 billion, over six per cent of Australia’s domestic economy. The government is forecasting export growth of two per cent in 2005-06. That is down from the 2½ per cent export growth outcome for 2004-05.

In a real dose of illusion, the government is now estimating seven per cent export growth in 2006-07. It publishes this estimate every year and it never reaches its target. The Treasurer
boasted in the budget about the government debt. When you are the highest taxing government in history, is it really difficult to reduce government debt? When you have shifted debt to households, is it really difficult to reduce government debt? The budget forecasts show that, despite the tax relief offered in the budget, this government will continue to snatch and grab revenue of $222 billion next year, $230 billion the following year and a further $9 billion the following year.

By 2009-10 it is projected that the government will have its hand in the pocket of Australians to the tune of $263 billion. It is soon to be a trillion dollar economy, with the Treasurer’s hand still deep in everybody’s pocket. When talking of debt, however, the Treasurer never talks about the current account deficit or Australian foreign debt, and the former speaker tried to minimise the importance of those issues by suggesting they are only one component. It certainly did not stop the government, when in opposition, running debt trucks around the country on exactly that issue. The infamous 1996 debt truck, unfortunately, broke down along the Hume Highway. Since then, it has been hidden in a shed under a tarpaulin.

But the bill for the blow-out in the foreign debt of nearly half a trillion dollars means that every Australian man, woman and child owes nearly $26,000. Australians need to know that the Howard government’s neglect of debt during the last 10 years directly threatens the prosperity enjoyed as a result of the massive and, at times, very painful reforms undertaken by the Hawke-Keating Labor governments. To service the Australian foreign debt we have a contract with foreign lenders. That contract needs to be serviced by exports. At some stage foreign lenders will make a drastic call that Australia cannot service its borrowing. They will, at some stage, call in that debt. The results will be catastrophic for each and every household.

The government, of course, blame everyone else and everything else for the poor export performance. Invariably they blame the international terrorism situation, drought, the high dollar, the low dollar, rising oil prices and the Asian financial meltdown. There is a ready excuse constantly on hand for refusing to take responsibility. The government believe that the best way to compete with the Chinese, Indian and other emerging economies is to mirror how those countries pay their workers. It is the low-paying road; hence, the Work Choices legislation. Never mind the evidence of the last decade, prior to 2000, when manufactured goods and supporting services grew by 15 per cent, simply transformed manufactures by 13 per cent and elaborately transformed manufactures by 16 per cent. What did this export activity contribute? Linked industry and businesses, leading technology, skills, system organisation and management techniques—in other words, innovation. It led to a productivity burst, which is now evaporating.

The budget included funding of $750 million for the EMDG over the next five years. It is no more funding than already allocated. The EMDG is a good program that was, as I mentioned earlier, introduced by a Labor government in 1974. It has been continued and supported by governments since. It has continued to exist because of its useful assistance to small and medium businesses seeking to export and sustain a new market overseas. The EMDG has certainly been a source of assistance to exporting businesses in my electorate and the region I represent. But Australia needs to do much more to improve our export performance. There are significant threats to the continued prosperity of the nation unless we act, and act soon. This government does not seem to have the stomach for it.
Mr HENRY (Hasluck) (12.01 pm)—It certainly gives me a great deal of pleasure to be able to speak on the Export Market Development Grants Legislation Amendment Bill 2006, as there is no doubt that exports are critical to our economic wellbeing and the prospects of Australia and Australians. It is interesting to note the concluding comments of the previous speaker with respect to illusions, to cheap labour from places like China, India and those other places and to suggestions that the Howard government wishes to emulate that. That is the greatest illusion of all—the illusion of the opposition—with respect to these changes. Let us look at their record. Let us look at the history and the track record of the previous Labor administration: one million people unemployed, 345,000 of those long-term unemployed, and the highest level of unemployment in teenage ranks, at something like 34.5 per cent. Then there were mortgage rates of over 17 per cent. Talk about family friendly! With those sorts of statistics, everyone shudders. Then on top of that there was a debt of $96 billion left to the Australian government and the Australian community to recover. Very fortunately, we have had the Howard government for the last 10 years, which has ensured that Australia is debt free. So no more about illusions; let us get to the reality.

The realities are that the Howard government well understands the importance of this and works tirelessly to better support and enable Australian enterprise to flourish in the dynamic world of international trade. The Export Market Development Grants Scheme is a highly successful initiative, and this amending bill is designed to make it even more so. Exporting is of incredible importance to Australia—indeed to any modern economy. The most obvious area of importance, of course, is the issue we know as the balance of trade. This is something that the government will continue to work tirelessly to address. Exports, in effect, allow nations to pay for their imports. This benefit from exporting is well known and is discussed in public debate often by our leading economic thinkers and policy makers. But there are many other benefits which get comparatively little coverage and yet, as people like me who have seen them in action can attest, they are of far-reaching significance.

Businesses involved in export are typically economically stronger and make a greater economic contribution to Australia than businesses not involved in exporting. If we take a macro-economic view we see some significant indicators, such as exports in 2005 accounting for over 20 per cent of the total value of Australian produced goods and services. Austrade has estimated that one in four jobs in regional Australia and one in five jobs across the whole country depend on exports. Over the past 20 years industries with strong export performance had much greater gains in productivity. We have enjoyed a very strong and sustained period of export performance with clear trends towards greater diversity in our exporters. There is now much higher diversity among Australian exporters, not only in terms of what they export but also in terms of where they are located. This pattern, combined with results like the 2005 record achievement of export value of $176.7 billion, which was an increase of 15 per cent on the previous year, is not bad. It is positive news indeed for the nation as a whole, as well as for our 30,000 exporters.

We also see clearly how exporting drives innovation and productivity, not just in the exporting business itself but also in their non-exporting competitors here in Australia, their suppliers and even their domestic customers. The analogy of a sporting competition illustrates this well. No sportsman or team would expect to improve their performance with home training or competition alone: high-level away competition provides a whole different sort of train-
This competition is healthy, not destructive. It will create opportunities, not limit them, since no nation can excel at everything. The global marketplace allows each the scope to become very good at what they are best at. It also allows scope for this, like sporting achievement, to change over time. This is not just a particular point of view. The research clearly shows that Australian exporters are more efficient, more productive and more innovative than nonexporters. They spend more on research and training, they uptake and apply technology quicker and they develop and market new ideas sooner.

It is important for Australia to be competitive in the global marketplace. Globalisation has exposed Australia to more technology, more change and more opportunities. Australian business has taken up the opportunity presented by globalisation to increase our export markets, particularly in the areas of design and manufacture. We have expanded beyond trade in our traditional commodities such as wheat, wool and ore.

The Howard government encourages Australian businesses to take advantage of these export opportunities and to make smart use of the new technology brought to our shores by globalisation in order to compete at the same level with countries with bigger populations and bigger economies. In my own experience I have had the privilege of working closely with a great many exporters, including small businesses, in the water industry over a number of years. Their ingenuity, entrepreneurship and work ethic is something to be celebrated and encouraged wherever possible.

This includes businesses like Caroma Dorf, which produce outstanding quality water fittings for the Australian and international market, including being a world leader in the development of dual-flush toilet systems to save on water use. And now as the representative in this House I am glad to support exporting businesses in my own electorate of Hasluck, including Freedom Pools and Pioneer Water Tanks, which are currently working in markets world wide and have been the beneficiaries of the export market development grant.

Freedom Pools, located in Kenwick, received an export market development grant of $50,000 last year to develop the export aspect of their successful fibreglass swimming pool manufacture and retail business. Freedom Pools is now the largest exporter of fibreglass pools in Australia, exporting over 600 pools per year to Europe, the United States, Asia, southern Africa, the Asia-Pacific and the Middle East. Pioneer Water Tanks, another very dynamic and effective business in Midland in Hasluck, has received two export market development grants since 2004, totalling almost $116,000. Pioneer Water Tanks has provided tanks to a brewery in Papua New Guinea, a desalination plant in the Persian Gulf and to countries throughout the Asia-Pacific and the Middle East. I congratulate of these two companies in particular on the endeavours and on the significant contribution they make to employment opportunities in the electorate of Hasluck.

But they are just two of those dynamic businesses that exist in Hasluck. This includes lots of small businesses operating in horticultural areas—stone fruit growers, orchardists, vineyards, wineries—which are also involved in export markets and the development of those...
markets overseas and are doing a fantastic job. The innovation I have consistently seen among these exporters for many years is undoubtedly inspired and driven by their exposure to international trade and the competition provided in those markets. This first-hand lesson is something I would wish for anyone interested in what export really means for Australian small business. In fact by 2003 this government had already moved to enhance the Export Market Development Grants Scheme by targeting its support more towards small businesses. Now Austrade estimates that 77 per cent of all grant recipients are small businesses.

So what does this mean for Australia’s workforce? The research on this is both impressive and unambiguous: exporting businesses outperform non-exporting businesses in many key employment indicators, including both measure of employment quantity and employment quality. The most recent ABS business longitudinal survey, published in 2000, tells a compelling story. Although exporters account for only four per cent of Australian businesses, they account for 16 per cent of Australian employment. That is a fourfold difference.

And what of the quality of these jobs? It is worth bearing in mind some other employment statistics about exporters. Exporters outperform non-exporters on standards of pay, training, health and safety practices and job security. For example, 34 per cent of exporters pay above average weekly earnings while only 12 per cent of non-exporters do. On average, exporters have 91 per cent of their staff as full-time employees and 90 per cent of their employees enjoy permanent employment status. The figures for non-exporters are only 69 per cent and 72 per cent respectively. This pattern holds remarkably consistent across other indicators such as health and safety practices and investment in training. Notably, the pattern also holds regardless of business size—in other words, even the smallest exporting businesses tend to offer Australians better quality jobs than their non-exporting counterparts.

The Export Market Development Grants Scheme is one of the government initiatives through Austrade to play a strong facilitative role in the development of Australia’s export capacity and performance both now and in the long term. The scheme was introduced by the original act in 1997 and has already been enhanced in 2003. In 2004-05 alone the scheme made 3,277 grants totalling $123.9 million to small to medium-sized business that were actively working to improve their export performance. These businesses generated around $3.1 billion worth of exports and 23 per cent of these exporters are based in regional or rural areas.

A comprehensive review, including independent economic research, was undertaken in 2004 to evaluate the scheme and make recommendations about its future. The review concluded that this is a particularly effective and popular scheme which delivers excellent value for money to the Australian community. I think it is notable that the review observed a clear pattern in which the greatest benefits from grants were seen in the smallest businesses, especially businesses which otherwise had financial constraints. This indicates clearly that the scheme is being applied as intended by both administrators and recipients. Specifically, it concluded that the scheme: induces export promotion; increases exports; helps small to medium enterprises become sustainable in their exporting; positively impacts on export culture; and delivers net positive social benefits. It concluded that the scheme clearly outperforms any feasible alternative approach and deserves to continue. This bill ensures that by extending the program to 2011.

The review also gained important insights learnt by the scheme’s stakeholders during its operation to date and found that there were a number of ways in which the operation and ef-
fectiveness of the scheme could be improved. Overall these focus on four strategies: increasing incentives to visit overseas markets and gain an international perspective; focusing on new and emerging forms of exporting; reducing risk and administration; and improving certainty of payment for businesses. In particular I wish to draw the attention of the House to several aspects of this amendment bill which address important findings of the review.

This bill allows for the scheme to continue until 2010-11 with a review to be conducted in 2010. This continuity provides security and a reliable context within which businesses wishing to improve their export performance can plan. And greater business certainty allows for better allocation of resources and more employment certainty. Increasing the daily overseas visit allowance will be very encouraging for those businesses, typically small or start-up enterprises, which are only just beginning to develop their export program and need first-hand on-the-ground knowledge and contacts that can often only be achieved by getting there yourself.

The bill includes a number of measures designed to eliminate anomalies around the question of which businesses are and are not eligible for the grant. With this legislation Austrade will be able to allow eligibility where the case is clearly genuine but a business may not fit an expected category. It also prevents the unfortunate situation where eligibility is prevented because of financial timing: a business being denied a grant in one financial year because their export earnings occurred in another financial year.

As knowledge becomes ever more important in the global economy I am also happy to draw the attention of the House to measures in this bill that allow for greater eligibility for businesses involved in the export of knowledge and intellectual capital. This is an area of Australia’s performance that we must encourage wherever possible, such as with this legislation. This greater flexibility and responsiveness to the needs of modern business is also achieved by amendments to the rules governing principal status and country of origin for the eligible products.

Complementing these measures to open up and simplify deserving eligibility are important measures to prevent unwarranted or manipulative use of this scheme. The new limit on eligible cash payments and conditions on transfer of business ownership are important to ensure that the funds available go only to deserving exporters and that the Australian community gains maximum benefit from its investment. Clarification of the rules precluding commission payments to prevent loopholing and clarification of Austrade’s authority to disallow claims it views as not in keeping with the legislation’s intention are also important amendments. Overall, these amendments ensure: more clarity, simpler processes, greater responsiveness, improved flexibility, more fairness, less risk of manipulation, enhanced incentives for new exporters and overall increased effectiveness from a program of which we should be very proud already. This amendment bill ensures even better support for Australian exporters and even better outcomes for the Australian community, including those businesses in Hasluck currently exporting or considering moving into the export market areas. I commend the bill to the House.

Mr HAYES (Werriwa) (12.17 pm)—I support Labor’s second reading amendment to the Export Market Development Grants Legislation Amendment Bill 2006. While I welcome the continuation of the scheme and acknowledge the importance of a number of the changes that the government is implementing in this bill, at the same time I am concerned about the im-

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pacts of those provisions which seek to increase the level of discretion available to the minis-
ter. I cannot help thinking that the government might be getting a little desperate to deliver on
its promise of doubling the number of exporters and seeing this as a means by which it might
be able to redefine its measures of success in relation to that promise.

There is no doubt that the export market development grants have benefited a great number
of companies throughout this country. For an island nation like our own, a strong culture of
exporting and a strong export sector are critical to the long-term success of our economy. The
export market development grants have helped companies that might not have considered
themselves necessarily as exporters, but they have certainly been able to develop their busi-
nesses to the point of entering and competing in an export market to our benefit. The grants
have played an important role in allowing small business owners throughout the country to
seek out and expand their businesses through export. In my own electorate of Werriwa since
1993-94 there have been more than a hundred grant recipients with a total of $5.2 million paid
out in grants to companies like Broens Industries which received grants of more than
$180,000 over a number of years.

I have mentioned Broens in this place on a number of occasions as it is a great example of
the type of innovative and growing business that is based in my electorate. Broens has oper-
ated for more than 25 years. It started with a single toolmaker. The business is now designing
and manufacturing high-tech solutions for precision engineering, tooling, special purpose ma-
chinery and automotive applications. Last year Broens was one of the winners in the Western
Sydney Industry Awards. As a matter of fact it took out the most coveted, most outstanding
large business award. Broens exports to 17 countries and among its customers are Mercedes
Benz, Ford, GM, Boeing and Airbus. The company currently employs about 140 people and
in Werriwa is one of our largest employers of apprentices. Only recently the company took on
another 17 apprentices in the metal trades area. I have not spoken with Carlos Broens in detail
about the impact of these grants on his business but I have no doubt that they have played a
significant role in his business expansion into overseas markets.

Another company that has benefited from a grant under the EMDG is Lipa Pharmaceuticals
of Minto. Recently I had the opportunity to tour the Lipa plant with its owners Gorge and
Stanika Jovanova. Lipa is a contract pharmaceutical manufacturer. They started the company
in 1995. It started from very humble beginnings as both Gorge and Stanika migrated to this
country with nothing in 1988. So theirs is a very good story. They have opened this new plant
in Minto. They currently employ in my area over 300 employees and they are a major con-
tributor to the local economy of Campbelltown. Lipa has used their EMDG to target interna-
tional markets. It has certainly opened up new areas for business which can be supplied by
our local manufacture and it has created new jobs. They have identified specifically a market
for quality pharmaceuticals for export into the international market. They constantly remind
me that the threat to the local pharmaceutical industry is from overseas manufactured prod-
ucts that are not currently required to display or advertise their country of origin, so when
those products appear on our shelves we do not see that. I will say more about that later.

These are just a couple of examples of companies that have expanded through the growth
in exports, assisted by export market development grants, and are reaping the benefits of ex-
porting. That said, Australia’s export performance remains poor. It was only two weeks ago
that we heard those fabled words from the Treasurer once again as he delivered his 11th budget. Towards the end of the budget speech he said: GDP is expected to grow by 3¼ per cent in 2006-07, following more modest growth in 2005-06. Economic growth will continue to be supported by strong global demand for Australia’s commodities. This is generating robust growth in business investment and should lead to—

and I stress—

an increase in export growth.

Once again this is a case of another budget speech and another prediction from the Treasurer that an increase in our exports is just around the corner. This is another prediction of strong export growth from a government that has consistently got it wrong when it comes to forecasting export performance. It is another prediction of improvement in Australia’s export performance from a government that has overforecast growth in exports by an average of 5.5 per cent each year since 2001.

I would like to quote some figures. In 2001 the government forecast export growth of five per cent. In reality, it fell by 0.8 per cent. In 2002 the government forecast a six per cent growth. The reality was a fall of 0.8 per cent. In 2003 the government forecast export growth of six per cent. Exports came in that year at around one per cent. In 2004 the government forecast export growth of eight per cent, and the result was a mere 2.5 per cent growth. This is the government’s actual record when it comes to export growth, and I have to say that, if as with other things the government’s record is its guarantee, when it comes to predicting more export growth being just around the corner I for one have to be just a little sceptical.

A closer inspection of the budget papers reveals that, during a period of record terms of trade and with an export expansion just around the corner, the current account deficit is expected to hit a new record high. In 2006-07 it is expected to hit a new record high of $6.2 billion or some 6¼ per cent of GDP. A couple of weeks ago I was shocked to see that our monthly trade deficit had increased to $1.5 billion. That is $1.5 billion for the month, with an expected $6 billion increase in the current account deficit expected over the next 12 months. That is hardly a record that sits well with this government.

Digging a little further into the budget papers reveals that Australia’s poor export performance is impacting on growth. The budget papers reveal that net exports are expected to knock off about half a per cent of GDP growth in 2006-07, which follows on the back of a one per cent reduction in GDP as a result of export growth in 2005-06. This is simply not good enough. Today we are tinkering with the Export Market Development Grants Scheme, waiting—ever waiting—for the predicted but never realised export boom to come along, while what Australia really needs is a new export strategy.

In the budget the government had the opportunity to take business by the horns and lead it to overseas markets but instead the budget did not contain one single new export initiative. It contained yet another promise—the promise of the export growth that always seems to be just over the horizon, no matter how close we are—but it did not contain any new initiatives to lift the number of exporting firms that we have in this country. The Treasurer is starting to sound a little like Paul Revere, running around telling us, ‘The exports are coming,’ but for the Treasurer the export improvement never seems to occur. The government talks big on exports but very little seems to be happening.
In 2001 the government set a target of doubling the number of exporters by 2006. In response to a question I put on the Notice Paper not long after I got to this place, the Minister for Trade said that the Australian Bureau of Statistics recorded that in 2000-01—the base year on which they are going to calculate success or failure of the strategy of doubling the number of exporters—the number of exporters stood at 25,000. In 2001-02 it had grown to 31,450, in 2002-03 it dropped back a little to 31,174 and by the end of 2003-04 the number of Australian exporters stood at 30,788. In all, since 2000-01 the number of exporters has increased by fewer than 6,000. Growth of fewer than 6,000 in three years, while the government’s goal was to double the number of exporters! This leaves the government nearly 20,000 exporters short of reaching that target. That is a long way short. It is so far short that it is almost at the point where the government could start all over again.

This government is asleep at the wheel when it comes to promoting exports. It is keen to sign up to bilateral trade agreements—the benefits of which are largely yet to be seen—but, in terms of a real commitment to an export strategy, we have seen nothing from this government. I mentioned at the outset that I had concerns about some of the provisions of this bill. I am particularly concerned about the removal of the Australian content rules and their replacement by a provision that allows ministerial guidelines to determine eligibility criteria in the future.

Yet again it is a case of the devil being in the detail, although, unlike other pieces of legislation that come before this place, I strongly suspect that on this occasion the detail will allow a less stringent approach to assessing the performance of the minister. If the decision of the government was that the rules of origin requirements should be replaced by ministerial guidelines, then why are those guidelines not available? In effect, this piece of legislation is the government asking the parliament to write it a blank cheque.

It is asking us to agree to a set of guidelines that, for all we know, have not been written or, at the very least, have not been made available. The government’s track record on such matters hardly instils me with confidence. While the majority of changes in this bill are improvements to the Export Market Development Grants Scheme, this should not be seen as the most comprehensive approach to export promotion that the government could come up with. The scheme does help small and medium sized firms test and explore possibilities in overseas markets but it is certainly not the complete strategy that is needed by a country facing an increasing current account deficit and an export performance that is starting to shave percentage points off economic growth.

I support Labor’s amendment to this bill to improve some aspects of the grant’s operation and ultimately I will support the bill because Australian businesses need all the help they can get to get their products to international markets. Australian businesses need to know that the next expansion for their business can and should be to export. But more importantly Australian businesses need to know that they have a government that is backing them and that will support their bid to expand their businesses and markets. From all the evidence that I have seen, the current government is not willing to provide that support and is not ready to get behind potential exporters by putting in place the infrastructure and policies that potential exporters need to help them on their way.

The fact that the review of the Export Market Development Grants Scheme found a need for the scheme to continue and the fact that this bill is before us today is a good start—I do not doubt that—but I have to say that it is not enough. At a time when a new export strategy is
needed, at a time when the Treasurer concedes that our export performance is constraining economic growth and at a time when independent assessments of Australia’s export performance report it to be severely lacking, having a government that is willing to sit idly by while the current account deficit gets out of hand is simply not good enough.

It is not good enough for this government to continue to resist the need to improve infrastructure. We need the building blocks so that domestic businesses can cheaply and efficiently get their products into overseas markets. While I strongly support the continuation of the Export Market Development Grants Scheme, I do believe this government needs to do more. In my electorate there are many fine businesses—world class businesses—that should be able to get their product into overseas markets and use exporting as a means to grow their businesses and create jobs.

Instead of trying to stave off international competition by cutting wages and threatening workers’ job security through the Work Choices legislation, we should be putting Australian businesses on a more competitive footing with overseas businesses so that they can compete with those markets. That is what we should be doing. Our policy should be driving that because, at the end of the day, that is what is going to create jobs and economic wealth for this country.

Mr HARTSUYSKER (Cowper) (12.35 pm)—I welcome the opportunity to support the Export Market Development Grants Legislation Amendment Bill 2006. The legislation before the House today reminds us of the importance of overseas trade and export industries to Australia. I would like to focus on three vital areas which relate to export market development grants and the Australian government’s positive trade policy initiatives. Firstly, I intend to look at the merits of this legislation and its importance to the development of overseas trade opportunities. Secondly, I would like to highlight some examples of how export market development grants have assisted some businesses in my own electorate. And, thirdly, I will focus on the opportunities being created for our emerging exporters by the government’s free trade agreements.

However, before I address those points, I must challenge the comments made by the honourable member for Griffith in this chamber when he rose to speak on this bill. It is clear that the good member’s glass is half empty rather than half full. He attempts to paint a gloomy picture of our export performance. In his contribution he conveniently neglected to mention the substantial growth in the export of goods such as medicines and passenger vehicles. It has also slipped his mind that this country has achieved record exports across a range of sectors. The member for Griffith also paints a gloomy picture of the impact of our free trade agreements on a wide range of industries. Does he seriously believe that greater restriction on international trade can enhance trade performance? That is clearly a nonsense. A less restrictive trade regime builds greater national wealth for trading partners; but I will comment on FTAs later.

We can see where trade sits in Labor’s list of priorities, with the opposition having hand-balled the trade portfolio to no less than six different shadow ministers over the last six years. I say that the Minister for Trade hard work and vision has led this country into a new era of prosperity. There has never been more incentive to get emerging exporters ready for international business. In contrast, we have an opposition with no plans, with no ideas and with no meaningful policies in the area of trade. Perhaps the honourable member for Griffith should
have taken some time to join me and the Deputy Prime Minister at the mid-North Coast innovation showcase held at South West Rocks. There were examples of regional businesses delivering world-class products and exporting to world markets. In most cases, they were not just following world’s best practice but were creating it by innovation—innovation being carried out in regional Australia.

In the 10 years this government has been in office, the value of Australia’s annual exports has increased by $53.5 billion. In that time, some 1.7 million jobs have been created under the coalition government, jobs that were just not there under Labor. Of those 1.7 million jobs, 320,000 had been generated through export performance. Currently, only five per cent of Australian businesses export, but that five per cent of businesses creates almost 20 per cent of Australia’s jobs. It is even higher in regional Australia, at 25 per cent. That is one of the reasons we are enjoying 30-year-low levels of unemployment. Imagine the possibilities if we can open up the world markets to another five per cent of Australian businesses. What jobs would we create? What wealth would we create? That is what export market development grants are doing: creating prosperity for businesses and jobs for Australians through making businesses export ready and through putting them in contact with potential trading partners.

I will now turn to the legislation itself and its relationship to future export trade. The legislation before us today will build on the success of the Export Market Development Grants Scheme and refine the program to make it more efficient and more effective. Under the sunset clause in the current legislation, the final grants to exporters will be paid in 2006-07. Owing to the immense success and popularity of the scheme, the government proposes to extend the scheme by five years, providing emerging exporters with further opportunities to market their products world wide.

One in five jobs nationally and one in four jobs in regional Australia are directly dependent on exports, and history shows that businesses which have been given access to global markets have experienced significant growth. The benefit of this growth is felt in the back pockets of the nation’s workers, with the 30,000 Australian businesses that export currently paying their employees on average $17,000 more per year than those businesses that do not export. This bill aims to keep this trade growth continuing and to give businesses with export potential the tools they need to get into the global marketplace.

Last year, 2005, was a record year for Australian trade, with exports reaching over $176 billion. Last year, 12 of Australia’s top 20 goods and services exports recorded record trade figures. We have copper ores up 76 per cent; coal up 63 per cent; iron ore up 78 per cent; natural gas up 41 per cent; medicines up 27 per cent and passenger motor vehicles up 12 per cent. There were also increases for wine, beef, education and business services.

In the 10 years it has been in government, the coalition has focused on providing the conditions whereby Australian firms can access world markets effectively and competitively. The government has facilitated exports through a range of measures—firstly, by pursuing trade opportunities on a multilateral and bilateral basis. The second way this government has helped exporters is by freeing them from the nightmare that was the sales tax system, a tax on exports—a tax acting against those companies that wanted to build wealth for Australia in the world marketplace. The third way the government will be helping exporters is through workplace relations reform. This reform is essential to making our labour markets internationally competitive.
This bill not only proposes an extension of the EMDG scheme but also specifies a number of improvements to the scheme which will make it more streamlined and provide further opportunities for emerging exporters not currently utilising the scheme. In 2005 Austrade conducted a full evaluation of the scheme and recommended its continuation. This recommendation was based on extensive consultation with some 394 submissions being received and no fewer than 70 meetings with business representatives, industry associations and government. In the bill currently before the parliament, several modifications stemming from the Austrade review are proposed. The bill proposes an increase in the claimable overseas visit allowance from $200 to $300 a day. It simplifies the rules on Australian content. Emerging exporters will be offered more flexibility with applications for funding that currently do not met the criteria.

The bill will ensure that expense categories for overseas representatives and marketing consultants are separated and capped to $200,000 and $50,000 per annum respectively. It will extend from three to five years the period for which Austrade can grant approval status to special applicant categories, the approved bodies, joint ventures and trading houses. This new piece of legislation will empower Austrade to reject unsubstantiated, unreasonable, uncommercial or non bona fide expense claims. The eligibility for cash payments made by applicants will be limited to $10,000 per annum. The bill also removes the export performance test, which has in the past made it difficult for some small businesses to access the scheme.

Last year, the EMDG scheme paid out some 3,200 grants totalling $124 million to small and medium export businesses. For that $124 million investment, those businesses generated over $3 billion in export revenue. I will repeat that figure because it is quite staggering: $124 million investment generated over $3 billion in export revenue. For Australia to prosper, it must have an effective trade system. A means by which manufacturers who produce high-quality products and international buyers can meet at the same table is through world trade—and the EMDG scheme facilitates that.

The good news for Australia is that exporters need look no further than the Pacific rim to access huge markets, such as Japan, the United States or China. The EMDG scheme is about helping Australian exporters contact international buyers. That brings me to my second point—the importance of EMDGs to regional and rural Australia.

In my electorate, exposure of business to external markets has proven crucial to business success and employment growth. I am pleased to say that local businesses have benefited directly from the EMDG scheme. A good example of that is a very small firm—which you would probably know of, Mr Deputy Speaker Causley—Dahlberg Surfboards in Yamba. In the highly competitive world of surfing, Rodney Dahlberg has managed to carve out for himself a niche market in Japan, using magazine print advertising and by sponsoring riders in Japanese surf tournaments. Mr Dahlberg says that EMDGs have been—and I will quote his very extensive words—‘a great help to him’, giving him the chance to put his product on the Japanese market. As a result, this small firm sells on average two surfboards a day into the Japanese market—quite a result for a small business operating out of a small country town in regional Australia.

Another example is the dental supply manufacturer, Erskine Products, in Macksville. General Manager Tim Erskine-Smith says that, without the EMDG scheme, he could not have ‘tested international waters’. With the financial support of the EMDG scheme, Erskine Products invested almost a quarter of a million dollars in attending trade shows, taking out com-
mercials in trade magazines and doing test mail-outs. Similar testimonies can be given by a range of firms around the country. The extension of the scheme will see more success stories and more prosperity for local firms and their employees.

In my contribution to the House today, I would like to recognise the efforts of 30 young people who have just attended the Export Market Development Training Course, part of the Australian government’s Industry Partnership program. This program is designed to boost the understanding of young Australians in the areas of international trade and the export sector. The five-day intensive course held earlier this month in Sydney taught participants about how export markets work. It provided them with the skills to develop their own ideas and the motivation to develop an export business of their own.

The 30 participants were from a range of sectors, such as sheep and wool producers, brewers and winemakers, oyster farmers, beef producers and cheese producers. One of the participants was from my electorate. Timothy Zirkler, from Macksville, wishes to make a career for himself in the production of blueberries. The North Coast of New South Wales is home to some of the biggest producers of blueberries in Australia and provides work for a range of people—locals and backpackers. These blueberry farms have secured opportunities in the lucrative export Japanese market. Timothy knew about growing blueberries but not about how to sell his product on the global market—but that is changing, thanks to the Export Market Development Training Course. Young people like Timothy, who make up over 30 per cent of the workforce in agriculture, fishery and forestry, are being made ‘export aware’ through programs such as this.

I commend the Export Market Development Grants Legislation Amendment Bill 2006 to the House so that emerging exporters can have increased opportunities to take their products to international buyers, safely and effectively. Demand for the grants is increasing each year, showing the health of Australian business and the success of the scheme. Three-quarters of the grants awarded last year went to businesses with a turnover of $5 million or less and, of those, 23 per cent went to regional Australia.

At this point, I would like to return to the issue of trade negotiations. Free trade agreements have provided Australian exporters, especially those in regional Australia, with increased market access to the US, Singapore, Thailand and New Zealand—the first country to sign a free trade agreement. Since the Australia-US Free Trade Agreement was signed at the beginning of the year, cheese exports have risen by 103 per cent, two-thirds of US agricultural tariff lines have been reduced to zero and the majority of tariffs on lamb and mutton have been eliminated. In the first 12 months of the Australia-Thailand FTA, over 450 companies registered as active exporters. In last year alone, two-way merchandise trade grew by 30 per cent, helping to make Thailand Australia’s 10th largest merchandise trading partner.

In 2005, exports of services and merchandise to Singapore grew by 10 per cent and 23 per cent respectively. That is a very significant figure. The Singapore government revealed that it had chosen the University of New South Wales to establish the country’s first foreign university—the first wholly-owned research and teaching institution to be established overseas by an Australian university. Trade with New Zealand has grown by over 500 per cent since the signing of the FTA. Australian exporters are now anticipating the possibility of an FTA with China.
The Australian and Chinese governments began negotiations on an FTA after a joint study showed enormous potential benefits for both countries. China is already Australia’s second largest merchandise trading partner, our second largest imports source and our second largest export market. As a country of only 20 million people who consume only 30 per cent of the food and fibre we produce, we must export. There has never been a better time to develop Australian export business. If this government can educate and kick-start emerging businesses into the export sector, it will produce huge benefits for regional and rural Australia and for many small firms, stimulating considerable employment growth, all through the development of export opportunities.

There has been overwhelmingly positive feedback from exporters for this scheme and independent research has shown that the scheme has encouraged export promotion, which is a key factor in successful small business expansion. In the light of the reviews of the scheme and its track record of boosting Australia’s export industries, it is the government’s decision to extend the scheme, as I said, by another five years. I commend these changes. I commend the Export Market Development Grants Legislation Amendment Bill 2006 to the House and look forward to its passage so that we can continue to encourage our small exporters, continue to encourage export opportunities and all of the benefits that they bring to Australian companies.

Mr BOWEN (Prospect) (12.50 pm)—Assisting private enterprise and promoting exports are core responsibilities of government and core responsibilities with regard to which this government has failed abysmally. A good export performance is vital to our economy. There are, of course, significant spillover effects for wider society and the economy, which means that it is appropriate for the government to promote exports. In fact, it is more than appropriate; it is vital. I will come back to those spillover effects a little later.

In a nation like Australia it is important that our exports come from a diversified range of sources. Personally, I regard this government’s worst economic failure, among many, as being its complete failure with regard to exports, and manufactured exports in particular. Two weeks ago we saw the release of the March trade figures, which my honourable friend the member for Werriwa referred to, and we saw our monthly trade deficit increase from $1 billion to $1.5 billion. This is not what concerns me most. We do see from time to time monthly fluctuations. We see occasional blips as the deficit figures go up and down as particularly expensive imports come in from time to time. But what worries me and the Labor Party more is that this was the 48th trade deficit in a row. Not in 20 years have we seen a run of trade deficits which has lasted this long.

Twenty years ago Paul Keating warned Australia that we were in danger of becoming a banana republic unless we turned things around. But there is one very big difference between that trade crisis and this one. In 1986 the world economy took a turn which was not in Australia’s best interests. Demand for commodities, the staple of the Australian economy, was low. Of course, that is not the case today. We see the massive growth of China, we see Australia riding the Chinese wave and the massive increase in demand for our commodity exports, led primarily by the 10 per cent per annum growth in the Chinese economy. If we had the terms of trade now that we had in 1986, our current account deficit would now be 13 per cent of gross domestic product. Even with the best terms of trade in 50 years, this government delivers a trade performance which sees us with a current account deficit which fluctuates between six per cent and seven per cent of gross domestic product.
Even with the best international world conditions since the end of World War II, this government delivers the biggest trade deficit in our history, and of course this translates into Australia's record foreign debt. This government has effectively transferred public debt to private sector debt and seen it balloon out in the process. When the Howard government came to power, promising to reduce foreign debt and driving debt trucks around Parliament House, foreign debt then stood at $180 billion. It is now $450 billion or half a trillion—that is, more than 50 per cent of gross domestic product.

The government have had a lazy approach to trade. They have been riding the coalminer's back, they have been riding the wave of Chinese growth and they have done nothing to encourage manufactured exports. The results are there for all to see. In 1983 Australia’s elaborately transformed manufactured exports stood at $2.6 billion. By 1996 they had increased to $18 billion. By 2005 the growth rate had dropped off dramatically and it had reached only $26 billion. Indeed, in 2001 and 2002 we saw the only decline in elaborately transformed manufactured exports in the last 23 years. It actually went down over a 12-month period.

Of course, there is no doubt that global economic conditions play a role in this and that Australia, from time to time, gets bounced around as the world economy grows and then falls off. But this government has dropped the ball. It has failed to encourage research and development and has let other countries get past us—other countries with comparable bases when it comes to their economy. They have overtaken us in the field of elaborately transformed manufactured exports and high-tech exports. These are countries like Ireland and Finland, for example. In fact, Australia is one of the very few countries in the world that have a traditional commodity base that are still running a trade deficit. As world demand for commodities has increased, most economies that are similar to Australia’s have gone into trade surplus. Countries like Finland and Canada have gone into trade surplus. I think South Africa is in fact the only other country with a similar economic profile to ours which is running a trade deficit.

The honourable member for Cowper talked about the workplace relations changes and how they helped exports. What this government is doing is going down the low road. It is competing with countries like China and India by reducing our wages. What it should be doing is going down the high road and competing with countries like Ireland, Finland and Canada by encouraging manufactured exports, by encouraging the high-tech sector and by encouraging research and development. But it has gone down the low road. It is driving down wages instead of driving up innovation. They are driving down conditions instead of driving up our ability to compete in the international field.

This is a remarkable story of neglect which makes this bill, the Export Market Development Grants Legislation Amendment Bill 2006, even more important. I mentioned before that there are spill-over effects from exports. When a business begins exporting, it benefits the wider economy as well as that particular business. When a business begins exporting, there is evidence that it improves its productivity. This government’s record on productivity has been appalling, and that is what makes this bill even more important. Businesses which decide to export are no longer just competing with businesses within their own catchment but competing with every other business in the world in that field. Research by the Centre for International Economics indicates that 70 per cent of respondents believe that exporting has made their operations more efficient. A bigger market means more economies of scale and, by definition, a more efficient operation. An exposure to export markets encourages businesses to be
more innovative. The Australian Bureau of Statistics longitudinal study in 1997 and 1998 found that nearly half of all exporters planned to introduce a new good or service, compared to just 15 per cent of non-exporters.

The honourable member for Cowper referred to the fact that only five per cent of Australian businesses export. I was surprised to hear a member from that side of the House making that point. I would have thought that point would come from a member of this side of the House. Just five per cent of Australian businesses are exporting, and this government and the honourable members opposite come in here and crow that their export performance has been excellent.

As I alluded to earlier, anything which encourages more innovation in the Australian economy is something which will improve our economic performance and help us compete with those economies which have embarked on deliberate national strategies to improve their levels of elaborately transformed manufactures. It is something that this government has not done but it is something that governments in Ireland, Finland, Canada and Switzerland have done. This government has dropped the ball and has been riding the coalminer’s back. Governments in the past rode the sheep’s back; this government has been riding the coalminer’s back. Again I find myself in agreement on at least one point with the honourable member for Cowper. Exporting is good for employees. This makes sense. A successful, innovative exporting company is very likely to be in a position to pay more to attract good employees. Again, the Australian Bureau of Statistics found that exporters paid each full-time employee an average of $46,000 in 1997, while non-exporters paid an average of just $28,600.

All of these points go to the importance of the export market development grants bill. Of course, the Export Market Development Grants Scheme was introduced by the Whitlam government in 1974 and it has been retained by each successive government. I note, however, that this government when they came to office promised to abolish this scheme—

Sitting suspended from 1.00 pm to 4.00 pm

Mr BOWEN—I was saying before the Main Committee suspended that the government have a shameful record when it comes to exports. They had the highest terms of trade in 50 years and yet they delivered the highest deficit in 50 years. They have been lazily riding the wave of Chinese growth and leaving this country exposed. If the world demand for commodities starts to fall off, we will be shamefully exposed to that downturn and we will leave ourselves open to an economic downturn in our own nation because the world will turn away from our commodities.

This development grants scheme, as I said before the break, was introduced by the Whitlam government in 1974 and has been retained by each successive government. This government was going to abolish it but, under pressure, decided not to. This bill extends the scheme to 2010, with a mandatory report to the Minister for Trade on the efficacy of the scheme due in 2010. This is a sensible outcome. There is no evidence at this stage that replacing this scheme with any possible alternative would produce better results than we have seen thus far. However, I for one remain open-minded about the possibility of converting to a tax deduction
scheme or something similar, providing that the safeguards are there to assist small start-up businesses that are not yet paying taxes because they do not yet make a profit.

I do have some reservations about a couple of the changes proposed in this bill, most significantly the proposed amendment to say that recipients of export market development grants no longer need to show success in promoting exports to receive future grants. I think that is a retrograde step. There needs to be some form of accountability, and I think the taxpayers would expect that a company which has been receiving export market development grants but which has not generated further exports should therefore not continue to receive further grants. There is no reflection on them that they have not been able to achieve that—I am sure we would all agree that they have tried their best—but it has not worked out and therefore the taxpayers' money should be diverted to somebody else.

The scheme, by its nature, supports small and medium sized enterprises to develop export markets, and this is appropriate. Small businesses do not necessarily have the skills or the capacity to identify and pursue export markets, although their products may be of very high quality and can, without question, compete on their own merits overseas. Shaw and Hughes found that 35 per cent of Australian businesses regard themselves as feasible exporters but have no plans to export, and we need to get that figure down. The size of that figure informs the argument that we need to be reviewing our export assistance to small businesses and assessing whether there are better ways of assisting them. The Centre for International Economics notes that procuring of finance for small business to develop export markets is difficult, and this is unsurprising, as lenders often take a very cautious approach. This was the finding of the government’s 2001 report on the review of export credit and insurance services.

The evidence indicates that the EMDG Scheme plays a positive role in overcoming these hurdles for small businesses to export. In a survey conducted to inform the efficacy of the scheme, indications were that the EMDG funds represented nearly 20 per cent of export promotion funding for recipients and that they were the second most important source of external funding. So there is no doubt that this scheme plays an important role, but I stress that I think it is sensible that the scheme be reviewed in 2010 to see whether there is a better way of doing things.

The receipt of EMDG funding assists small firms to fund their export-chasing activities. For each dollar of the EMDG funding received, the Centre for International Economics found that recipients facing tight financing constraints are likely to spend an extra dollar on export promotion, so the bang for the buck from this scheme is quite high. Even for those firms facing extreme financing constraints, the additional expenditure would be in the order of $1.30 to $1.90 for each dollar from the grant.

In conclusion, this scheme does good work. I look forward to seeing the results of the 2010 review of the scheme, which will assess whether there are better and more efficient ways of encouraging export activities. Hopefully those results will be reported to a Labor minister for trade—perhaps a minister for trade of the ilk and the achievement of the honourable member for Fraser, who has joined us in the chamber. He is one of the better ministers for trade that this nation has had in the past. Hopefully that minister for trade will be somebody who has a real interest in making a contribution to diversifying Australia’s trade exports, not someone who simply wants to ride the coalminer’s back and the Chinese wave, as the current minister and this lazy coalition government have done.
Mrs HULL (Riverina) (4.05 pm)—It is a pleasure to rise in the chamber today to speak about the benefits that the Export Market Development Grants Scheme has brought to my electorate. In doing so, I will also speak about the Export Market Development Grants Legislation Amendment Bill 2006. The EMDG Scheme, which is administered by Austrade, assists small and medium Australian businesses to enter the export market and to grow export sustainability by partially reimbursing their eligible export promotion expenses. Many of the businesses that have been enabled to grow are in the electorate of Riverina.

With this legislation, the government is delivering on its commitment to extend the EMDG Scheme for another five years and to provide a number of enhancements to the scheme. I congratulate the Minister for Trade, the Hon. Mark Vaile, who has been diligent in his efforts to continually open markets and access trade for the producers in my electorate. Not only that, but he is also an approachable person who is absolutely committed to his role.

The EMDG Scheme supports a wide range of industries. In my electorate, businesses in the fruit growing and wine manufacturing sectors are just some of the businesses which have benefited from the provision of the 3,000 grants which are provided each year. In 2004-05, 11 businesses received almost $400,000 in EMDG. They include the Beelgara Estate at Car­rat­hool, which is an emerging business with an excellent product; Skyron Pty Ltd in Leeton, which is also a great business; Sunfresh Citrus in Leeton and Sumar Produce in Griffith. The magnificent citrus industry is finally able to get some assistance in their very difficult plight as they battle the enormous odds stacked against them.

Last year, the EMDG Scheme delivered more than 3,200 grants and paid out around $124 million to small and medium exporters. These businesses generated approximately $3.1 billion in exports. Many of those billions of dollars in exports also came from my electorate of Riverina. Of the grants delivered last year, 77 per cent went to small businesses with annual incomes of just $5 million or less. You could not ask for a program which is more targeted, more readily accessible and more readily appreciated than the EMDG Scheme. Twenty-three per cent of grants were paid to businesses in rural and regional Australia.

The proposed amendment to increase the claimable overseas visit allowance from $200 to $300 per day will be of particular benefit to new and emerging exporters. One of the issues that businesses confront occurs when they take their product overseas. Sometimes when they make appointments, the appointments fall over and they are required to extend their stay. That expense can preclude the smaller player from entering into lucrative export niche markets. The amendment will increase the incentive for the businesses to take the crucial step of visiting overseas markets and meeting new customers and to learn how export business is done. It is a great experience that can yield enormous results. Removal of the export earnings test will also address the anomalies that have resulted in some of the small to medium enterprises in my electorate, and those emerging exporters, being denied grants or having their grant entitlements reduced.

Organisations from the Riverina are continuing to grow within the export market, and they are generating more jobs. We have manufacturing companies that include Celair-Malmet and Precision Parts—both domiciling in the Riverina. Celair-Malmet commenced in a backyard shed in Leeton, actually inventing one refrigeration unit. Then Ted Celi and his family have taken this magnificent company of Celair-Malmet to international pride, being one of the most significant suppliers to Wal-Mart in the US market. As I said, they have come from just
a small backyard shed in Leeton. They invented a refrigerating unit and have now gone on to own the bulk of air conditioning units right across Australia. They have now branched out into the climate control business. They are an unassuming family, and I am proud to call them friends not only of mine but of the entire Riverina electorate.

We also have Precision Parts, another business started from a backyard shed. Many years ago the owners of Precision Parts were involved in the Air Force and decided to stay in Wagga Wagga. They decided to start up a business with harmonic balancers, would you believe. They now find themselves world leaders in harmonic balancing manufacturing, with both a rebuilt exchange unit utilising used units returned from distributors and a brand-new replacement unit using locally sourced components. Precision’s rebuilt and new product programs are purchased by almost all automotive wholesalers in Australia. The unique combination of unbeatable range, competitive prices against imports, stock service and consistent quality has underpinned this product support. The bulk of Precision Parts’ product range is targeted at the standard replacement market, but there is also a much smaller but highly profitable market for high-performance balancers, both in Australia and overseas.

So from just a simple EMDG, back in 1998, we have a very skilled entry into the US market and we have since seen Precision launching the Powerbond performance balancer range, utilising advanced bonded dampening technology, with instant market success both here and in the US. Who would have thought that a small business would now extend to over 120 employees in a very short time—around six years—simply by taking advantage of an EMDG, going into the US market and providing a product, a harmonic balancer, that is well regarded and a top seller?

This government has been focusing on opening up these opportunities. I recall that at the time I was running for the seat of Riverina Mark Vaile—the current Minister for Trade and Leader of the National Party—was the Minister for Transport and Regional Development. He was only too keen to come in to Wagga Wagga, talk to Precision Parts and others and encourage them into that export market. He has been very keen on this export market for such a long time and has continued to focus on opening up these opportunities right across the world with bilateral, regional, multilateral and global negotiations.

To take advantage of the outcomes achieved, the government has put in place a number of programs to assist and enable those businesses to take advantage of, or to capitalise on, the market opportunities that have been opened up. Programs like the New Exporter Development Program take aspiring exporters from the initial inquiry stage right in to the doors of the marketplace. There are programs like TradeStart, where the government has set up a national network of 50 offices providing resources, advice and guidance for new exporters getting into these markets right across the world. They can go in, discuss their product and get really good advice about the potential appointments that they might need to make in order to break into the market—whether that be with a niche or a high-volume product.

The government has kept the economy strong by doing this. I know the economy is strong because, just recently, the Business Review Weekly published the top 200 millionaires in Australia and four of them were in Griffith alone—McWilliams, De Bortoli, Casella and Barters. They are all operating in the export market. You see just how valuable many of these programs have been in creating resilience and also providing a strong economy, particularly in my electorate of Riverina, which has endured the most significant drought over the last five
years and seen our broadacre farmers being particularly stricken. This part of the electorate has maintained the viability and the strength of the employment opportunities through this very difficult time so that our people did not have to leave the region. I sincerely appreciate the efforts that these businesses go to to ensure that takes place. I encourage anything that can keep our economy strong.

I note that just days ago, through the Riverina Industry Partnerships Program, two of our young Riverina people were selected from amongst 30 Australia wide for the export market development training course. These two people, Vito Mancini and Joanna Brighenti, will do a five-day intensive course that will give them an insight into how international markets operate and provide them with the skills to develop their own export strategies and run a successful export business. Both of these participants are involved in the citrus industry in Griffith. I applaud and congratulate the selection of these two people to do the course, because if anyone needs a leg up or a hand it is this industry. I have to say that I believe that both the previous government and the current government have sincerely failed the citrus industry in my electorate. I will do anything to ensure that these people get an opportunity to encourage, to promote and to ensure the growth and sustainability of that mighty citrus industry, which has really copped a bucketing since 1990.

We also have successful companies like Ricegrowers Co-operative Ltd, or SunRice. It is one of Australia’s most successfully vertically integrated agribusinesses and it produces and markets great products under outstanding brands of SunRice. This company is particularly sensational in that we saw it get the regional exporter of the year not just last year but also the year before. It was an amazing coup for SunRice, because it has had to battle an enormous amount of misinformation and malice out there about its product, which is the finest product in the world. SunRice is one of the best vertically integrated businesses and one many could emulate. I am very supportive of what it has achieved. It has an annual export sale of well over $500 million.

Since 2001, Ricegrowers has been Australia’s largest exporter of branded food products with its SunRice brand. It is always well positioned to achieve its vision—that is, to be the world’s favourite rice food company. It has gone a long way toward that. The one thing about SunRice and Ricegrowers is that all of the jobs are in Australia. We do not export in bins; we export a branded product. We are the largest branded product exporter from any port in Australia.

It is a significant product. You can go to Japan, Papua New Guinea and a whole host of places and see that Trukai or that SunRice brand. I never feel as proud as when I am visiting overseas and I can see a product that has been made by the hands of the Leeton people in the Riverina district being put on shelves as a branded product. That gives me a lot of pride as the member for Riverina. I recall going to Papua New Guinea for the ministerial forum with the Minister for Foreign Affairs, Alexander Downer, and other ministers, such as Senator Vanstone and Mr Ruddock. We visited our Trukai factory in Lae in Papua New Guinea. To see the value that Trukai, SunRice and Ricegrowers have given to Papua New Guinea is an extraordinarily humbling experience. I congratulate them on that. They are a wonderful organisation that is wholly owned by Australia’s rice farmers, and they export 85 per cent of their production. They also represent four per cent of world trade, and 39 per cent of the trade is in japonica varieties. So you have branded consumer packs that, as I said, make up 70 per cent
of their entire exports. We export to 72 countries in the Pacific, Asia, the Middle East and Europe. It is truly a global product and one that embraces globalisation and also one that has benefited from the EMDG. For that, I am always thankful.

The EMDG Scheme is a great principle and one that many companies in the Riverina have benefited from, as I have said. Those include Celair-Malmet, Filmont Australia, Louver Shield, Riverina Wines in Griffith, Miranda Wines in Griffith, Finemores Holdings in Wagga Wagga, Westend Wines in Griffith and Casella Wines in Griffith.

Casella Wine’s sales just recently reached $344 million in their enormously successful branded Yellow Tail product in the US market. They have been enormously successful in their export specific brand. They have not only exceeded most other exports but were also the exporter of the year not last year but the year before.

Something that they are really proud of is that they are a local family business—a simple family business started in Australia in 1965 by Filippo and Maria Casella, who emigrated to Australia from Italy. They brought with them their hopes and dreams. And the most refreshing part about the whole story of Casella is that they are very significantly high up the ladder of millionaires in Australia but live the simple life of the simple Italian family. Nothing has gone to their heads. In fact, John’s parents live right in the centre of the forest of stainless steel vats in their original little home cottage. It is another humbling experience to see that people do not let success go to their heads and become more important than the past, the present and the community and family members that have supported them. They have stayed very focused and close to that community.

We also have the De Bortoli Winery in the EMDG process. De Bortoli’s commenced in 1928. It is a fabulous winery. They are great friends of mine. It was established by Vittorio and Giuseppina De Bortoli, and they rapidly expanded their operations under their dynamic son, the late Dean De Bortoli. Today, under the equally dynamic leadership of Darren De Bortoli, son of Dean, the company has increased its value tenfold. It provides to the community and, as all of these companies are, is ready to help every community project and all community charity organisations. They are the first ones to put their hands up to put endless dollars into ensuring their community remains one of those great places to live and work.

Mr Neville—And not a bad drop too.

Mrs HULL—That is right. Moving on to others that have been recipients, there is Keenan Produce in Griffith, Flavourtech Pty Ltd—a great company, which is determining how we can make synthetic coffee actually taste real and doing a great job at it. There is Westend Estate and the great Three Bridges label under the ownership of Bill Calabria and his wonderful wife, Lena, and family. They do an enormous job for the region as well. There is Keenan Produce, Terra Nova Estate and Riverina Wines—another brilliant business that offers extraordinary employment and opportunities. There is Pacific Fresh Produce—Tony and the guys in the citrus industry have been doing battle so hard and were able to secure an EMDG. That grant has been able to give them some processing in and entry to other markets and they have taken every advantage of that. With a cold storage process for citrus they have been the leaders in the industry. They are another citrus organisation taking advantage of these grants. There is Flavourtech; Finmara and Sons, Leeton; and Beelgara Estate from Carrathool, which is an emerging business but will be one to watch, believe you me. There is Gary and Robert

MAIN COMMITTEE
Pandolfo in Griffith, Skyron Pty Ltd in Leeton, Westend Wines in Griffith, Toorak Winery in Leeton, Sunfresh Citrus in Leeton and Sumar Produce in Griffith.

You can see the value that water and access to water have in our communities and what they have provided in economic benefits—not only to my region, my electorate, but to the nation and internationally as well. I hasten to add that I am worried as to just what is the pathway and the future for our electorate when we look at all of the activities taking place at both the state level and now the Commonwealth level with respect to water. I commend this bill to the House and take great pleasure in outlining some of the many excellent businesses within my electorate of Riverina.

Mr McMULLAN (Fraser) (4.25 pm)—I rise to support the Export Market Development Grants Legislation Amendment Bill 2006 and the second reading amendment. It was interesting to hear the remarks by the member for Riverina. They would have led one to believe that the Export Market Development Grants Scheme was a great coalition initiative rather than one which the coalition butchered when it came to office. It slashed it and abolished all the accompanying programs in the biggest cut to assistance to exporters in Australian history.

However, I strongly support the things which the member for Riverina had to say about the merits of the Export Market Development Grants Scheme over the years and the assistance it has given, including to many of the companies which she mentioned with which I had the pleasure of working when I was trade minister—particularly Ricegrowers, which is a truly great exporter. I had the privilege of leading Ricegrowers into the Japanese and Korean markets, which had been closed to them forever until they were opened by the negotiations by my colleague and predecessor as trade minister, the former senator Peter Cook. That was a great initiative. I was pleased to be a part of it; it has enhanced their market and I hope the current round of multilateral negotiations might further enhance access to that market. It would be in the interests of Australia, Japan and Korea.

Having been a great supporter of the Export Market Development Grants Scheme and the associated programs that existed prior to their abolition in 1996, I want to say that I think it is about time we rethought the whole thing. I am not referring to the idea of assistance to exporters; I am sure we should continue to do that. In a moment I will come to what I think the rationale for that is. I do not think it is contested here, but nevertheless, when you are talking about root and branch review, you should go back to first principles—why we support exporters.

Let me start by saying that I do support continuing public support for the activities of people wishing to initiate or expand their exports. But I wonder whether the way we are doing it has perhaps got a bit tired and whether we might need to rethink the whole thing. That is why I am happy with the proposition in the legislation for a review. If it were up to me, I might wish that the review was a bit quicker, but I understand that you have to give companies time to plan and therefore we need fairly long lead times for reviews. When we are putting forward a program to extend assistance to companies that are making commitments for their expenditure based on what the government says, we cannot precipitately change it. That is why I was so worried about what happened in 1996. I would not wish to see an incoming Labor government repeat that mistake. Let me say quickly that I do not recommend going back to the situation that we had in 1996. I will only draw on that as an example of alternative ways in which assistance can be given to exporters and say that we should look at some of those principles.
and apply them in the modern circumstance, because international trade is changing its character very rapidly.

Prior to the slashing of these programs in 1996, there were more options than just EMDG. There was what was called ITES, the International Trade Enhancement Scheme, which enhanced international business prospects for individual firms, joint ventures, consortia and industry associations, developing programs which had the potential to generate substantial foreign exchange earnings for Australia. The scheme financed market entry and expansion activities. I want to emphasise that: entry and expansion activities. It was not funding what you were already doing, but if you wanted to break into a new market or expand in a new market, you could get assistance, facilitating new investment.

The scheme funded up to 50 per cent of the project expenditure up to a maximum of $2.25 million. And this is the other point that I want to make: funds for that scheme were what I called the ‘revolving fund’—it was expressed differently by others. Funds were provided either as a concessional loan repayable with interest or—and what I preferred and most companies preferred but some wanted the loan—an advance involving a success fee in the form of a percentage of the revenue generated from the project. That is, people got assistance but, if they succeeded, some of the benefit flowed back to the taxpayer. It was a very good scheme and when the government abolished it, it was anticipated that over the forward estimates period it would have provided $118 million support over four years to exporters in an innovative way. I supported that scheme and I regretted its abolition.

There was a smaller but also a very valuable scheme called the Innovative Agricultural Marketing Program, or IAMP—I hate these acronyms, but that is what people knew it as—which provided financial assistance to producers, manufacturers and marketers in Australian agriculture, forestry and fishing industries that had potentially commercially viable projects to broaden the export base of those important industries. Consistent with the principle, the member for Riverina correctly pointed out the situation with regard to rice growers where they do not just export the rice; they do it in a value added way. We saw meat exporters exporting meat pre-cut and ready for specialised catering to the Japanese market. That specialised work was done in Australia and funded by the company with assistance from the Innovative Agricultural Marketing Program. The value added jobs, the quality jobs, were in Australia. That was a smaller program, at its peak estimated to be about $3 million a year. It had a lot of potential and it was about broadening our export base, and that is why I thought it was valuable.

There was also the Asia Pacific Fellowship Scheme, which was abolished, which enabled managers and graduate employees of Australian organisations to work and study Asian markets for six to 12 months. Half the time was spent gaining business experience and half on language training. This was about integrating our economy into Asia. I do not advocate going back to those schemes; the past has gone and we need to move on. But I think we should draw some lessons from the potential which those programs had.

We had the Productivity Commission looking at our export enhancement programs—that was a good thing to do—and I welcome the fact that the Centre for International Economics looked at EMDG and recommended its continuation. That was essentially the catalyst for this legislation to extend the scheme. I welcome the fact that the Senate committee recommended a performance audit and that the second reading amendment by the shadow minister emphasises that, and I regret the fact that performance audit concept has not been taken up.
I think that we need a very fundamental review of how we go about export assistance, a root and branch review. In my view we could provide more support if the support were provided contingent on more return to the taxpayers when the exports are successful, the principle that underpinned the ITES but on a bigger scale. I do not think that we need fragmentation of a number of different small programs; I would like to see a bigger, enhanced Export Market Development Grants Scheme where people who took initiative and went into new markets or sought to expand their operation within existing markets in new ways received assistance from the government.

But there is always a risk, and the export market development grant has always been subject to risk. This is not something new under this government. I am not criticising the current administration; it is inherent in the nature of such schemes. Almost the worst public policy thing you could do is to pay people with taxpayers’ money for doing what they were going to do anyway, and that is a big risk. It is inherent in the nature of this and not totally avoidable if you are going to provide assistance to exporters. Clearly, they are people who have some idea of exporting and when you provide assistance you cannot possibly tell how much of that they would have done if you had not given them any money. But we need to minimise that. It is an example of private capture of publicly funded benefit, which is the principle that underpins HECS, for example. We publicly fund you to go to university but, since there is a substantial benefit that flows to you as an individual from it, some part of that benefit should flow back to the taxpayer if you take advantage of that benefit.

I suggest that we look at a new model for export assistance. I do not want to cut it and I am not looking for savings or to say we do too much. I suspect we do too little. I am also not looking to say, ‘Let’s just throw more taxpayers’ money at it.’ Let us be a bit innovative and try and take apart the underlying principles of why we provide export assistance and look at new ways to do it. Let us look at the idea of some sort of revolving fund—some sort of return to the taxpayers on success.

Let us go back to those first principles. What are the public policy purposes for which we provide export assistance? We are not just trying to buy exports. That would be a totally inefficient proposal. If you did that, you could just subsidise people’s prices and they could go and do it more cheaply. I know it would be a breach of the World Trade Organisation rules but that is not my point; it is just a stupid thing to do. Nobody would wish to do it, and if you start down that road you wind up with a common agricultural policy. Who wants to go there? You have billions of taxpayers’ dollars achieving the purpose of having Europeans pay higher prices for food than they would otherwise pay. No-one wants to go down that road in Australia. So why do we fund exports? It seems to me that there are significant public policy objectives that we achieve. We want a higher proportion of our firms exporting. We want to diversify our export base and broaden the geographical base of our exports.

How can we go about doing that? There is one basic way, which is uncontroversial and cheap and which we do a lot—providing information. That is essentially what Austrade does; it provides information and advice about how you get into markets. That is a terrific role and, while I think we always need to look at the most efficient way to do it, I do not propose any change to that. But we provide financial assistance to companies. I am not a great fan of taxpayers’ money going to companies, unless there is a reason. You have to ask, ‘What is the purpose, beyond the profit for that company, of us doing this?’ I think in exports it is clearly
possible to establish the case that there are what in economist jargon we call ‘externalities’—profit beyond that which can be captured by the individual company. When an economy gets an export focus, it drives productivity, openness, efficiency, competitiveness and quality, and all of us benefit from that. Every company in Australia benefits from that. The quality of products in Australia is enhanced. We get better rice in Australia from SunRice because they are an active international competitor. They have to produce the best quality to win in the international market; we get the benefit. That is true in a number of other industries, but I use that example because of the comments of the member for Riverina. She is correct, and it is one of the reasons we should be providing assistance to new companies or to companies wishing to go into new markets.

Why don’t I ask why we don’t go back to 1996? I was, to some extent, the architect of some of those programs and the administrator of others, and I thought they were pretty good, but the world has changed. I do not think we should go back. The whole nature of international trade has changed. Many Australian firms sell without leaving the country. They sell around the world on the internet. The old forms of assistance—even what is in EMDG—are almost pointless to people who sell over the internet. Once again, that is not a particular criticism of EMDG; that is inherent in the nature of it. We fund people to go overseas. That is great, but sometimes we do not want them to leave; they can sell just as well staying here and selling on the net. There has been a communications revolution. The nature of travel has changed. There has been extraordinary change in the international economic make-up of the globe where the traditionally dominant economies are being transformed by those which were dominant a millennium ago. We are going back to the days when China and India were the dominant economies, as they were prior to the industrial revolution. They are surpassing Europe and North America.

We need to see how we can accommodate our export promotion to this wonderful new opportunity. Australia has always had a great barrier to its exports in that we were so far from our export markets. Well, we have not moved, but the export markets have moved closer to us. That is a great benefit, but we are not taking advantage of it. When I looked a couple of years ago at the rapidly growing Indian market—and I apologise to Austrade if these figures are no longer correct, but they are the most recent I could find—the figures showed that Canada was a bigger supplier, a bigger exporter to India than us. The Canadians have to fly over Australia to get to India. Why are they beating us in that market? You as a Western Australian, Mr Deputy Speaker Wilkie, and I as a former Western Australian should have a particular focus on that, because we know that there is no Indian Ocean country better placed to service the growing demands of the Indian market than us. By that I do not mean just selling them natural gas and unprocessed products. I am not against that, of course. They want to buy it; we have got a product: let’s sell it to them. But there is now an enormous Indian middle class with sophisticated consumer requirements—and we should be part of the process of supplying that. Yet, when you look at the allocation of Austrade offices, there are more than twice as many in China as there are in India. There used to be more Austrade activity in India when the ANZ bank owned a big operation there and we were able to piggyback on that. That is no longer possible. Nobody in the government is to blame for that, nor is ANZ; it was a commercial decision. But we need to look at how we enhance our access to that market. So it is about the internet revolution, the general communications revolution and the change in the way the international economy is growing.
The review is to be undertaken in 2010. I hope it might be undertaken a bit earlier than 2010, because it might take longer, but it will be concluded in 2010. This scheme will continue until then. As I said in my opening remarks, while I would like to see it enhanced I think you do need to give people a long time to change. Companies make commitments on expenditure and they need to know what they are going to get back from the government when they do that, so we should not change the scheme precipitately. But I am looking for a new scheme that has the best features of the existing scheme—and the EMDG has many virtues—but which responds to the new public policy challenges, the new circumstance in which we find ourselves, and which takes up some of the principles under which I think we should provide taxpayers’ funds to firms. So if the government assists a taxpayer to gain a private benefit then, to the extent we can, some part of that benefit should flow back to companies.

The most straightforward way to do that is to change some of the grants to loans. I am a bit dubious about that. I was not that happy about that in earlier time because loans have to be paid back by unsuccessful people as well as successful people, so you may wind up penalising people for trying and failing when we want them to try. Not everybody who goes overseas will succeed, but we want them to try. So I am not keen on the simple solution, which is change the grants scheme to a loans scheme. I am much more positive about the idea of some sort of success fee, a contingent grant model that creates a revolving fund so that successful exporters put the money back into the fund and more funds can then be provided in future years to more exporters.

It is very important that we focus on this, because Australia’s export performance in recent times has been a disaster. The true nature of the disaster is hidden by the resources boom, but the size and shape of our exports are quite worrying. Our export volumes in areas other than resources are falling, and in manufactures and exports we are losing market share at a time when the terms of trade are at a record high. So it is shrinking and the shape is changing. We were growing more rapidly in manufactures and services, where the good jobs are in Australia, and now they are dwindling and we are back to a quarry and a farm.

I support public policy to assist efficient sales of our great agricultural and mining industries. I have been proud to be associated with that in the past; I would be proud to assist in any way in the future. But we cannot succeed as a 21st century nation without doing better in the exports of services and manufactures and in added value to our mining and agriculture. That is what the new schemes need to look at. I think we should really have a root and branch review, go back to first principles and have export promotion as a small but necessary part of the response to our current trade crisis.

Mrs DE-ANNE KELLY (Dawson—Parliamentary Secretary (Trade)) (4.45 pm)—In closing this debate, I would like to thank all of those who have spoken. I will refer to them in more detail later, but I think that all those who have spoken have made a significant contribution to the debate. I would like to acknowledge the members for Bowman, Cunningham, Hasluck, Werriwa, Cowper, Prospect, Riverina and Fraser. Later in my address I will respond in more depth to the points that they have made.

Before I talk in detail about the Export Market Development Grants Scheme, I would like to put the record straight for those who perhaps have overlooked the facts on Australia’s export performance. In 1996, Australia’s exports were worth $99 billion. In 2005, they were valued at $176.7 billion. That is an increase of 78 per cent over that 10-year period. Of Aus-
Australia’s top 10 merchandise exports, six reached record levels in 2005. Those figures speak for themselves.

I would like to specifically address the scheme that we are looking at: the EMDG Scheme. It certainly is a proven success. I appreciate the comments of the member for Fraser and the suggestions he has made. It is a proven success in assisting small and medium businesses to become exporters. It also supports the government’s wider strategy for a robust, internationally competitive economy. We need to build a diverse community of successful exporters. That is absolutely vital to underpin Australia’s future economic prosperity and it is a key objective of the EMDG Scheme.

Over the last decade the government has successfully retargeted the scheme to small and emerging exporters—those businesses that most need assistance to build their export markets and grow to be sustainable. Last year, of the more than 3,200 businesses that received export market development grants, over three-quarters of them reported an annual income of $5 million or less. So it certainly is achieving the aim of targeting those emerging exporting companies. Through the EMDG Scheme, the government is encouraging businesses Australia wide to think globally and to reach out to potential customers around the world, to win export sales and to create jobs.

Other speakers—and I will deal with many of those in more detail—have highlighted the value of the EMDG Scheme to small and medium enterprises in their own electorates. There is no doubt that the review of the scheme recently showed that it enjoys very strong support from Australian businesses across a wide range of industry sectors. Independent research has confirmed that the scheme works and that it is an effective means of encouraging small and medium businesses.

I note that one of the previous speakers, the member for Cunningham, wanted the scheme to grow to $300 million a year. However, it is not meant to accommodate larger and more experienced exporters. In fact, the independent economic analysis that has been undertaken shows that the export behaviour of firms with annual incomes of $30 million or less is more likely to be responsive to the EMDG Scheme than that of larger firms. So we believe the targeting is right. It is the small and emerging exporters that most need our help at the embryonic stage of their venturing into export markets, and we will continue to focus on that group. The member for Cunningham also mentioned a lag in payments. The reality is that if applications are put in in a timely fashion then payments will be made in a timely fashion. But if any members are finding that there is an anomaly in the scheme that is delaying payments into their electorates, I would be very glad to hear about that and assist them in ensuring that that is overcome.

I would like to move to what individual members have contributed. I notice the member for Bowman was very energetic in his support for export and resource industries. I mentioned the member for Cunningham. Again, every speaker was in support of our Australian export industries and generally very supportive of the EMDG Scheme. I am pleased to see that members on both sides of the House are such champions of our Australian export industries. The member for Hasluck mentioned the $176.7 billion in record export achievements last year—an increase of 15 per cent—and the need for innovation and productivity. The member for Werriwa gave a very comprehensive address, mentioning the monthly trade deficit, but perhaps I will go into more detail in addressing his points later in my address. The member for Cowper
looked at areas of growth for exports of minerals, coal and medicines in the context of an overall growth strategy that includes tax reform, the Work Choices legislation and a range of other initiatives. He also noted that $124 million in the EMDG Scheme leverages out $3 billion in exports. I also note that surfboards into Japan are part of the process in Cowper for achieving exports, and I congratulate the Dahlberg firm that does that.

The member for Prospect claims that the government is riding on the Chinese wave and the coalminers’ backs. There is no doubt that we are experiencing record export growth from our resource industries, but it is not right to merely focus on resources. I would like to comment on the Committee for Economic Development of Australia’s World Competitiveness Yearbook. Significantly, that shows that for exports of goods as a percentage of GDP Australia ranks 54th out of 61 countries. On the face of that, you would say that perhaps it is not a result that we would be pleased with, but when you look at which country ranks 57th you see it is Japan, and 61st is the United States. It is quite plain that countries that have very strong domestic demand have that offsetting their export success. There is no doubt that the growth in Australia’s resource industries—the rapid investment in Australia—is creating a great deal of domestic demand and diverting resources to domestic needs. Australia’s rankings in 2006 from the World Competitiveness Yearbook show that we have risen overall from ninth position to sixth. Our economic performance is 14th, as opposed to 22nd last year. For infrastructure we are 19th out of 61. The results speak for themselves: in terms of the value of direct inward investment flows, Australia is fifth out of 61 nations.

The member for Riverina spoke glowingly, and it is wonderful to see a local member so proud of the export achievements of their electorate. She is justifiably proud of the rice industry in her electorate. She very graciously thanked the member for Fraser for his contribution when he was the Minister for Trade—

Mr Neville—A good contribution it was, too.

Mrs DE-ANNE KELLY—Yes, it was a good contribution. The address was a good contribution also, and she acknowledged the achievements of the previous minister in the last government.

I listened very carefully to the member for Fraser, and I thought there was much that was very worthy in his address. He is right that the world has changed. We cannot go back a decade to revisit the schemes and approaches that were there then. He is right: the aim of a successful program for driving exports should look at a higher number of firms seeking to export successfully, at diversifying the base of our exporters—

Mr Neville—Continuing renewal.

Mrs DE-ANNE KELLY—indeed—and at growing the geographical base of our exporters. I think they are very pertinent points to keep in mind. As for revolving funds, that is one to think about. Can I say that I thought everybody came to this debate with a very constructive and positive approach. In the time I have left I would like to speak about the amendment proposed by the opposition. The government does not support the second reading amendment proposed by the member for Griffith. Firstly, the opposition has stated that it is concerned about the definition of ‘made in Australia’ and what will be applied under the amended scheme. The explanatory memorandum to this bill makes it clear that the definition to be used will be similar in concept to that of the certificate of origin criteria used by Australian cham-
bers of commerce. These criteria take into account such matters as whether a product is
mined, grown, raised or substantially transformed in Australia. This will bring the EMDG
rules into line with standard industry definitions of Australian origin.

In June 2006 Minister Vaile expects to table the final criteria as a disallowable instrument.
Those criteria will be consistent with the definition foreshadowed in the explanatory memo-
randum. It is not right to say that we are asking members to vote on criteria that are unknown.
These criteria will be administered by Austrade, without ministerial discretion or involve-
ment.

Secondly, the opposition called on the government not to proceed with the provision to re-
move the export performance test. As noted in the explanatory memorandum, the removal of
the export performance test will overcome a number of anomalies that have resulted in genu-
ine exporters being denied grants, including for instance businesses that spend on export pro-
motion in one year but do not receive export earnings until the following year. I am sure that
the member for Fraser would be aware that in many of our dealings now with countries in the
region, particularly Asian nations, there is quite a long period of developing a business rela-
tionship with those to whom you seek to export. Sometimes that development can take a con-
siderable period of time, particularly if you are dealing with complex equipment, as many of
our exporters from the engineering resources area in my electorate are finding. In the end
many of them are successful, but there is a period of time required to develop the relationship,
to provide the engineering advice needed to the prospective customer and, finally, to achieve
that export outcome.

There are many small firms as well that are unable to generate high volumes of exports.
Also, there are firms that are impacted by circumstances beyond their control. They may well
have genuinely spent export dollars on trying to open a market but then find that, for reasons
they have no control over, they are unsuccessful in securing exports until a later time. The
tourism industry, for example, with issues like terrorism or SARS, can find that their best ef-
forts are thwarted. So this measure will overcome those anomalies.

There are other rules that will ensure the integrity of the scheme. Quite rightly, all members
want to see the grants go to Australian businesses that are investing their own funds in genu-
ine exporting activities. But there are other safeguards within the legislation to ensure that that
occurs. Austrade will continue to audit claims carefully to ensure that grants are paid only
where the requirements of the scheme are met. Firms will still be required to spend their own
money on eligible export promotion before applying for a grant.

The opposition has also called on the government to request the Auditor-General to con-
duct a performance audit of the EMDG Scheme two years after the proposed legislation
comes into effect. It is not correct to state that the EMDG Scheme is not subject to independ-
ent scrutiny, because it is. It has been reviewed or evaluated some 17 times since its inception
in 1974.

The amendment bill before the House includes provisions for an independent review of the
EMDG Scheme by June 2010. That is a review by a body other than Austrade. In addition, the
EMDG Scheme is subject to ongoing scrutiny through regular audits by the Australian Na-
tional Audit Office and KPMG, Austrade’s internal auditors. Of course, like many other gov-
ernment bodies with decision making, it can be subject to the Administrative Appeals Tribu-
nal. The Auditor-General can, if he chooses, schedule an audit of the EMDG Scheme at any
time. The government sees no need to request him to do so now, given that the scheme is going to be independently reviewed in 2010.

Members on both sides have supported the bill before the House today, which continues the EMDG Scheme for another five years and provides a number of enhancements to the scheme. These amendments will ensure that the EMDG Scheme continues to assist Australian businesses, particularly small and emerging exporters, to develop sustainable and growing export markets as part of a dynamic international community. I commend the bill to the House.

Question agreed to.

Original question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

**EMPLOYMENT AND WORKPLACE RELATIONS LEGISLATION AMENDMENT (WELFARE TO WORK AND OTHER MEASURES) (CONSEQUENTIAL AMENDMENTS) BILL 2006**

Second Reading

Debate resumed from 11 May, on motion by Dr Stone:

That the bill be now read a second time.

Ms HALL (Shortland) (5.02 pm)—Today we are continuing the debate on the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) (Consequential Amendments) Bill 2006. This legislation contains amendments to the government’s Welfare to Work legislation, which was rammed through this parliament with indecent haste on 1 December last year. We in the opposition protested about this indecent haste, about the failure to consider the details of this piece of legislation and about the failure of the government to consider all the implications that flowed from the legislation. Unfortunately, the government did not listen to us; unfortunately, the government guillotined the legislation in the parliament; and, unfortunately, this has resulted in this legislation being flawed.

As we on this side of the parliament know, this government is driven by an ultraconservative, extreme agenda. So driven was this government that there are inconsistencies in the legislation, so today we are here to fix those inconsistencies. We are here to fix the fact that the government had a very lacklustre approach to this legislation and was driven purely and simply by the fact that it wanted to get this legislation through the parliament before Christmas. It did not seem to be concerned about the overall implications of the legislation or about whether it was properly drafted. If it had been, there would be no need for the parliament to be back here, less than six months later, amending legislation that takes effect on 1 July. So we are amending the legislation before it actually takes effect.

I think there is a bit of a problem with that, and it shows a government that does not have the right approach to developing legislation and to introducing legislation. Rather, it shows a government that does not follow the proper processes, a government that just says: ‘We’ve got the numbers in the House and we’ve got the numbers in the Senate. This is what we want; we’re going to ram it through and forget the debate.’

This bill, as I have already hinted, makes largely technical amendments to the Social Security Act 1991 and the Social Security Administration Act 1999 which are necessary because
the first piece of legislation, the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Act 2005, was shoddily drafted. These are basically very technical and minor changes to the legislation. They extend eligibility for the pharmaceutical allowance to partnered parenting payment recipients who have been granted a temporary incapacity exemption from participation requirements. They provide for a seasonal workers preclusion period for students and new apprentices claiming youth allowance and they provide for continuing payments of the higher rate of youth or Newstart allowance and the continuing payments of the pensioner education supplement. I know that we alerted the government to the problems that are associated with that at the time the bill was rammed through the parliament. But they had such a blinkered vision that they were unable to even amend their legislation at that stage so that we had the proper legislation going through the parliament. Along with that, they provide for the pensioner employment supplement, the telephone allowance and other concessions to be paid to principal carers after the death of a child where that death could otherwise reduce the payments. The eligibility will be for a 14-week period.

I cannot come in here and debate this legislation without drawing the House’s attention to that flawed piece of legislation that actually passed through the parliament back in 2005. It was very ill-conceived legislation. It was legislation that, on the surface, the government touted as being to move people from welfare back into the workplace. In actual fact, I believe the original legislation was designed more to penalise those people who are in receipt of welfare payments and to cut the government expenditure in the area of welfare rather than to introduce a well-developed, well-thought-through piece of legislation that would actually assist people who were in receipt of the disability support pension—that is, to help people with disabilities to actually get back into the workforce. I believe that the government adopted an approach that was largely punitive. It did not look at all the implications and it really did not have a considered approach to the best way to get people with disabilities or, for that matter, single supporting parents to re-enter the workforce. Reducing a person’s income level is not the answer to getting a person a job. Rather, the answer to getting a person a job is to improve their skill levels and to improve the opportunities for them to access work. I am afraid I cannot see how this does that.

The previous Labor government introduced a program that I think worked very well in helping people with disabilities re-enter the workforce. That was through the disability reforms that were brought in in the early nineties. That legislation recognised that the best results were achieved when the person who had the disability felt that there was some degree of security in moving from the disability support pension into work. They needed to get support; there needed to be a whole-of-government approach to them entering the workforce. There was support for employers who were prepared to offer them work—not just financial support; there was ongoing support for the people who were prepared to take the risk. In place was a structure that made people feel comfortable about taking the risk of entering the workforce and made them feel that if it failed they actually had some options and could return to the disability support pension.

I will share with the House an example of how even though this legislation has not taken effect—it does not take effect until 1 July—the philosophy embodied within it is already impacting electorates like mine. A constituent of mine undertook employment. He was working
around 20 hours a week towards the end of last year. He has a significant disability. During that period of time, he was earning over the amount of money that would entitle him to receive the disability support pension. He felt good about himself, he was studying at the same time and he felt that he was moving towards finally getting back into the workforce. Unfortunately for this constituent, after eight weeks everything fell over. But—and this is the really key factor—he is now unable to go back onto the disability support pension and we are going through the process with Centrelink of having his circumstances reviewed. He still has the 20 points that would make him eligible for the disability support pension, but the simple fact that he took the risk to actually go out there and find a job has worked against him. If this legislation is supposed to assist people with disabilities enter the workforce, I can tell the government that there is one constituent in my electorate who will never try to get a job again if he gets back onto the disability support pension, because the risk associated with it is so great.

Another constituent has quite significant disabilities and has well over the 20 points, but Centrelink has advised him that, whilst he is over the 20 points, they believe that he is capable of re-entering the workforce. He has a non-English-speaking background, cannot read and has a very significant disability that, I believe, would place him in danger of exacerbating his injury or, alternatively, place the people who work with him in danger of being injured. I ask the government: if he injures himself, how will they explain to this man’s family why that happened? If other workers that he works with are injured, how will the government explain why that happened? I believe that the government really need to look at their obligations under occupational health and safety and also at whether or not they are being negligent in forcing that man back into the workforce.

One of the hardest jobs I have had in my life is being a parent. I worked when my children were younger, but I had the support of a husband. He worked too, but you come home at night, you are exhausted and you have just about used every resource that you have. Your children need you to sit down with them, help them with their homework and give them quality time. If I were a supporting parent, I think I would find that very hard indeed. People who receive the parenting payment now are already among some of the poorest people in our community. They are the poorest financially and I would put to the House that they are amongst the poorest when it comes to emotional and physical reserves. What is the government going to do for them? They are going to make it harder. They are going to cut the money that they receive and put in place very punitive mutual obligation requirements.

Mutual obligation, as such, is to be supported, but mutual obligation goes not one way but both ways. I believe that the government has the obligation to provide real assistance to the people it is targeting, to help them get back into work. Cutting the amount of money people receive or, when they are actually paid for their work, disadvantaging them by comparison with other workers is not what I call real assistance. I call real assistance helping them to develop skills and helping them with adequate and affordable child care, rather than taking the approach that the government took in the original Welfare to Work legislation. The further down the track we go the more problems will emerge and the more we will see how the government has failed these people and failed to achieve its objective, which is to get people from welfare back into work.

This legislation does absolutely nothing to help those people on parenting payment to balance their work and family obligations. There are so many areas where this government has
failed to recognise the problems that are facing the people this legislation affects. The government has not taken into account the changing face of work, such as the casualisation of the workforce, the fact that many jobs are now part time and the impact that these factors will have on people targeted by this legislation.

Whilst I support the legislation before us today, I have to say that the government fails to recognise the real issues facing people when they are looking to go back to work. Unless the government gives them the right sort of support, both within the workforce and on an individual basis, this legislation is doomed to cause a lot of harm and anxiety to people who really look to the government for support.

Ms ANNETTE ELLIS (Canberra) (5.19 pm)—I rise tonight to speak on the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) (Consequential Amendments) Bill 2006. This bill makes largely technical amendments to the Social Security Act 1991 and the Social Security (Administration) Act 1991 which are necessary as a result of the Employment and Workplace Relations Amendment (Welfare to Work and Other Measures) Act 2005. These amendments include terminology changes and changes to facilitate more consistent treatment of similar groups of income support recipients. The need for these amendments arises from the Howard government’s incompetent and extreme welfare changes which, in my view, were rammed through the parliament last year. If the government had not rushed this legislation through last year as they did and had they thought more carefully about these reforms and the content of these bills, this particular bill would not be necessary. But here we go again, cleaning up the mess that comes out of an arrogant approach by the government in their rush to abuse their control in the Senate.

Labor opposes the government’s welfare changes but will not oppose this bill, as that would entrench inconsistencies in the application of the new regime. This evening I would like to focus on the reasons why Labor opposes the government’s welfare changes. This is an issue that I am extremely passionate about and have spoken about many times. Labor believes that people who can work should work and that those who are unable to work should be cared for. There is no doubt that everyone benefits more when more people participate in the social and economic mainstream that most of us can enjoy. Labor supports welfare reform that goes far beyond moving people from one welfare queue to the dole queue. Instead of moving people from welfare to work, all the Howard government is doing is dumping people from one welfare payment to a lower welfare payment. Instead of reducing the number of people who depend on welfare, the government is just dumping people from one Centrelink database to another. This is why Labor believes that the Howard government’s changes to welfare are extreme, incompetent and grossly unfair. The changes are extreme because they cut the household budget for families who can least afford it, for no good reason. The changes are incompetent because they do not help people find jobs. They make work less financially worth while because the government now takes back more of every dollar these people earn than ever before.

This evening I would like to focus on the impact the Howard government’s reforms will have on people with a disability. What the Welfare to Work reforms mean for people with a disability is that people who apply for income support after 1 July 2006 who are assessed by a new comprehensive work capacity assessment as being able to work 15 to 29 hours per week will have to seek 15 hours or more of part-time work a week and will be placed on the New-
start allowance or youth allowance. These reforms will not help people with a disability or single parents to get a job. The government itself has admitted that over 200,000 Australians will be financially worse off under these changes, but only 109,000 in their estimation will actually gain work—and that remains to be seen.

The National Centre for Social and Economic Modelling, or NATSEM, published a report in November 2005 entitled Options for reducing the adverse impact of the proposed Welfare-to-Work reforms upon people with disabilities and sole parents. From the title alone, it is obvious that these reforms are expected to have an adverse impact. I would like to quote from the NATSEM report, which outlines the impact on people with a disability. The report says:

The Newstart Allowance provides a much lower payment rate than PPS and DSP, has a much harsher income test, and is associated with much less generous income tax concessions. As a result many sole parents with school age children and many people with disabilities will receive much lower incomes than under the current rules. Our previous reports suggested that sole parents will be up to around $100 a week worse off and people with disabilities up to around $120 a week worse off under the proposed changes relative to the current system. In addition, most of those affected will face much higher effective marginal tax rates under the proposed new system than under the current system.

The NATSEM report then goes on to state that these reforms will not help people with disabilities to find work. It says:

At this stage it appears likely that a substantial number of affected people with disabilities will be placed on Newstart Allowance but not actually be placed in jobs, due to a lack of suitable work opportunities.

I would argue, as do many organisations representing people with a disability, that people with disabilities will not be placed in jobs for another reason—that is, the Howard government has done nothing to promote or create job opportunities for those people with a disability. The Howard government’s hypocrisy in relation to employing people with a disability is astounding. Its behaviour towards people with a disability is completely unethical. It takes people off the disability support pension and throws them onto the dole. Then it does absolutely nothing, in my view, to help them get work.

The Howard government talks about people with bad backs and malingerers. It has done that for years, in the lead-up to this reform. How many times did we see front-page articles in the press where government spokespeople were quoted as talking about people with bad backs and malingerers receiving the DSP? I have to say that the Treasurer was one of the leading advocates of that particular line. Then the government goes silent and does nothing to help people with real disabilities and chronic illness to gain employment. I have heard so many government members in this debate continue to talk about bad backs. It is pretty pathetic and a pretty appalling method of debating if you are really that confident about the reasons you are doing certain things in legislation.

If the government’s reforms are so good and they are going to get people with disabilities into the workforce, how do they justify grandfathering those very provisions? It is an interesting argument. Wouldn’t that mean that people with disabilities will miss the opportunities to get work that the government are now boasting is going to be available? The answer is no, because the reforms will not help anyone get work. It really mystifies me that, after maligning all of these people and accusing them of malingering and of unfairly living off the government purse for virtually the whole time they have been in government up until these reforms
come in, when they talk about these reforms they say, ‘Yes, but we are not going to touch the 780,000 people that we’ve been abusing for the last seven or eight years; we are going to leave them alone.’ I am glad they have in one sense, but why have they? I can tell you why. It is because the political distastefulness of having those people go through the system that is now going to be imposed on new recipients would be too hard politically for them to swallow. That is why. They are going to aim their new regime at new recipients. We need to find the ones who miss out. We need to understand how their lives are being affected by these new rules that are being applied to people who will be genuinely attempting to get support through the DSP in this country in the future.

Let us look at one young woman in my electorate whom I know very well through my constituency. Her name is Kylie—she does not mind me using her first name. She has down syndrome. She is extremely keen to work. In fact, after a great deal of effort over many years by her and her family—but by Kylie in particular—she has really developed some skills. She currently works eight hours a week in a Public Service department here in Canberra and desperately wants to work more hours, but she cannot get them. The public and private sectors have no real incentives to assist people like Kylie and they have no-one to lead the way. The Public Service itself at a Commonwealth level has reduced its proportion of employees with a disability. The Public Service is not showing the way as it should. This government has reduced the proportion of people with a disability it employs from 5.6 per cent down to 3.8 per cent. We heard in the budget that there are going to be 7,000 new public servants. A lot of those people will be in my electorate, there is no doubt about that; there will be new public servants in other parts of the country as well. I want to know how many of those 7,000 new Public Service jobs that are coming on stream are going to be taken up by people with a disability. It is a very fair question, but I have not heard an answer to it. I challenge the government to tell us what its intent is. If it is going to move all these people off welfare, offer all these wonderful incentives and change the world, tell me how many of those 7,000 new Public Service jobs are going to be taken up by people with a disability. I wait with bated breath to hear the answer from the government.

I do not know how the Prime Minister can tell people with a disability to get a job and yet not help them get a job and not put in place policies that we know would work to ensure that people with disabilities are employed at least in the Commonwealth Public Service. It is no secret to anybody who takes the time to think about this and talk to people that people with disabilities would like to work. They would give anything to have a life other than the one they have. They would love to have another chance. They would enjoy participating in the community like the great majority of us have the wonderful opportunity to do. It is not rocket science. The overwhelming majority of them would like another chance and another life in which they could get out and participate more fully than they are able to do.

We on this side of politics have a completely different approach to people with a disability. We believe that, if people with a disability cannot work, they should be taken care of. If they are able to work and choose to work, we encourage them to do so. We give them every support we possibly can. We train them. We do not just shove them onto the dole. I think the government would be most surprised if it looked at cooperation instead of coercion—if it looked at partnerships and the abilities that these people have. The government should stop complaining about malingerers with bad backs and take on the role of promoting these people into ap-
propriate places within our community. The government would be surprised how successful such an approach would be.

We on this side of politics want real welfare reform that tackles the reasons why people with a disability are not working and delivers practical solutions. Real welfare reform gives people a chance of getting the skills an employer needs. Real welfare reform encourages employers to give people with a disability the opportunity to demonstrate their abilities. Real welfare reform understands that being a parent is an important job in itself and that work makes families more secure. Real welfare reform helps parents find the balance between supporting their family and raising their kids. Real welfare reform involves strong support from government in breaking down the barriers to participation—such as skills, work-family balance and employer attitudes—alongside fair and reasonable requirements for job seekers. And real welfare reform makes sure people get a fair reward for effort.

In conclusion, I support this bill simply because I have to—because if I do not, life will get too hard for the people who have to live under this legislation. But in supporting this bill, which fixes the technicalities, I am still strongly against the basic philosophy of the government’s reforms in this area. I ask the Howard government to actively help people with disabilities to find work and to encourage the public and private sectors to employ people with a disability. The government should stop treating disabilities or chronic illnesses as if they were crimes and stop automatically categorising people with disabilities as if they have no right at all to the disability support pension. If things were done this way, we would see a far more positive outcome than, sadly, we are going to see under the government’s reform agenda.

Mr BRENDAN O’CONNOR (Gorton) (5.33 pm)—I rise to support the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) (Consequential Amendments) Bill 2006 in pretty much the same manner as the member for Canberra has supported it—that is, with grave reservations. With this bill, the government is attempting to fix its botched job on the substantive bill in December last year when it sought to reform our welfare system in, it argued, an equitable way. I think we can contend that that is not the case. There is no doubt that the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Bill 2005 was a complete failure. Its objectives were, firstly, to ensure that people on welfare were able to participate effectively in the workforce and, secondly, to provide an equitable arrangement for people who are in need of support. Labor believes that people who can work should work and that we should care for those who cannot work. But there has been no significant effort by the government to set up the requirements to ensure that, if we are to shift people from welfare to employment, we can do so in a genuine way.

It has now become a cliche, but it would appear that it is not welfare to work. It is, and it will be for most people, welfare to welfare. People on disability pensions who will no longer qualify will move from a disability pension to the Newstart allowance or something comparable to the Newstart allowance. For them, nothing will change, except there will be a net reduction in the support they receive from the government in order to maintain some quality of life, some capacity to live decently. That is no answer to the problems that have beset us in this area.

Perhaps, before I go to some matters that I would like to raise that I have yet to hear in the debate, I should refer to the reforms that were sought by the government in the substantive
bill, because they are of course entirely connected to the amendments that were moved today in the consequential bill. The substantive bill sought to abolish parenting payment for sole parents with the youngest child aged eight or more and for partnered parents with the youngest child aged six or more. Existing recipients, at 1 July this year, will stay on parenting payment unless their relationship status changes or they leave the pension for 12 weeks or more. The bill also sought to abolish disability support pension for people with partial capacity who could work 15 hours or more—which, as we know, is currently at 30 hours—or who could be expected to be able to work at that level within two years, with or without rehabilitation, training or education. Existing recipients at 11 May last year remained qualified. Those granted between that date and 30 June this year will be reviewed.

The substantive bill sought to modify Newstart so that people affected by these changes can be required to seek and accept work of 15 hours or more and undertake other activities as directed by Centrelink, such as an approved program of work. It sought to apply a Newstart style activity test to parenting payment sole parents with the youngest child aged six to seven and to all existing recipients staying on at 1 July with a child aged six or over. The bill sought to remove a number of safeguards from the Newstart legislation and replace them with greater discretion for Centrelink in determining the obligations of recipients. It sought to weaken the suitable work requirement. The definition of ‘unsuitable work’ currently includes work below award wages. This is changed to being below the minimum standards and conditions under the Australian Fair Pay Commission standard.

The substantive bill sought to change the breach penalty rule to provide, among other things, an eight-week non-payment period for failing the activity test or the activity agreement three times in 12 months, leaving a job voluntarily, being dismissed from a job for misconduct, failing to take up a suitable job offer or failing to participate in an approved program of work. The bill was also seeking to increase the obligations of mature age unemployed and very long-term unemployed people on Newstart. Clearly, the Howard government is large on rhetoric and small on reality when it comes to providing the capacity for people on welfare to move to productive employment.

Our concern is that, rather than setting up the mechanisms required, the government has instead placed already vulnerable people in more vulnerable situations. There is clearly no justification for that behaviour, and it is not going to assist in social terms or in economic terms, because it will not arrest the lowering participation of our citizens in the workforce. Indeed, it does not ensure that there will be significant increases in participation. Therefore, it fails on economic grounds. But it also fails on equity grounds, as I have indicated.

This overhaul of the welfare system—the changes to the Social Security Act 1991—will certainly result in awful situations for many people on welfare. But it is also important to note that it also intersects with the government’s Work Choices legislation. I was witness—as indeed you were, Mr Deputy Speaker—to some anecdotal evidence on the possible impacts. We were in a position to speak to people who are currently on welfare and are fearful that they will lose their entitlement under the new welfare arrangements and, in the case of, say, a person on a disability pension, will be forced onto the Newstart allowance because they will no longer be eligible to stay on the disability pension. What of course could happen—and I do not think this is too great a leap to make—is that people will move from their welfare pay-
ment to the Newstart allowance and then not necessarily remain on the Newstart allowance because of the increasingly stringent requirements for them to seek employment.

We now know that the most vulnerable person is someone who is seeking a new job or seeking a job. If you are a prospective employee, you are in a very weak position unless you are fortunate enough to have a particularly unique set of skills or skills that are in such demand that they allow you to bargain with your prospective employer. But that will not be the case for recipients of welfare payments who may find themselves no longer paid under that system, put on the Newstart allowance and then offered work but paid in accordance with the basic minima now enshrined in the Work Choices legislation. We hear constantly from the Prime Minister and the government that a prospective employee offered a job on the basic minima, even though workers in that workplace are paid on a higher rate for the same work, will not be coerced to sign an AWA which would give that employee inferior conditions of employment. But of course we know that, if they do not take that job, they will not be a recipient of the Newstart allowance for long under the requirements that are currently in place.

It is important for the parliament to properly scrutinise not only the legislation that is before us and the substantive bill that was enacted earlier but also the way in which the Work Choices legislation and the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Bill interact to the potential detriment of many people currently in receipt of welfare payments. Whether or not it is the intent of the Howard government to force people off welfare and onto Newstart and then force them to take work at the legally lowest possible rate, that will be the consequence of both sets of legislation operating in the workplace.

It seems to me that this legislation and the Work Choices legislation are aimed at the most vulnerable in society. They are targeted at people who may not have much choice, who have not been provided with a great deal of training or support, who may not have a set of skills that give them high employment prospects and who in many cases may not have much of an employment history. Yet these are the people who will be the most vulnerable under this arrangement. It would seem to me that a government that was interested in increasing participation rates in the workforce in this country would be seeking to provide sufficient training and support for people who are able and willing to work. As well as adding new ways of calling people dole bludgers, the government has perpetuated an awful myth—that there is a huge proportion of people on disability pensions, welfare payments or, specifically, the Newstart allowance who do not want to have a meaningful job or, indeed, any job. That is a myth, and it should be challenged. My personal experience, and I think it would be the experience of most people in this place if they were really honest with themselves, is that most people want a decent living and they want to work. And a person with a disability is as likely to want a meaningful job as anybody else, provided it is within their capacities. The nonsense that has been perpetuated that there are huge numbers of people out in the community who are trying to budge on the system is, I think, just that—nonsense.

I will accept, and I think it is fair to say, that there are families who have been unemployed for generations—and not only families but parts of communities. There has been an awful failure by those families to break that cycle, and I think the community has also failed in the way we have attended to that problem. In that circumstance there should be specifically targeted ways to provide assistance and break that culture of unemployment. But in the main, in
the general community at large, I think it is fair to say that people want a chance to work, to make a living, to stand on their own two feet and to have the sense of satisfaction that comes from producing and contributing to society and being suitably rewarded. The government, because it does not necessarily have that view about people, seems to want to punish rather than to assist. It seems to want to target or demonise or vilify people who are most vulnerable, rather than trying to find answers to some of the problems that beset the disadvantaged in our community.

Unfortunately the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Bill does not target the root cause of the problems. It fails to provide sufficient assistance for people to shift from welfare to work. Therefore it is my view, shared by Labor colleagues, that it is not a genuine attempt to assist people who want to work. Instead, it is going to punish those people who are already doing it tough. It will push them off one benefit onto a lower benefit and, in the main, they will not benefit in the end—nor, I think it is important to add, will it benefit our economy or our society.

Mr SNOWDON (Lingiari) (5.49 pm)—I am pleased to be able to make a contribution to this debate. A major piece of legislation passed last year was a key element of the government’s major reforms to Welfare to Work, and of course what we have got here is a clean-up exercise. Whilst we oppose many of the government’s welfare changes, we will be supporting the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) (Consequential Amendments) Bill 2006. This debate does give me an opportunity to talk about a number of issues to do with welfare, Welfare to Work and welfare dependency.

I particularly want to talk about the impact of these changes and the broader changes which the government is proposing to make in relation to the administration of welfare payments to Aboriginal constituents of mine in the Northern Territory and elsewhere in Australia. Most importantly, I am concerned about the changes which the government proposes to make, and is making, to the Community Development Employment Projects scheme.

We hear a lot in this place about reciprocal responsibility, mutual responsibility—words which are used interchangeably here—and the need for people to do something and not get something for nothing but actually work when they receive a benefit. It is well worth pointing out to this chamber, and indeed the other place if they actually listen, that Indigenous Australians were well in advance of the rest of the population when it came to the issue of mutual obligation. I do not think that is understood by this community; it is certainly not understood by this parliament.

Those of us who have had any long-term engagement with these issues will know, as I do, that CDEP was first introduced in 1977. I want to refer to a departmental document from 1979. This document talks about the nature of CDEP and the fact that the principles for CDEP emerged from discussions with Indigenous communities particularly in remote parts of the Northern Territory. The first CDEP scheme was at Barunga, just outside of Katherine, and then in the Pijantjatjarra homelands area of South Australia, an area that I started to work in in 1978. One of the first jobs I had to do was to look at the way in which the CDEP scheme was operating and review its operation and see what was happening in relation to those communities. We need to bear in mind what the scheme was created for. The departmental document says that the CDEP was:
... to respond to specific requests from communities for an alternative to unemployment benefits by paying for work done with a view to reducing socially deleterious effects of unemployment benefits particularly in remote communities.

If I were to put that in the context of this current debate and say that Indigenous Australians had come up with a program to do exactly that, I think that I would be cheered. I can imagine the rationalists on the other side of the chamber saying, ‘Goodness, they agree with us!’ We know that Indigenous people were prepared to make those sacrifices, those undertakings, those agreements with the community to work in exchange for receiving a benefit as far back as 1977. What we have seen recently is a demonisation of these people for being on CDEP. It is true that CDEP in part has changed over the years. Initially it was directed, as I said earlier, to remote communities. It changed in the eighties and the early nineties when, in a period of reasonably high unemployment, it became attractive for people in urban communities as an alternative to unemployment benefits when they could not find a job. I would have thought that that was a very laudable and commendable approach to be adopted by a community.

What we have seen recently is rhetoric coming from the government and others that there has been welfare dependency building up as a result of people being on CDEP. Bearing in mind, and I particularly want to address my remarks to communities in remote parts of Australia, the nature of the labour markets in those communities where there are no other options, when people go to the community and say, ‘I want to exchange work for a benefit’—in other words, they want to do something productive for the community and for themselves—I would have thought that that is far from being welfare dependent. That is actually part of the mutual obligation exercise that the government wants us to understand and which, of course, was part of what the Labor Party did in 1995 and 1996 when it introduced the concept of mutual obligation into the administration of other benefits.

In the case of CDEP, it was clear that the Indigenous community was well in advance of the rest of the Australian population when talking about working in exchange for a benefit. What we are seeing now is an argument being developed that the CDEP is about welfare dependency. What it is about in fact is people exchanging their labour for a benefit. Clearly, there are now issues with the nature of the labour markets in metropolitan areas about whether or not CDEP is operating effectively and appropriately and whether it should continue to operate. That is a valid discussion. But it is certainly not a valid discussion when it pertains to those people who live in remote areas.

We understand, when we look at the nature of those small area labour markets, that work options apart from CDEP are all but nonexistent. They are all but nonexistent for a range of reasons, but primary among those reasons is, of course, the lack of a private job market and, importantly, where jobs do exist, the lack of skills—the lack of skills comes from a lack of education, which in many parts of Australia, and certainly in the Northern Territory, has been a result of deliberate government action. Between 1978 and 2001, the conservatives in the Northern Territory government, who ran the Northern Territory for that period of time, deliberately chose not to invest in secondary education in bush communities for Aboriginal kids. You cannot believe it, but it is true. We are currently, I suspect, left with somewhere between 3,000 and 5,000 young people between the ages of 13 and 18 who have had no access to any secondary education services. If you compound that by looking at a generation ahead, you can
say that we are looking at tens of thousands, prospectively, who have no access to educational
opportunity.

If you do not have access to educational opportunity and you go out looking for a job in the
broader labour market then it is very likely that you are going to find it very difficult to get
one. If you are lucky enough to get an interview and someone asks to test your skills base and
you cannot read and write then it is very unlikely that you are going to succeed. Of course, if
the prospective employer says, ‘Hang on, why don’t you go and do a pre-trade training course
and come back and we will give you the job and even train you,’ they find that these poor,
unfortunate individuals do not have the skills base necessary to get into the training course,
because there are prerequisites and their skills are not sufficient.

We in this community have to come to terms with a couple of things. One is that, where
people indicate their desire to work, as these Indigenous people have done, and they are pre-
pared to do it in exchange for a benefit paid to them by the government, we should not, as a
result of them doing that—by passing the work test by being categorised as being employed
as a result of being on CDEP—blame them for being on CDEP. What we should say to them
is, ‘We want you to move beyond CDEP and get into the broader labour market.’ We found
that, in 1995 and 1996, when the previous Labor government had articulated training pro-
grams through New Work Opportunities and a whole range of other programs which were
introduced during that period, CDEP participants were able to access all of those programs
and move out of CDEP and, if they were able to acquire new skills, get into other jobs.

That all changed in 1996 with the election of the Howard government. All of a sudden, the
access that people once had to the broader training programs that were operating within the
education and workplace area were no longer available to them, partly because the govern-
ment cut them. They no longer existed. We are now left with the situation where people are
finding it very difficult to get jobs outside these programs. What is happening in many parts
of Australia is that these CDEPs actually do provide a capacity to train people and provide
them with opportunities to get into the broader labour market.

I know the Minister for Workforce Participation, who is sitting at the table, happened to be
at Maningrida last week and she met with probably the most successful CDEP operation in
the Northern Territory at Bawinanga that employs over 600 people. It has an income of $25
million—$10 million as a result of CDEP transfers from the Commonwealth and $16 million
from enterprise development. That is based on the fact that this community, in this case Bawin-
anga, a corporation at Maningrida, has decided that what it wants to do is create opportuni-
ties for people—a very good thing to do. Yet we hear people being pilloried in a general sense
for being welfare dependent. Of course, what they are doing is looking for opportunities. And
this happens not only at Bawinanga but at other places across Northern Australia. We should
not blame people for being on CDEP; we should say that maybe there are deficiencies in
some CDEP operations. We might say that the labour market is very restrictive in some areas
because of the nature of the local economy, but we should not blame people for being there.
And we should not blame people for being on CDEP. We should see CDEP as a possibility for
people. In the case of Bawinanga, as I am sure the minister now knows as a result of her visit:
no work, no pay. If you do not turn up to work, you do not get paid. These are people who
would otherwise be on the Newstart allowance. They volunteer to go on CDEP and accept the

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conditions—if they do not turn up to work they do not get paid. Can you imagine how many people in this parliament would do that?

When we are talking about change we need to understand that the government’s proposal to change, in this case, CDEP has long-term implications for the potential of people to get gainful employment both within the CDEP programs and without. I have always argued, since being in this place, that because of the nature of these small area labour markets you could see CDEP as providing the basis, the core, of the labour market within those communities and it was quite appropriate for people to do different jobs within the CDEP—in other words, they might start as a truck driver but end up acquiring new skills and managing a workshop. If the CDEP is able to impart those skills through workplace training, as it does in many places, and people are able to move up the employment scale within the CDEP, they should be commended for it.

Instead, what we see is people being pilloried. And we are now seeing changes introduced by the government which come into play on 1 July this year to change CDEP. There are around Australia 32,000 participants on CDEP. We know that some of the key changes which the government proposes to implement are that new CDEP participants aged 20 or under will be paid a youth rate consistent with the independent rate of the youth allowance. This will provide an improved incentive for young Indigenous people to complete their education—so say the government. I wonder. There will be many in this position in remote communities who not only will be not able to complete their education because they will not have an educational opportunity to take up but will also have dependants—some of them. Participants in CDEP urban and regional centres will be required to register with a Job Network member. New CDEP participants in urban and regional centres will be limited to 52 weeks—one year—participation to ensure CDEP becomes a stepping stone to real jobs. Selected high-performance CDEP organisations will be offered options for extended funding agreements for an additional year and relevant organisations will be notified prior to the 2006-07 submissions process and, reinforcing that, full-time students in receipt of Abstudy living allowances or other living allowances are not eligible to participate in CDEP.

What we need to understand about these changes, and others, is that the stakeholders were not involved in the deliberations. There was no informed process of discussion or consultation. The changes have been distributed by fiat by the federal government. I know that there is a great deal of concern. In fact, there was a meeting in Adelaide on Monday of last week where 66 CDEP organisations were represented and attended. I noted that there were some DEWR representatives there. In the same week, the Southern Barkley Aboriginal Corporation had a meeting at the policemen’s waterhole south of Tennant Creek. That is a four-hour drive out of Alice Springs and about a two-hour drive south-east of Katherine. These are remote communities. They had a meeting about these issues, and there were grave concerns expressed.

People from various communities across the Top End have talked to me. In particular, I am very grateful to the Kunbarllanjnja Community Government Council for the work that they did in responding to a questionnaire that I put to them about the changes in CDEP and how they would be affected. Kunbarllanjnja is an inland community about 250 kilometres outside of Darwin, just in Arnhem Land. One concern that has been highlighted is the burden which is going to be placed upon these communities. One of the guidelines requires CDEP organisa-
tions to develop plans with participants, who are not subject to compulsory Job Network registration, to identify the participants’ level of work readiness and set out a plan to move them into non-CDEP employment. The requirement for this particular guideline is, I have been advised, an additional burden for the CDEP staff to help all participants—some with severe literacy difficulties—to complete one of these reports.

The guidelines also say that the plan must outline what assistance and support the CDEP organisation will provide the participants. Understand that in these remote communities there are no training providers, there are no high schools. So who are they going to engage to improve the skill levels of these participants? How are they going to be resourced to ensure that they can provide the training that the government will now require them to provide? These communities want a clear explanation from DEWR as to the level and type of support that is expected of them.

Another requirement is that, wherever possible, young people should complete their education and be in a position to accept non-CDEP training and work opportunities. I wonder what happens in the minds of these bureaucrats. What do they understand of the communities they are dealing with? What do they understand about the educational attainment levels of these communities? What do we know about Kunbarllanjnja? We know that they do not have a high school. What we know about Maningrida, where Bawinanga is, is that they have had a high school only for the last 18 months. This serves a community of 2,500 people. By the way, Cyclone Monica demolished part of the school. We did not see the Commonwealth put truckloads of money in, as they did with Cyclone Larry. They put in $380-odd million as a result of Cyclone Monica and not a brass razoo into the Northern Territory as a result of Cyclone Monica. But that is by the way. This community was very adversely affected.

What we need to appreciate, and this is a point that I continue to make and will drive home as often as I possibly can, is that people should not be demonised for being participants in CDEP. People need to comprehend and understand the origins of this program. We need to appreciate that this was initially an exercise where Indigenous people said to the government: ‘We’re aware of the socially deleterious effects of unemployment benefits. We want our community to work.’ So when we are talking about remote communities—and there has been a lot of discussion about remote communities in the last couple of days—we need to understand that the people in remote communities who are on CDEP have done something which other Australians dared not do until it was imposed upon them by this government. They dared not do it, but these Indigenous Australians came to the government and said, ‘We will work in exchange for our benefits.’ I will raise this matter again at a future time. (Time expired)

Dr STONE (Murray—Minister for Workforce Participation) (6.09 pm)—in reply—In summing up this debate on the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) (Consequential Amendments) Bill 2006, I want to thank all the members who have contributed. However, the member for Lingiari seemed to be obsessing about someone blaming those on CDEP for not wishing to work or for being recipients of welfare on the CDEP program. I can assure the member for Lingiari that, while he might have those preoccupations, not many others do—and certainly not this government. I am very keen to make that clear. Indeed, our CDEP reforms have been very much welcomed.
both by Indigenous communities themselves and by those agencies that have worked long and hard to help all Australians into real jobs.

This legislation will ensure that the policy intention of the welfare to work changes contained in the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Act 2005 are fully realised and consistently applied. Terminology and provisions in the social security law need to be replaced, amended or repealed to clarify the policy intention of certain welfare to work measures. These measures relate to working age payments. They include allowing payment-partnered recipients who have a temporary incapacity exemption to have access to pharmaceutical allowances, and allowing single, principal carer parents who are grieving the death of a child and are receiving Newstart allowance or youth allowance to continue to receive the same rate that they were receiving before their child died for another 14 weeks after the death of that child.

This legislation demonstrates the government’s commitment to giving people of working age every opportunity to move from welfare dependency into work. These reforms recognise that the best form of support to any Australian, particularly an Australian family, is to assist that family or that individual into real work. For the first time, the Social Security Act will provide for the assessment of people’s capacity and availability to work. This is a shift from the old paradigm, in which people were assessed first and foremost on their level of incapacity or their lack of availability to work. This approach led to many Australians of working age being condemned to a life of welfare. Indeed, welfare has been an intergenerational experience for some Australians, up to the third generation. There are currently some 2½ million Australians of working age in this country who are not in part- or full-time work, and in a time of significant labour shortages this is a real concern for the Australian government. People who are on welfare have aspirations like all other Australians: they want to have choices in their lives, they want to take a holiday, they want to do the best for their children and they want to participate in a local economy which will bring them status, workmates and a whole new set of experiences that life on welfare cannot deliver.

Of course our government continues to insist—as all nations with our capacity to pay will always insist—that there is a strong safety net for those who need welfare. But we as a society should never presume that working age people on income support do not have the same desire that employed Australians have to succeed in life and participate in our nation’s prosperity. We as a government intend to help all Australians of working age to work to their capacity in work that they are able to undertake. No-one denies that the government must preserve a well-targeted social safety net. As I said before, that will always continue to be our government’s intention. In fact we have strengthened that safety net, but at the same time we are encouraging working age people to find jobs and remain employed. At a time of record economic growth and employment growth, there has never been a better time to provide the very important assistance and support for people of working age to enter the labour force in secure, paid employment.

There are also a number of other important reasons for seeking to increase labour force participation. We have a rapidly ageing population. Skilled and unskilled labour shortages are with us now and we know they will continue. Indeed our Intergenerational report and our Workforce tomorrow research has made it quite clear that our country, like others, must face
up to the ageing population challenge of baby boomers moving through to their retirement ages in a substantial cohort.

Many businesses are struggling to fill vacancies and satisfy demands for their goods and services, and the work they have is not always at the most highly skilled end. There are also a great number of jobs available in the economy today for people who, if they have the characteristics of, for example, integrity and loyalty a work ethic and dedication and commitment to the job, can be trained on the job and become highly productive workers. I refer to the retail and manufacturing sectors, or it could be in hospitality or in tourism. There are positions in Australia now that our long-term unemployed, parents returning to the workforce, Indigenous Australians and those with a disability have the capacity to fill today in our various regional and metropolitan economies.

So the challenge of implementing welfare reform is to get the right balance between mutual obligation and government support. This must be accompanied by appropriate incentives and support mechanisms to ensure that job seekers are provided with the services they need to get them into work. The government believes that these reforms strike the right balance. Most Australians agree that it is not unreasonable to expect people who are available for and capable of work to participate in the workforce. As I mentioned in relation to the ageing population, we indeed have both economic and social reasons to assist those who can to be either part- or full-time workers in our economy.

I would like to table an amendment to the explanatory memorandum. The reason for this amendment is that the financial impact statement in the explanatory memorandum referred to the Department of Human Services as having costs for these measures. As there are no costs to the Department of Human Services, the reference to that department needs to be deleted. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Ordered that the bill be reported to the House without amendment.

TAX LAWS AMENDMENT (2006 MEASURES No. 2) BILL 2006

Second Reading

Debate resumed from 29 March, on motion by Mr Dutton:

That the bill be now read a second time.

Mr FITZGIBBON (Hunter) (6.18 pm)—The Tax Laws Amendment (2006 Measures No. 2) Bill 2006 deals with amendments to various sections of the Income Tax Assessment Act 1997; it has six schedules, which I will deal with one by one. Schedule 1 to the bill deals with proposed ex gratia payments to be made to former maintenance personnel working on F111 aircraft upgrades. Apparently these one-off payments are being made to certain personnel who experienced a unique working environment while maintaining the fuel tanks of those aircraft. This measure follows concerns about adverse health effects on those maintenance personnel.

The government does not accept liability but is seeking to legislate to create the certainty that any payment received will be tax free in the hands of the beneficiaries. As capital items they should not be assessable, but they could potentially be deemed 'income-in-kind', as they
relate to employment. While such special interest group legislation tends to add complexity to tax laws, the opposition supports this measure.

Schedule 2 will add two organisations to the list of those eligible for deductible gift recipient status. The first recipient group is Playgroup Victoria Inc., an organisation which offers valuable support to parents. Playgroups, of course, facilitate positive learning and social experience for children, and on that basis Labor supports its inclusion. The second group is St Michael’s Church Restoration Fund in Melbourne. This group is raising money for urgent restoration and critical repair work required to preserve the local church building.

Schedule 3 ensures the cost base for capital gains tax is extended to correct a previous error. The Tax Law Improvement Project was the government’s notoriously unsuccessful attempt to simplify the tax act. In what has become a familiar story under the Howard government, it resulted in a much larger act. The government is now seeking to correct an anomaly that was created as part of this process. The cost base for capital gains tax was adjusted in the 1997 act to include options for the disposal of assets and issuing of shares. However, it has now come to light that this has excluded certain types of options, most commonly those related to the issuing of options in a unit trust. These options and any payment to exercise them are now to be included in the capital gains tax cost base.

Schedule 4 of the bill retrospectively allows capital gains tax roll-over relief where assets are compulsorily acquired. When an asset is disposed of post May 1985, capital gains tax applies even if the asset is acquired as a result of Commonwealth law. In some cases where an asset must be disposed of, this means that the pre-1985 GST-free treatment is lost. The change in this bill ensures that the roll-over relief is provided when the acquisition is compulsory. This means that the CGT-free treatment will transfer to the new owner if the asset was purchased before the capital gains tax regime applied. Post-1985 assets will not incur capital gains tax until sold. This provision appears to be necessary to ensure compulsory acquisition occurs on just terms. The explanatory memorandum of the bill does not seem to make it clear exactly what types of contracts and acquisitions this bill is intended to cover. I call upon the minister in his summation to clarify this matter and provide more information to the House.

Schedule 5 of the bill narrows the scope of franking deficits tax. Under the simplified imputation system a company’s tax transactions operate through a franking account. Payment of tax is a credit, and the franking of a dividend creates a debit to the franking account. To ensure against successive dividend franking, a franking deficit tax applies if, at the end of the year, the franking account is in deficit. This tax is equal to the deficit. As the deficit tax is simply a bringing forward of a future tax liability, this tax can be offset against future tax liabilities under what is called the ‘franking deficits tax offset’. But this offset could also be a mechanism for excessive franking.

To protect against this, where a franking deficit tax liability is greater than 10 per cent of the franking credit in any given year, the deficit tax offset is reduced by 30 per cent. This can be a harsh provision where the variation in the franking deficit occurs due to something outside the control of the company concerned. This bill narrows the scope under which this reduction in the offset occurs so that, if the deficit is outside the company’s control, the offset is not reduced. The commissioner is given a new discretion to remit a reduction in this offset.

While on the surface this provision appears reasonable, the explanatory memorandum does not outline the cases in which it is expected to occur. There is a suggestion in the EM that this
measure is required in the case of a reduction in PAYE instalments due to some downturn in profit. Again, I call upon the minister, when summing up at the end of the debate, to give us an example and to further clarify for the House what it will mean when given effect in those circumstances.

Schedule 6 overrides the requirement for a superannuation guarantee contribution to be made to a state fund if an employee nominates another fund. The superannuation choice regime allows an employee to nominate the fund where their superannuation guarantee payments are to be made. However, superannuation guarantee contributions to certain funds are mandated under state law. This schedule overrides such state legislation to specify that, if an employee specifies a fund, no obligation exists upon the employer to make the superannuation guarantee payments mandated under state law. I suggest that this is another example of the Commonwealth overriding state legislation and a further diminution of the federal compact, with more power going to the Commonwealth. A further schedule in the bill corrects anomalies and errors in previous tax bills.

On 28 March, I rose in this place to raise the plight of two of my constituents, Debbie and Lance Beckett. They are the operators of a Cessnock cleaning business known as Callais Cleaning. They unfortunately found themselves heavily indebted to the Taxation Office over a period of a number of years. Although they concede that they made some errors, this was not entirely their own fault—there was a problem with an accountant. I will not go through the details again, but the tax debt was quite a large one—around $300,000. The Becketts are very good people. They have a great business, which employs 15 people. Currently, Lance Beckett is in Far North Queensland helping to clean up in the wake of Cyclone Larry, working hard and taking many of his employees with him.

Unfortunately, the tax office had gone to that stage where the calling in or enforcement of the debt was likely to cost the Becketts not only their business but also the family home. I made some comments last time I spoke about what I see as the sometimes all too aggressive approach of the tax office in recovering some of these debts. Last year, for example, the tax office sent some 2,000 small businesses to the wall as a result of their pursuit of these tax debts.

Today I have a happier story. Today I am here to thank the tax office and to congratulate them on their more sympathetic approach to the case of the Becketts. The Becketts had been paying some $5,000 every month in repayment of this debt—a substantial payment for any small business, as I am sure you would agree. They have a viable business, and I am sure their business will flourish in the future. It would have been a tragedy for the tax office to have gone forward with their enforcement, to have shut the business down, to have made the Becketts lose their house and to have made 15 people lose their jobs. I know we have to maintain strict discipline on small business—the last thing we want to do is relaxing discipline too far on small business and to have the tax office become the lender of last resort. That would result in small businesses getting themselves into greater difficulty. But there is a balance, and this one-size-fits-all approach is not always appropriate. In the case of the Becketts, that was proven to be the case. They are very genuine people, keen to work their way out of this situation.

The other point I made last time I spoke is that the Becketts were very confident that an amended assessment would be accepted by the tax office and that their liability to the tax of-
office was likely to be significantly reduced—not overwhelmingly reduced but significantly reduced. That made the payments they were making even higher relative to the debt. Being a critic of the tax office from time to time, I want to take this opportunity to thank the Commissioner of Taxation and his agency’s staff for showing some flexibility in this case and making two constituents of mine and their family if not happy—because they have a lot of work to do before they get themselves out of the woods—then at least hopeful, saving the jobs of the 15 people who work for them and allowing Lance Beckett to stay in Far North Queensland and get on with the job of assisting with the clean-up in the wake of Cyclone Larry.

Mr CIOBO (Moncrieff) (6.28 pm)—I am pleased to rise this evening to talk to the Tax Laws Amendment (2006 Measures No. 2) Bill 2006. This is a fairly technical bill containing a number of amendments to various acts with respect to taxation. In that regard, I do not intend to go into much detail on many components of it. Suffice it to say that among the various elements contained within this effectively cognate bill are changes to compulsory acquisitions, what is an extension to the scope of what is considered to be a compulsory acquisition for the purposes of capital gains tax roll-over and changes to the depreciating assets balancing adjustment offset. Similarly, there are changes to amend the Income Tax Assessment Act to update the lists of deductible gift recipients, DGR status being one of the primary limbs through which government is able to assist organisations to attract public support for their activities.

Additionally, there are changes to the franking deficit tax so as to limit the circumstances in which the franking deficit tax offset is reduced. Another element to the bill is changes to the way in which capital gains tax treatment of options is taken into account. The measure broadly reinstates the position under the ITAA in relation to the capital gains tax treatment of options exercised on or after 27 May 2005. The other thing I would like to quickly touch upon is the variety of technical amendments, general improvements and minor corrections to the taxation laws to ensure they operate as intended.

There are a number of technical aspects to the bill that I do not intend to go into much detail on—I will leave that to the minister or the Assistant Treasurer to make comments on—but there are two elements of the bill before the House today that I would like to touch upon. Last Friday I had the pleasure of the Minister for Veterans’ Affairs visiting my electorate and, in particular, hosting a roundtable in my electorate office. It is a roundtable that I convene with a number of ESOs, ex-service organisations, and a number of people who have served this country very proudly and have been willing to do so through the defence forces.

One element of this law which does have application to the roundtable that I convened of members of my very large veteran community on the Gold Coast is that part that provides for a tax exemption for F111 deseal and reseal ex-gratia lump sum payments. Effectively, this ensures that ex-gratia lump sum payments made to certain F111 aircraft maintenance personnel by the Department of Veterans’ Affairs are exempt from income tax so that those who receive this ex-gratia payment will receive the full benefit of the payment. The payment that is available to eligible personnel is in the amount of either $10,000 or $40,000. It takes into account, without admitting liability on the Commonwealth’s behalf, that there were people who were working in adverse circumstances when it came to the reseal and deseal of F111 aircraft, and so this payment was being made in recognition of the difficulties that those eligible personnel suffered in the environment in which they worked. It is very good that we are making
this change. It is in accordance with the government’s intention and will and is another step that this government is taking to ensure that our veterans have made available to them one of the best repatriation systems that exist in the world today.

The other limb of this bill that I would like to touch upon is the changes that are being made with respect to choice of superannuation fund. This bill ensures that there is clarification that employers that are constitutional corporations and are making superannuation contributions for employees in accordance with state law do not have to contribute to the funds specified in state law if an employee has chosen an alternative fund after 1 July 2006. This, of course, is in strict adherence with this government’s policy of providing as much choice as possible to employees. Choice of superannuation has been a key plank of this government’s superannuation policy and I am very pleased to see that we are making these changes so that there are no more opportunities available to certain employers to utilise state laws so as to not have to provide choice of superannuation to their employees. This bill will ensure that those employees now also enjoy the opportunities that flow to them under choice of super laws. This is important in an area like the Gold Coast, which has the highest per capita percentage of small businesses in the country—the small business capital, as I call it. In this regard, I am pleased that this will be made available to various employees on the Gold Coast. I commend the bill to the chamber.

Mr HAYES (Werriwa) (6.33 pm)—I rise to speak on the Tax Laws Amendment (2006 Measures No. 2) Bill 2006 for two reasons. Firstly, I will deal with the matters in schedule 1. Secondly, I want to touch on the issues applying to schedule 6, as my friend the member for Moncrieff just did. Schedule 1 provides for a tax exemption for lump sum payments of $40,000 and $10,000 to aircraft maintenance crew, I think stationed at Amberley, who worked on the F111 fighter bomber from 1972 onwards.

I agree with the government’s position on looking after our servicemen. I do not think you would find anybody at all in this place who would quarrel with the notion of looking after our servicemen, but I think you would find that people have some difficulty with the fact that it has taken so long to come to terms with addressing a matter such as this with regard to our military personnel. This is a cash payment to those officers or maintenance personnel not only in recognition of their working with contaminated material but also in recognition of the physical effects that have been accepted as a consequence of their working in and about the deseal and reseal applications of the F111.

This goes back to the defence inquiry that was conducted in 2001. It was at that stage that that ensuing report identified and blamed the toxic chemicals used in the aircraft maintenance for cancers and other health complaints affecting more then 400 service personnel working at the Amberley Air Force base. It has taken some time. This has probably got to being the largest inquiry that our military has undertaken, and it has taken from 2001 until now to work out precisely what we are going to do and how we are going to compensate these people.

In the minister’s second reading speech, he chose his words pretty carefully when outlining the reasons for this payment. The Assistant Treasurer said:

The payments are made in recognition of the difficulties eligible personnel suffered in the environment in which they worked, regardless of whether there is evidence of any adverse health impacts from that work environment.
I have to say that that is a very keen choice of words. It is a choice of words that was very clearly designed to make sure that the Commonwealth did not accept liability, which stands in pretty stark contrast to the words that were used by the former Minister for Defence, Senator Hill. He was reported on 27 October 2004 as saying:

It’s something we clearly regret and we accept our responsibility to properly support and, where appropriate, compensate those who have suffered.

I emphasise that the minister was indicating at that point in 2004 that the Commonwealth was prepared to accept its liability in relation to these personnel.

These are people who are obviously long-suffering. As I mentioned, the effects on their health are various forms of cancers, lung disease, depression, anxiety, memory loss, skin conditions and other dysfunctions of the body. I did see in a commentary on the report that, as a result of the problems that they have suffered due to their time working in and about the de-seal and reseal applications of this aircraft, the majority of those affected in this way were regarded as being between the 20 and 30 per cent of the population who have the lowest quality of life.

I suspect that these are matters that need to be addressed. My concern is that it has taken so long to address them. My concern is not that the money is now going to be paid—I think that is good and it is appropriate—but, if anything, we have to learn and make some differences to the way we address issues as they relate to our military. They cannot be treated as the bastion of our government on security issues when they are required to stand up and be counted, yet when instances such as this occur be treated as second-class citizens.

I half wonder what would have been the situation if these people were represented by trade unions, for instance. I am sure that people would not have sat around since 2001 navel gazing, trying to work out how we can ensure these people are adequately compensated for the injuries that they sustained over that period. It is symptomatic of the government’s approach to occupational health and safety generally. You recall, Mr Deputy Speaker, that only this morning I tried to outline in the parliament how this government has moved to outlaw health and safety training where it is provided by a trade union, for instance. That is the sort of approach that has become symptomatic of this government. It has become so embedded with the ideals of being anti trade union that it does not see the positive aspects in something as fundamental as occupational health and safety being delivered by reputable organisations, and one of those reputable organisations could be, as it was in this case, a trade union. Having said that, I support the government’s position and I support the bill in allowing for taxability when making lump sum payments to those officers and maintenance personnel associated with the F111.

Another matter I want to quickly touch upon is schedule 6, which deals with the overriding requirements of superannuation guarantee contributions to be made by various state funds. There is no doubt that is an oversight. It is one of those things that has come about and I do not propose to stand in its way. I understand that it gives full effect to the government’s superannuation choice legislation. Having said that, as you will recall, Mr Deputy Speaker, I spoke against the government’s superannuation choice legislation. I spoke against it on the basis of what it did and how it imposed red tape and bureaucratic requirements on small business. In my electorate, small business is a huge employer of labour. In fact, down the track I see it being probably the sole generator of jobs in my community. Therefore, I would be silly if I did not have regard to the attitudes and views of small business.
Superannuation does pose and has posed administrative problems for small business, particularly businesses of fewer than five employees. I do believe that the government have failed to address the concerns of small business when bringing forward legislation—not only this legislation but other pieces of legislation of late. Small business is often quoted in this place. It has been quoted pretty extensively in the industrial relations debate. If you look through just about every speech delivered by government members during the debate you would be forgiven for thinking the impetus for their industrial relations changes is to bolster small business. That is not the case. Small business has not been the advocate for these changes.

If you look to see who has been the spokesperson of small business, you tend to find it is Mr Peter Hendy from the ACCI. You do not find small business people of Campbelltown, Liverpool or other areas that I represent calling for these changes. In fact, people in my electorat do not want to be forced into a race to the bottom. They do not want to be forced to have to compromise their work conditions and slash their workers’ wages simply to compete in a new emerging economy.

For that reason, I had a lot of sympathy for small business when they spoke to me about superannuation choice and about being genuine small business people in genuine small businesses. Small business, from the perspective of this side of the chamber, does not represent every company up to 100 employees. We have a very clear view of what a small business is and most people who operate businesses for a living have a similar view. Small businesses function with a view to survival. They try to make a profit, they try to expand and they try to look after their staff, but they detest being forced into a race to the bottom. This government has driven an agenda which compels them into that race—solely to survive, they have to be so ruthless that they will compromise their employees’ conditions of employment and working conditions. As I said from the outset, I do not oppose this bill. I support it and I commend it to the House.

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (6.46 pm)—I thank the members on both sides of the chamber who have taken part in this debate on the Tax Laws Amendment (2006 Measures No. 2) Bill 2006. The bill implements a variety of changes and improvements to the tax laws. Before I go into my summing-up speech proper, I want to address several questions that were raised by the member for Hunter. I understand that, as part of this debate, he asked a question on capital gains tax as it applies to compulsorily acquired acquisitions under schedule 4 and what kind of case the amendments will apply to. The amendments ensure that the capital gains tax compulsory acquisition rules now also apply to cases where a private acquirer such as a mining company compulsorily acquires an asset such as farming land. Rules have always applied to a compulsory acquisition by a government or government authority.

The member for Hunter requested a further example of the Commonwealth overriding state legislation in relation to schedule 6 on superannuation choice. The amendments only override the requirement to make contributions to the fund in state legislation if the employee chooses a fund. The fund nominated in the state legislation would be the default fund for those employees.

Finally, the member for Hunter asked for examples of the application of the discretion in relation to the franking deficit tax. The discretion will give the commissioner some flexibility.
to alleviate the impact of the franking deficit tax offset reduction. The application of the discretion will depend on the facts of the particular case. The explanatory memorandum gives one example where PAYG instalments are less than expected. The corrections to the EM, which I am circulating today, give some additional guidance on the operation of the discretion.

The first measure in this bill exempts from income tax certain ex gratia lump sum payments made by the Department of Veterans’ Affairs. This will ensure that those who receive the ex gratia payments will receive the full benefit. Eligible personnel are entitled to a lump sum payment of $40,000 or $10,000. The one-off ex gratia lump sum payments are being made to certain F111 aircraft maintenance personnel who experienced a unique working environment in the maintenance of F111 aircraft fuel tanks. The payments are being made in recognition of the difficulties they suffered in the environment in which they worked and will be made regardless of whether there is evidence of any adverse health impacts from that work environment.

The second measure in this bill adds two new organisations to the current list of deductible gift recipients. Deductible gift recipient status will assist those organisations to attract public support for their activities. Gifts greater than $2 made to Playgroup Victoria Inc. and the St Michael’s Church Restoration Fund from 24 February 2006 will be deductible. Gifts to the St Michael’s Church Restoration Fund will have to be made before 24 February 2007 to be deductible.

The third measure implements changes in relation to options to correct unintended consequences from the rewrite of the capital gains tax provisions completed as part of the Tax Law Improvement Project. On 27 May 2005 in a press release by the then Minister for Revenue it was announced that the government would amend the Income Tax Assessment Act 1997 so that the law operates essentially as it did previously under the Income Tax Assessment Act 1936. The kinds of options to which the amended provisions will apply are options exercised on or after 27 May 2005 for granting a lease or easement or for issuing units in a unit trust.

The fourth measure benefits individuals and businesses and allows them to obtain a capital gains tax rollover when an asset is compulsorily acquired. It also includes changes to allow balancing adjustment offset under the uniform capital allowances provisions when a depreciating asset is compulsorily acquired. The changes allow individuals and businesses to defer the taxing point for capital gains tax and uniform capital allowance purposes if a private entity such as a mining company compulsorily acquires an asset. This measure will operate in a way similar to when a government agency compulsorily acquires an asset, as I mentioned before. The amendments apply retrospectively, from 1999.

The next measure in the bill ensures that the reduction of a tax offset in relation to the payment of franking deficit tax applies only if a company has applied directly or indirectly a franked distribution in the relevant income year. In addition, the Commissioner of Taxation will have the discretion to disregard the tax offset reduction if the deficit in the franking account arose because of events outside the company’s control. Under the current income tax law a company is discouraged from passing excessive franking credits to shareholders by having the franking deficit tax offset reduced in certain circumstances. These changes will apply from 1 July 2002, which was when the simplified imputation system commenced.
The sixth measure in this bill allows employers that are constitutional corporations to make compulsory superannuation contributions to funds their employees choose rather than having to make those contributions to a fund that is nominated in a state law. This amendment will allow more employees to choose the fund to which their employer makes compulsory superannuation contributions on their behalf.

Finally, the last measure in this bill implements various technical corrections and amendments and also some general improvements to the law of a minor nature. These corrections and amendments are an important part of the government’s commitment to improving the taxation laws in this country. This bill provides improvements to the operation of the income tax and superannuation laws. For the reasons I outlined above, I commend this bill to the House. I would also like to present corrections to the explanatory memorandum.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

APPROPRIATION BILL (No. 1) 2006-2007

Cognate bills:

APPROPRIATION BILL (No. 2) 2006-2007
APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 1) 2006-2007
APPROPRIATION BILL (No. 5) 2005-2006
APPROPRIATION BILL (No. 6) 2005-2006

Second Reading

Debate resumed from 23 May, on motion by Mr Costello:

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 is of the view that:

(1) despite record high commodity prices and rising levels of taxation the Government has failed to secure Australia’s long term economic fundamentals and that it should be condemned for its failure to:

(a) stem the widening current account deficit and trade deficits;
(b) reverse the reduction in public education and training investment;
(c) provide national leadership in infrastructure including high speed broadband for the whole country;
(d) further reduce effective marginal tax rates to meet the intergenerational challenge of greater workforce participation;
(e) provide accessible and affordable long-day childcare for working families;
(f) fundamentally reform our health system to equip it for a future focused on prevention, early intervention and an ageing population;
(g) expand and encourage research and development to move Australian industry and exports up the value-chain;
(h) provide for the economic, social and environmental sustainability for our region, and

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(i) address falling levels of workplace productivity; and that
(2) the Government’s extreme industrial relations laws will lower wages and conditions for many
workers and do nothing to enhance productivity, participation or economic growth; and that
(3) the Government’s Budget documents fail the test of transparency and accountability”—

Mr KELVIN THOMSON (Wills) (6.54 pm)—I was speaking on Appropriation Bill
(No. 1) 2006-2007 prior to the adjournment of this debate and speaking in support of the
amendment moved by the member for Lilley to the second reading motion. In particular, I
was speaking about the fact that on 17 February this year the Australian newspaper published
a story about government members holding AWB Ltd shares. One of those named was the
member for Gwydir, Mr Anderson. The story quoted the member for Gwydir saying that he
sold his shares on the advice of his family accountant who suggested that he diversify his in-
terests beyond rural investments.

According to the Australian, the member for Gwydir sold his shares and those belonging to
his wife on 10 and 11 October 2005, but he did not declare the sale to the parliament at the
time and did not lodge the required declaration until the day before the story ran. On 26 Feb-
uary this year, Mr Glenn Milne wrote a story about the share trading of the member for
Gwydir. He referred to the fact that the sale took place just prior to the release of the Volcker
report, which was highly critical of AWB. In this story the member for Gwydir denied any
advance knowledge of the contents of the Volcker report. He said he had ‘always intended to
sell his shares when the price hit $5’. This claim appears to contradict his earlier statement
that, on the basis of advice from his accountant, he sold his shares in order to diversify his rural investments.

Furthermore, his claim that he intended to sell the AWB shares as soon as they reached $5
raises more questions than it answers. Indeed, if $5 was the trigger price for the sale of his
shares, the member for Gwydir would have sold them on 10 March 2004. The share price hit
that point on another 30 occasions between 10 March 2004 and 5 October 2005. But the
member for Gwydir did not sell; he held on to the stock. The member for Gwydir also told Mr
Milne that he had not spoken to anyone about AWB and Volcker. He said:
Alexander Downer didn’t talk to me and neither did anyone else.

He then went on the ABC Insiders program and said:
I want to make it absolutely plain that the three senior colleagues of mine who are in the firing line at
the moment over this, none of them in any way spoke to me ...

Neither of these statements has stood the test of time. On 27 February this year we discovered
that the member for Gwydir had a discussion with senior colleagues about AWB, Volcker and
the oil for food program early last year. We also discovered that the member for Gwydir then
had a one-on-one meeting with the Prime Minister to talk about AWB executives, including
the now disgraced Andrew Lindberg. This appears to contradict the member for Gwydir’s
earlier claim that he had no discussions with his colleagues about AWB and Volcker. The
member for Gwydir also met with AWB last June. It seems not unreasonable to conclude that
AWB was on the member for Gwydir’s radar screen for some considerable time.

The member for Gwydir also told the Insiders program that when he was a cabinet minister
he held no shares in any company and neither did his wife, because it was too difficult. He
said shares were held only in managed funds. This is not in fact correct. Between 1996 and
1998, the member for Gwydir’s wife held shares in eight companies, and none of these shares was in managed funds. Between 1998 and 1999, she directly owned shares in seven companies. Between 1999 and 2004, she held shares in Coles Myer and Wattle. Mr Anderson’s wife still held shares in Coles Myer after December 2004.

The member for Gwydir needs to clarify his dealings in this share affair matter and his declaration of those dealings to the parliament. We know that the member for Gwydir had a number of meetings throughout 2005 about AWB, Volcker and the ‘wheat for weapons’ scandal. We know that the Minister for Foreign Affairs met with Volcker on 27 September last year, before the release of the report, and was briefed on the findings that were clearly bad news for AWB. We know that on the evening of 4 October the minister met with senior AWB officials in Canberra and told them that Volcker would link them with the corruption of the oil for food program. Finally, we know that the very next day, 5 October, the member for Gwydir lodged a sale note, off-loading shares held by him and his wife. The final settlement of this sale occurred on 10 October.

The member for Gwydir has not been able to get his story straight. He has contradicted himself on the facts, and the whole country wants to know just how the member for Gwydir did know when to sell those shares. How did he know when to sell if it was not for information provided by someone close to him? Was it Darryl Hockey, the AWB public relations manager, who used to work for him as a staffer? Was it Andrew Lindberg, brought in by The Nationals to head up AWB after running WorkCover in Victoria for National Party minister Roger Hallam? Or was it the foreign affairs minister or the Prime Minister who let him know that AWB was in trouble? It is time we got the truth, not excuses and stories that do not check out.

Mr HUNT (Flinders—Parliamentary Secretary to the Minister for the Environment and Heritage) (6.59 pm)—In rising this evening to speak to Appropriation Bill (No. 1) 2006-2007 and cognate bills, I want to proceed on four fronts. First, I want to talk about the benefits in the budget papers for 2006-07 for people within my electorate of Flinders, of which there are many beneficiaries. Second, I want to talk about some of the historic background and to draw a comparison which shows why we were able, through the Treasurer and the Prime Minister, to produce a budget with such longstanding implications and benefits for the country. Third, I want to talk about this year’s appropriations and examine what they mean for specific and general reforms being undertaken. Finally, I want to talk about the major reforms which Australia, in my opinion, still needs to address over the coming 10 years—that is, the long-term agenda.

In my electorate of Flinders, there will be a series of benefits to people in the Mornington Peninsula, Western Port and the Bass Coast areas. Firstly, we have a population of seniors—those aged over 60—of more than 32,000. Particular care and concern is needed for these people. It is worth noting that there will be more than 20,000 beneficiaries amongst the seniors population of the one-off payment, before 30 June 2006, of an additional $102.80. That will go to each household which is eligible for the utilities allowance and to each self-funded retiree who is eligible for the seniors concession allowance.

Secondly, those who are currently self-funded and receiving qualifying payments under the superannuation scheme will, as of 1 July 2007, receive those payments which are qualified appropriately tax free. That will make a significant difference to the living standards and sim-
plify the way in which seniors in Flinders go about their personal affairs. It is a groundbreak-
ing step to remove the tax from superannuation. In practical terms, for retirees and would-be
retirees within the electorate of Flinders, this is a critical and important step going forward.

Thirdly, those seniors who are currently neither receiving a pension nor taking superannua-
tion but who are receiving other forms of income will receive tax relief. This tax relief goes to
100 per cent of taxpayers in the Flinders electorate. Significantly, the change will be for low-,medium- and upper-income earners.

Most importantly, in many ways the budget will provide a total tax cut of $36.7 billion over
four years from 1 July this year. The 30 per cent threshold will rise to $25,000. The 42 per
cent marginal tax rate will be cut to 40 per cent and the threshold will rise to $75,000. The 47 per
cent marginal tax rate will be cut to 45 per cent and the threshold will rise to $150,000. Critically, the low-income tax offset will increase from $235 to $600 a year. It will begin to
phase out from $25,000, which is an increase from $21,600. There will be no net tax paid by
anybody earning $10,000 or less. Effectively, incomes up to $10,000 will now be completely
untaxed. For seniors doing part-time work, who are not engaged in full-time employment, that
is extremely important. This package of measures will help seniors as well as families more
generally within the electorate of Flinders.

I will now move to specific benefits for families within Flinders. The first point is that over
2,000 families will benefit from changes to the family tax benefit arrangements. The eligibil-
ity for the maximum rate of family tax benefit A is being extended to families with an annual
income of up to $40,000, which is an increase of almost $7,000 and will occur as of 1 July
2006. Well over 2,000 families are expected to benefit, and the difference in income over the
course of the year will be some hundreds of dollars. In addition, around 3,000 families with
three children will also benefit by approximately $250 a year when the number of children
required to receive the large family supplement is reduced from four to three—again from 1
July 2006.

Significantly, child-care arrangements will also have the potential to expand considerably.
Ninety-nine per cent of child-care places will now be uncapped so that demand can be met
where and when it occurs. Recently I visited Westernport Child Care and helped in the open-
ing of the new wing. That is an example of an outstanding organisation which, rather than
having to apply for new places, will be able to incrementally take on new children and new
parents as and when the parents wish to do that. I think that is an outstanding step forward.

This brings me to the carers who will benefit within the electorate of Flinders, and there are
over 2,500 carers who will benefit from the one-off carer bonus payment. This will be the
third consecutive year in which the one-off bonus is paid. Significantly, about 700 recipients
of the carer payment will receive a $1,000 one-off bonus before 30 June. As well, around
2,600 recipients of the carer allowance—and there is some overlap between the two groups—
will also receive a $600 one-off bonus before 30 June. So, in all those areas, these are signifi-
cant benefits to large numbers of people within the electorate of Flinders.

In addition, small business will also benefit in a number of ways. Most importantly for
Flinders, I think, is that the rural sector will benefit. The wine equalisation tax rebate will ap-
ply now to sales of up to $1.7 million, which is an increase from $1 million. I am told that
will affect between 15 and 20 businesses on the peninsula, most of which are quite large em-
ployers. That has an impact on viability, which has an impact on competitiveness, which has
an impact on employment. So it is about jobs in the rural sector on the Mornington Peninsula and around Western Port. I think that is a very important development.

Finally, when looking at the local benefits to flow from the 2006-07 appropriation, there is the funding for local roads. There is a one-off payment before 30 June of $560,000 for Bass Coast Shire to help with additional road funding in the forthcoming year, $972,000 for Cardinia Shire, $851,000 for the city of Casey, $16,000 for French Island and $1,045,000 for Mornington Peninsula Shire. I have already spoken with key people in each of those shires to talk about the priorities and, on the Mornington Peninsula, I must say that the Baxter Tavern intersection in Baxter is desperately in need of an upgrade. These funds provide that opportunity, along with the Stony Point Road intersection with the Frankston-Flinders Road in Crib Point and Bittern, as well as the Bentons Road-Nepean Highway intersection in Mount Martha. All are fundamental priorities. Over $1 million to the Mornington Peninsula Shire provides that opportunity.

Those are the benefits. There is a reason we are able to provide these benefits. I want to look at a little bit of economic history here. When you look interest rates, unemployment and inflation, and compare the record from 1996 to current days with that of the previous government, and you find in each of those areas a dramatic difference. For example, if average housing rates have been 7.1 per cent under the Howard-Costello government as opposed to 12.7 per cent under the Hawke-Keating government—a difference of 5.6 per cent. If you take account of inflation—

Mr Danby—I notice that the cards suggesting that people make an intervention no longer appear to be out, but I seek to ask the member a question.

The DEPUTY SPEAKER (Mr Jenkins)—Will the parliamentary secretary accept the intervention?

Mr HUNT—I would be delighted.

Mr Danby—Excellent—he is a very liberal member of the Liberal Party, unlike most of the ones I confront up here who are too afraid to take questions. I do appreciate the member for Flinders—

Mr HUNT—If you are quick about it!

Mr Danby—Do you expect interest rates to increase?

Mr HUNT—What I will say is that interest rates will categorically be lower than they would otherwise have been. There is a fascinating example here: in the entire period that the Labor Party was in government in Australia on not one monthly occasion was its lowest ever interest rate lower than the coalition’s average. Not once under a Labor government in Australia in the period since 1949 was the lowest interest rate been below the average for the entire coalition period—not once. That is a fascinating thing. With interest rates, there is a 5.6 per cent difference between the period of coalition government under Howard and Costello and the period of Labor government under Hawke and Keating.

To go beyond interest rates and try something else, let us look at inflation rates. We see that the inflation rate under the Howard and Costello government has been 2.4 per cent on average, as opposed to 5.2 per cent under the predecessor government. What about unemployment rates? The average has been 6.7 per cent and dropping every month under the coalition over the last 10 years, as opposed to 8.5 per cent under our predecessors.
Dr Emerson—It is not dropping.

Mr HUNT—The average is dropping every month dramatically against that 6.7 per cent. Compare the two periods, and every month it becomes more and more in favour of the current government.

It may be that on interest rates, inflation and unemployment the previous government was just unlucky, but it is an extraordinary record when you look at a difference of 2.8 per cent in inflation, a difference of 1.8 per cent—and improving every month by comparison—in unemployment and a difference of 5.6 per cent in housing interest rates. That is a significant difference; that is quite a difference.

Dr Emerson—What about the trade deficit?

Mr HUNT—I note that the member for Rankin also raises the question of the deficit. In terms of government deficit, we have gone from $96 billion to no net debt. That also has an impact on interest rates. That is the background. Now I want to look at where we go in terms of the major reforms facing Australia over the coming years. Firstly—

Dr Emerson interjecting—

Mr HUNT—No, I have had enough, thank you. Firstly we have the question—

Dr Emerson—Mr Deputy Speaker, I seek to intervene.

The DEPUTY SPEAKER—Is the member for Flinders willing to give way?

Mr HUNT—Go on.

Dr Emerson—The member for Flinders has been telling us about deficits. He might care to explain why there has been a succession of about 48 monthly trade deficits, record current account deficits and the biggest foreign debt this country has ever been burdened with.

Mr HUNT—There is a very simple answer. Firstly, there is no net government debt, which is a dramatic turnaround in terms of interest rate pressures. Secondly, on all of the key indicators which you would look at—interest rates, unemployment and inflation—there has been an extraordinary performance. What that means is that the precise question of foreign debt has been calculated into the markets and into economic performance and there has been a real change.

Looking forward to the major initiatives, I believe we need to consider three major reforms over the coming years. Firstly, there is workplace flexibility. What we are seeing now is a gradual improvement in workplace flexibility in Australia. Why is this important? It is important because it gives small businesses the chance to make decisions without fear of having to pay go away money. As so many small firms have said to me and to my colleagues, they are simply not willing to bring people on in case they have a bad experience and in case somebody does not perform. Now, however, it is a different regime. It is a regime which provides much more balance and much more opportunity for small businesses to bring on new employees. It is highly likely that one of the things we will see is an increase in small business employment over the coming two years. That is an extremely good thing, something which will provide new opportunities and new jobs for people who would otherwise have not been able to get them. That reform is critical.

The second reform that I want to focus on is that there is more that could be done to provide investment incentive. There was a critical step taken to encourage venture capital in-
vestment through appropriate vehicles in this year’s budgetary measures. Longer term additional steps that could be taken to encourage investment should be considered in the capital gains tax regime. Whether that means a stepped capital gains tax over the coming years in relation to the length of holdings with consideration for longer term holdings or an expansion of support for those who wish to invest in first stage venture capital enterprises, both of those are important incentives. We have the potential to have one of the best venture capital regimes in the developed world, we have the people and we have the right business climate, but if we can take that additional step over the coming years, that would be an important further progression along the path.

The third area relates to my own portfolio responsibilities. We do have to look at major reforms in the energy sector. We have seen that there has been a significant addition in capacity as a result of some of the energy reforms of the 1990s at state level. There are still barriers within New South Wales which flow from the current ownership structures and system for energy ownership in New South Wales but in our utilities and our energy market we need to consider the steps forward here. In particular, there has been discussion of late about Australia’s role in the global nuclear cycle. I do not shy away from the fact that the global nuclear cycle is important in energy provision. If we can contribute to that through the export of uranium, that is an important role. For the Australian economy, if we are able to expand our opportunities for mining and export of uranium then that is a very important contribution we can make to the development of China and India as well as taking the pressure off global energy markets in other areas.

There is more that can be done and I have talked with my colleagues in relation to the provision of alternative energy resources in Australia. By that I mean different forms of renewables and incentives to encourage wind, solar and, in particular, thermal options—thermal energies such as the Cooper Basin and hot dry rocks which, by some accounts, have the capacity to provide the equivalent amount of energy addition to Australia as the Snowy Mountains scheme. Those options, together with the need to introduce clean coal technology, that are where our energy future lies. We have to develop a much more established clean coal technology. We have to take account of the greenhouse impact but, if we can do that, if we can establish a clean coal base and a revolution in the way in which this is used, it will mean that our fundamental energy reserves are utterly viable, not just for 30 or 50 years but for 200 years.

Today I met with a major firm that talked about the capacity to reduce the greenhouse footprint over the coming 10 to 15 years by 50 per cent through clean coal technology. That is a fundamental change that we need to make. It has an impact on the viability of our country in terms of energy. It means that our best reserves can be preserved, but a combination of contributing to the global nuclear energy cycle, of developing alternative renewable sources in Australia and of making our current system of coal usage much more viable through clean coal technology is the way in which we need to step forward. So for all of those reasons, this is an outstanding budget but I have outlined, in particular, the steps that we need to take as major reforms for Australia over the coming 10 years.

Dr EMERSON (Rankin) (7.19 pm)—In analysing the 2006-07 budget, it is useful to look at what was forecast in the previous budget to see whether those forecasts have come true or not. As part of that exercise, I thought I would have a look at my own speech on the budget at
around this time last year to see what the predictions were and whether or not they had come true. At that time, I warned of a $103 billion spending spree that had been initiated by the Howard government prior to the last election, escalated during the election campaign and compounded after the election.

I expressed concern at that time that this spending spree would fuel consumer demand to a point where ‘the Reserve Bank will have no choice but to increase interest rates’. That is what happened. The Reserve Bank judged that it had no choice but to increase interest rates. If it had not been for the very large increases in petrol prices, which dampened consumer demand not so long after the previous budget, then the interest rate rise that occurred fairly recently—just before this budget—would have been a second interest rate rise since that budget. If we were to count the interest rate rise in March 2005, after the election, it would perhaps have been a third one. I understand from discussions with people at the Reserve Bank that the increase in petrol prices had a similar dampening effect to an interest rate rise and therefore helped stave that off. The truth is that the forecast that I made in my speech on the appropriation bills did come true.

I went on to say, ‘Put all those pieces together and you see the preconditions for an interest rate rise.’ On that basis, I said that I did not support the budget on the grounds of macroeconomic management. That was because that budget contributed so much to consumer spending, which would exacerbate inflationary pressures and lead to that interest rate rise—all of which did happen. Having a look at this budget, I think that again the preconditions are there, not only on the basis of what it does but also on the basis of what it fails to do. There will, in all likelihood, be yet another interest rate rise towards the end of this year. I am happy to go on the record as not saying with certainty that that will happen, because no-one knows; but this budget again has laid the preconditions for a further interest rate rise.

This is all from a government that campaigned very strongly at the 2004 election, creating a very strong impression that, if re-elected, it would keep the lid on interest rates. It has failed to do that. It has failed to keep a lid on petrol prices, and it has certainly failed to keep a lid on child-care costs. So when it announced in the budget that middle-income earners were going to get tax relief of $10 a week, we could well understand why the budget has not been received all that favourably. People know that that $10 a week has effectively already been spent.

I do not need to dwell on that, because other members of the parliamentary Labor Party have set that out very well. I want to use part of the time I have available to talk about the impact that the changes to the tax system announced in this budget will have on bracket creep. I will not be churlish and say that there is no merit in the tax changes that were made, because in my pre-budget submission to the Treasury, on the invitation of the Treasurer, I did advocate a reduction of the 42c rate to 36c. In fact, it was reduced from 42c to 40c—a much more modest reduction than I thought could be achieved. Secondly, I did advocate an increase in the low-income tax offset from $235 to $600.

So there are some changes there that are favourable. Add to those an increase in the threshold at which the 30c rate comes in and you do get some modest reforms in the income tax system, but I could put them no higher than modest. Yet, in parliament after the budget, the Treasurer said that these tax cuts give back bracket creep. I am sorry to report to the parlia-
ment that that is not the case. If we take the year 2001 as the point of comparison, after these tax cuts a taxpayer earning $40,000 a year will still be $15.70 worse off as a result of bracket creep. A taxpayer on $50,000 is more than $25 worse off, one on $60,000 is $33 worse off and one on $70,000 is $23 worse off. If further changes are not made to the tax system, then that bracket creep will continue its insidious work in subsequent years. The only bracket for which I have done the calculations that has received all of the bracket creep back is people who are earning $30,000. They are now 86c ahead compared with the situation in 2001.

Why did I choose that year? The member for Melbourne Ports is here and he would remember, having come into parliament at the same time as me, in 1998, that when the GST was introduced the Treasurer said that the income tax cuts at the time were compensation for the GST—a $40-plus billion tax. It cannot be, at the same time, compensation for the GST and the return of bracket creep. You can have one or the other, but not both. That $1 cannot be used twice. The Treasurer has, in fact, made three claims: the biggest tax cuts in Australia’s history, compensation for the GST and the return of bracket creep. It cannot do all three, and that is why it is perfectly legitimate to look at 2001, the year after those tax cuts, as the base period. It is clear that bracket creep has done its work and these low- and middle-income earners are still well behind, with the exception of those on around $30,000 a year.

We are a long way from genuine tax reform. This government could have laid down a tax reform down payment and brought the Australian people into its confidence about what it saw as an ultimate tax system for this country. It could have set that out in the budget paper and said, ‘This is a down payment and we will move towards ultimate reform as and when financial circumstances permit.’ But it did not do that, for one reason—that is, this government believes in handing back some of the bracket creep, claiming it as a personal income tax reduction, holding back as much as it can until the election year and then saying: ‘What jolly good fellows we are. We’ve given back some of the money that we’ve taken from you.’ That is not tax reform; that is just the return of some bracket creep. Therefore, I urge the government to engage constructively in the tax reform debate and to not pretend that it has implemented tax reform but acknowledge that the changes that it has made are very minor indeed.

I am conscious of the time. I want to go on to other issues, such as wages, superannuation and the failure to invest in the future, but I do not want to interrupt my flow and move on to those matters here tonight. I seek leave to continue my remarks at a later date.

Leave granted; debate adjourned.

Main Committee adjourned at 7.30 pm
QUESTIONS IN WRITING

Telstra Mobile Online Short Message Service
(Question No. 1771)

Mr Martin Ferguson asked the Minister for Human Services, in writing, on 23 June 2005:

(1) In respect of the provision of Telstra Mobile Online SMS Business Services or similar services to the Minister and the Minister’s staff, (a) does the Minister’s department provide such a service to the (a) Minister and (b) Minister’s staff; if so, when was the service first made available to the (i) Minister and (ii) Minister’s staff.

(2) What has been the cost of providing the service to the (a) Minister and (b) Minister’s staff since it was introduced.

Mr Hockey—The answer to the honourable member’s question is as follows:

(1) No. The Department of Human Services does not and has never provided Telstra Mobile Online SMS Business Services to the Minister or to the Minister’s staff.

(2) N/A

To prepare this answer, it has taken approximately 3 hours at an estimated cost of $140.

Opinion Polls
(Question No. 1776)

Mr Bowen asked the Minister for Human Services, in writing, on 23 June 2005:

(1) Did the department or any agency under the Minister’s portfolio conduct or commission an opinion poll, focus group or market research in 2004; if so, what was the (a) purpose and (b) cost of each opinion poll, focus group or market research survey conducted.

(2) What was the name and postal address of each company engaged to conduct the poll, focus group or research.

Mr Hockey—The answer to the honourable member’s question is as follows:

Core Department

(1) No

(a) N/A

(b) N/A

(2) N/A

Child Support Agency

(1) Yes

<table>
<thead>
<tr>
<th>(a) Purpose</th>
<th>(b) Cost</th>
<th>(2) Name and address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Service Feedback</td>
<td>$16,775</td>
<td>ClientWise Pty Ltd</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PO Box 458</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BELCONNEN ACT 2616</td>
</tr>
</tbody>
</table>

QUESTIONS IN WRITING
CRS Australia
(1) Yes

<table>
<thead>
<tr>
<th>(a) Purpose</th>
<th>(b) Cost</th>
<th>(2) Name and address</th>
</tr>
</thead>
<tbody>
<tr>
<td>To confirm sustainability of employment outcomes and client satisfaction</td>
<td>$75,531</td>
<td>New Focus Research Pty Ltd Melbourne Central Executive Suites 2nd Floor 222 Latrobe Street MELBOURNE VIC 3000</td>
</tr>
</tbody>
</table>

CRS Australia also conducts local focus groups on an ad hoc basis to access client satisfaction and areas for continuous improvement. Data on costs for conducting local focus groups are not collected.

Centrelink
(1) Yes, please refer to the AusTender website: www.tenders.gov.au

Medicare Australia
(1) No
(a) N/A
(b) N/A
(2) N/A

Australian Hearing
(1) Yes

<table>
<thead>
<tr>
<th>(a) Purpose</th>
<th>(b) Cost</th>
<th>(2) Name and address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Tracking</td>
<td>$14,300</td>
<td>Quantum Market Research 96 Bridport Street ALBERT PARK VIC 3206</td>
</tr>
</tbody>
</table>

Health Services Australia
(1) No
(a) N/A
(b) N/A
(2) N/A

To prepare this response it has taken approximately 14 hours and 50 minutes at an estimated cost of $663.

Commonwealth Property
(Question No. 2010)

Mr Bowen asked the Minister for Human Services, in writing, on 10 August 2005:
(1) What is name and address of each vacant property under the control of the department and each agency in the Minister’s portfolio (i.e. properties not actively used by the agency and not leased out).
(2) In respect of each vacant property, (a) why is it not being actively used and (b) what action plans are in place to have it actively used.

Mr Hockey—The answer to the honourable member’s question is as follows:

Core Department
(1) The Core Department has no vacant properties.
(2) N/A
Child Support Agency
(1) The Child Support Agency has no vacant properties.
(2) N/A

CRS Australia
(1) CRS Australia currently has one vacant leased property of 110m2, located at 266 High Street, Melton, Victoria, 3337.
(2) The unit relocated on 14 October 2005 from the above address to new site at Watergardens (Taylors Lakes) to improve client access and staff amenity. The new office is located one floor above the Centrelink CSC site. The Melton lease expired on 19 February 2006 and the remaining lease commitment was factored into the business case for relocation. The Melton premises have, however, been listed with local real estate agents for sub-lease or assignment to mitigate this.

Centrelink
(1) Centrelink occupies all of the properties in its commercial leased portfolio with one exception, being 70 Main Street Meekatharra, Western Australia. Centrelink also owns 26 residences required in remote areas to lease to key Centrelink staff working in these locations. At present, four of these houses are vacant and the details are provided in the table below.
(2) The commercial leased property at Meekatharra was leased by Centrelink in June 2005 with the intention of establishing a new Remote Access Service Centre in Meekatharra. The commercial arrangement required Centrelink to pay a token rental of $867 per month and be responsible for funding significant building improvements required to bring the property up to Australian Standards, which are normally a cost to the landlord in a standard lease transaction. Unfortunately, the tendered price for the required works of almost $1 million was prohibitive and significantly inflated due to the remoteness of the location, and the difficulty in getting suitably qualified tradesmen to undertake the work. At present, the Meekatharra property remains vacant while Centrelink reassesses its property and servicing options in the town.

<table>
<thead>
<tr>
<th>Address</th>
<th>Length of vacancy</th>
<th>Reasons for vacancy</th>
<th>Action plan to have it actively used.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alice Springs, NT 0870</td>
<td>13 months</td>
<td>The house is being held for occupation by a Centrelink Psychologist at the Alice Springs office. There has been considerable difficulty in recruiting to this position and action to do so remains ongoing.</td>
<td>Centrelink has offered the house on a short term lease to its staff without success. Centrelink will review the use of this residence upon completion of the most recent recruitment action. The house will remain vacant until a new Manager is appointed.</td>
</tr>
<tr>
<td>Derby, WA, 6728</td>
<td>Less than one month</td>
<td>The house is held for the position of the Manager of the Derby office. The previous Manager has vacated the house and recruitment action is underway for a replacement.</td>
<td>The house will remain vacant until a new Manager is appointed.</td>
</tr>
<tr>
<td>Charleville, QLD, 4470</td>
<td>4 months</td>
<td>This house is held for the position of the Manager of the Charleville office.</td>
<td>Centrelink commenced disposal action but put this on hold, as the current Manager has recently secured a transfer to another town. The house will be held pending recruitment action for a new Manager.</td>
</tr>
</tbody>
</table>
Thursday Island, QLD, 4875

7 months

This house was occupied by the Manager of the Thursday Island office.

The house requires extensive work and accordingly, Centrelink has commenced disposal action. To date a buyer has not been sourced.

Note: Street addresses were not provided, due to privacy reasons

Medicare Australia

(1) Medicare Australia has one vacant floor of 880m2 under lease at 63 Denison Street, Deakin, ACT, 2600.

(2) This space became vacant on 30 June 2005 and has been marketed for subleasing, however, there has been no interest to date.

Australian Hearing

(1) Australian Hearing has no vacant properties.

(2) N/A

Health Services Australia

(1) Health Services Australia has no vacant properties.

(2) N/A

To prepare this response it has taken approximately 12 hours and 8 minutes at an estimated cost of $543.

Commonwealth Property

(Question No. 2394)

Mr Bowen asked the Minister for Human Services, in writing, on 15 September 2005:

(1) What properties, or lettable floor areas at partially occupied properties, owned by the Commonwealth and in the possession of the department and each agency in the Minister’s portfolio, are currently not utilised by the department or agency in question, and are not let out.

(2) For how long has each property, or part of a property, identified in part (1) been vacant and why has it been left vacant.

Mr Hockey—The answer to the honourable member’s question is as follows:

Core Department

(1) The Core Department has no vacant properties.

(2) N/A

Child Support Agency

(1) The Child Support Agency (CSA) does not occupy any property owned by the Commonwealth. All CSA property holdings are by lease, and these property holdings are actively used. CSA does not have any unutilised lettable floor areas at partially occupied properties.

(2) N/A

CRS Australia

(1) CRS Australia has no vacant properties.

(2) N/A
Centrelink

(1) Centrelink owns residences in remote areas to lease to key Centrelink staff working in these locations. At present, four of these houses are vacant and the details are provided in the table below.

(2) See table below.

<table>
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<td>The house requires extensive work and accordingly, Centrelink has commenced disposal action. To date a buyer has not been sourced.</td>
</tr>
</tbody>
</table>

Note: Street addresses were not provided, due to privacy reasons

Medicare Australia

Medicare Australia does not own any properties.

(2) N/A

Australian Hearing

(1) Australian Hearing has no vacant properties.

(2) N/A

Health Services Australia

(1) Health Services Australia has no vacant properties.

(2) N/A

To prepare this response it has taken approximately 12 hours and 8 minutes at an estimated cost of $553.

Olympic Park

(Question No. 2545)

Mr Brendan O’Connor asked the Minister representing the Minister for the Environment and Heritage, in writing, on 31 October 2005:

Did the Minister’s department spend $17,111 on rooms and conference facilities at Olympic Park in Melbourne; if so, why was it necessary to hire venues at Olympic Park and for what purpose were the venues used.

QUESTIONS IN WRITING
Mr Truss—The Minister for the Environment and Heritage has provided the following answer to the honourable member’s question:
The Olympic Park venue was used from 25-27 October 2005 for a two and a half day conference for the national natural resource management (NRM) facilitators network. This was an important forum for facilitators updating knowledge, exchanging of professional experience and strengthening linkages to regional body representatives, non-government organisations and government officials.

There are 56 regions established under the Natural Heritage Trust to deliver the Australian Government’s environment, biodiversity and sustainable agriculture objectives. The facilitators play a vital role in ensuring we achieve quality outcomes and enhanced coordination that is vital to achieving the best value for money. The conference was conducted in cooperation with the Western Australian Department of Environment, Western Australian Department of Agriculture, Australian Capital Territory Department of Environment, Heritage and Arts, Queensland Environment Protection Authority, Queensland Department of Natural Resources and Mines, Northern Territory Department of Natural Resources, Environment and Arts, Victorian Department of Sustainability and Environment, South Australian Department of Environment and Heritage and the New South Wales Department of Natural Resources, regional NRM bodies, local government organisations and sustainable agriculture interest groups.

Over 150 delegates attended the conference. The venue was chosen following a select tender process. Total venue cost, including conference facilities and catering, was $25,346.85 (GST inclusive), which is approximately $68 per person per day for each conference attendee.

Medicare
(Question No. 2755)

Mr McClelland asked the Minister for Human Services, in writing, on 1 December 2005:
Have any benchmarks been set on the appropriate length of waiting times in Medicare offices; if so, have those benchmarks been satisfied in respect of the Hurstville Medicare office in the period since 10 October 1997.

Mr Hockey—The answer to the honourable member’s question is as follows:
Yes. Medicare Australia introduced a Service Charter in 1999, which outlines its obligations and standards of service, as well as benchmarks against which service performance can be measured including a performance indicator which aims to keep waiting times in Medicare offices below 10 minutes.
The information below demonstrates the results for the Hurstville Medicare office for the current financial year and the two previous financial years. Records dating back to 1997 have been destroyed in accordance with our records management and archiving policy.

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Number of Queue times recorded</th>
<th>Times recorded &gt; 10 mins</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005/2006 YTD</td>
<td>110</td>
<td>5</td>
</tr>
<tr>
<td>2004/2005</td>
<td>142</td>
<td>4</td>
</tr>
<tr>
<td>2003/2004</td>
<td>48</td>
<td>6</td>
</tr>
</tbody>
</table>

This answer required 1 hour at a cost of $40.00 to prepare.

Opinion Polls
(Question No. 3137)

Mr Bowen asked the Minister for Human Services, in writing, on 1 March 2006:
Did Centrelink engage Market Solutions Pty Ltd to provide opinion polling services at a cost of $40,000; if so, (a) what opinion polling services were provided under the terms of the contract, (b) how many people were polled, (c) what was the method of opinion polling, and (d) what was the geographic breakdown of the people polled.
Mr Hockey—The answer to the honourable member’s question is as follows:
(a) Centrelink engaged Market Solutions to undertake qualitative research to support the refinement of the preferred design for a new Centrelink Customer Portal.
(b) There were 79 people polled, a mixture of potential and current customers, both frequent and infrequent users of Centrelink’s existing web-based self service options.
(c) A combination of focus groups and in depth interviews was used.
(d) The research was conducted in Melbourne, Ballarat and Wollongong.
To prepare this answer it has taken approximately 6 hours at an estimated cost of $285.

Adelaide Airport
(Question No. 3187)
Mr Georganas asked the Minister for Transport and Regional Services, in writing, on 27 March 2006:
Was the Adelaide Airport Curfew breached by the passenger jet QF665 arriving from Brisbane on the morning of 10 November 2005; if so, was a dispensation requested and granted for that landing and, if a dispensation was granted, what were the reasons for the dispensation.

Mr Truss—The answer to the honourable member’s question is as follows:
No. Airservices Australia has advised that on 10 November 2005, QF665 landed at 10:13pm local time.

Heights School, Modbury Heights
(Question No. 3254)
Ms Macklin asked the Minister for Education, Science and Training, in writing, on 28 March 2006:
Has she or her department received an application for funding for the construction of a Skills Centre at the Heights School, Modbury Heights, South Australia; if so, (a) when, (b) what was its value and (c) has it been approved; and, if it has been approved, what sum was awarded; if it was not approved, why.

Ms Julie Bishop—The answer to the honourable member’s question is as follows:
The Department of Education Science and Training has received an application for funding for the construction of a Skills Centre at The Heights School, Modbury Heights, South Australia. The application was received on 13 January 2006. The amount of funding requested was $112,970. The sum approved on 28 March 2006 was $112,970.

Pensions and Benefits
(Question No. 3405)
Mr Melham asked the Minister for Human Services, in writing, on 30 March 2006:
(1) How many youth allowance recipients reside in (a) NSW and (b) the postcode area (i) 2196, (ii) 2209, (iii) 2210, (iv) 2211, (v) 2212, (vi) 2213, (vii) 2214, (viii) 2222, and (ix) 2223.
(2) How many Newstart allowance recipients reside in (a) NSW and (b) the postcode area (i) 2196, (ii) 2209, (iii) 2210, (iv) 2211, (v) 2212, (vi) 2213, (vii) 2214, (viii) 2222, and (ix) 2223.
(3) How many age pension recipients reside in (a) NSW and (b) the postcode area (i) 2196, (ii) 2209, (iii) 2210, (iv) 2211, (v) 2212, (vi) 2213, (vii) 2214, (viii) 2222, and (ix) 2223.
(4) How many disability support pension recipients reside in (a) NSW and (b) the postcode area (i) 2196, (ii) 2209, (iii) 2210, (iv) 2211, (v) 2212, (vi) 2213, (vii) 2214, (viii) 2222, and (ix) 2223.
(5) How many parenting payment single recipients reside in (a) NSW and (b) the postcode area (i) 2196, (ii) 2209, (iii) 2210, (iv) 2211, (v) 2212, (vi) 2213, (vii) 2214, (viii) 2222, and (ix) 2223.
Mr Hockey—The answer to the honourable member’s question is as follows:

(1) Data on Youth Allowance by electorate is provided at the following site:

(2) Data on Newstart Allowance by electorate is provided at the following site:

(3) Data on Age Pension by electorate is provided at the following site:

(4) Data on Disability Support Pension by electorate is provided at the following site:

(5) Data on Parenting Payment Single by electorate is provided at the following site:

To prepare this answer it has taken approximately 5 hours and 46 minutes at an estimated cost of $236.