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- **ADELAIDE**: 972 AM
- **PERTH**: 585 AM
- **HOBART**: 747 AM
- **NORTHERN TASMANIA**: 92.5 FM
- **DARWIN**: 102.5 FM
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>Wakelin, Barry Hugh</td>
<td>Grey, SA</td>
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<td>Washer, Malcolm James</td>
<td>Moore, WA</td>
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<td>Wilkie, Kim William</td>
<td>Swan, WA</td>
<td>ALP</td>
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<td>Windsor, Antony Harold Curties</td>
<td>New England, NSW</td>
<td>Ind</td>
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<td>Wood, Jason Peter</td>
<td>La Trobe, Vic</td>
<td>LP</td>
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**PARTY ABBREVIATIONS**

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

### Heads of Parliamentary Departments

- Clerk of the Senate—H Evans
- Clerk of the House of Representatives—I C Harris
- Secretary, Department of Parliamentary Services—H R Penfold QC
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)
HOWARD MINISTRY—continued

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

Minister for Fisheries, Forestry and Conservation
Senator the Hon. Eric Abetz

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

Minister for Human Services
The Hon. Joseph Benedict Hockey MP

Minister for Community Affairs
The Hon. John Kenneth Cobb MP

Minister for Revenue and Assistant Treasurer
The Hon. Peter Craig Dutton MP

Special Minister of State
The Hon. Gary Roy Nairn MP

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

Minister for Ageing
Senator the Hon. Santo Santoro

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

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

Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence
The Hon. Bruce Frederick Billson MP

Minister for Workforce Participation
The Hon. Dr Sharman Nancy Stone MP

Parliamentary Secretary to the Minister for Finance and Administration
Senator the Hon. Richard Mansell Colbeck

Parliamentary Secretary to the Minister for Industry, Tourism and Resources
The Hon. Robert Charles Baldwin MP

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

Parliamentary Secretary to the Minister for Defence
Senator the Hon. John Alexander Lindsay (Sandy) Macdonald

Parliamentary Secretary (Trade)
The Hon. De-Anne Margaret Kelly MP

Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs
The Hon. Andrew John Robb MP

Parliamentary Secretary to the Prime Minister
The Hon. Malcolm Bligh Turnbull MP

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

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

Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry
The Hon. Sussan Penelope Ley MP

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

Parliamentary Secretary (Foreign Affairs)
The Hon. Teresa Gambaro MP
SHADOW MINISTRY

Leader of the Opposition                  The Hon. Kim Christian Beazley MP
Deputy Leader of the Opposition and Shadow
  Minister for Education, Training, Science and
  Research                               Jennifer Louise Macklin MP
Leader of the Opposition in the Senate, Shadow
  Minister for Indigenous Affairs and Shadow
  Minister for Family and Community Services
Deputy Leader of the Opposition in the Senate and Shadow
  Minister for Communications and Information Technology
Shadow Minister for Health and Manager of
  Opposition Business in the House
Shadow Treasurer                           Wayne Maxwell Swan MP
Shadow Attorney-General                     Nicola Louise Roxon MP
Shadow Minister for Industry, Infrastructure and
  Industrial Relations
Shadow Minister for Foreign Affairs and Trade
  and Shadow Minister for International Security
Shadow Minister for Defence                 Robert Bruce McClelland MP
Shadow Minister for Regional Development   The Hon. Simon Findlay Crean MP
Shadow Minister for Primary Industries,
  Resources, Forestry and Tourism
Shadow Minister for Environment and Heritage,
  Shadow Minister for Water and Deputy Manager
  of Opposition Business in the House
Shadow Minister for Housing, Shadow Minister
  for Urban Development and Shadow Minister
  for Local Government and Territories
Shadow Minister for Public Accountability and
  Shadow Minister for Human Services
Shadow Minister for Finance                 Kelvin John Thomson MP
Shadow Minister for Superannuation and
  Intergenerational Finance and Shadow Minister
  for Banking and Financial Services
Shadow Minister for Child Care, Shadow Minister
  for Youth and Shadow Minister for Women
Shadow Minister for Employment and Workforce
  Participation and Shadow Minister for Corporate
  Governance and Responsibility

(The above are shadow cabinet ministers)
SHADOW MINISTRY—continued

Shadow Minister for Consumer Affairs and Shadow Minister for Population Health and Health Regulation
Laurie Donald Thomas Ferguson MP

Shadow Minister for Agriculture and Fisheries
Gavan Michael O’Connor MP

Shadow Assistant Treasurer, Shadow Minister for Revenue and Shadow Minister for Small Business and Competition
Joel Andrew Fitzgibbon MP

Shadow Minister for Transport
Senator Kerry Williams Kelso O’Brien

Shadow Minister for Sport and Recreation
Senator Kate Alexandra Lundy

Shadow Minister for Homeland Security and Shadow Minister for Aviation and Transport Security
The Hon. Archibald Ronald Bevis MP

Shadow Minister for Veterans’ Affairs and Shadow Special Minister of State
Alan Peter Griffin MP

Shadow Minister for Defence Industry, Procurement and Personnel
Senator Thomas Mark Bishop

Shadow Minister for Immigration
Anthony Stephen Burke MP

Shadow Minister for Ageing, Disabilities and Carers
Senator Jan Elizabeth McLucas

Shadow Minister for Justice and Customs and Manager of Opposition Business in the Senate
Senator Joseph William Ludwig

Shadow Minister for Overseas Aid and Pacific Island Affairs
Robert Charles Grant Sercombe MP

Shadow Minister for Citizenship and Multicultural Affairs
Senator Annette Hurley

Shadow Parliamentary Secretary for Reconciliation and the Arts
Peter Robert Garrett MP

Shadow Parliamentary Secretary to the Leader of the Opposition
John Paul Murphy MP

Shadow Parliamentary Secretary for Defence and Veterans’ Affairs
The Hon. Graham John Edwards MP

Shadow Parliamentary Secretary for Education
Kirsten Fiona Livermore MP

Shadow Parliamentary Secretary for Environment and Heritage
Jennie George MP

Shadow Parliamentary Secretary for Industry, Infrastructure and Industrial Relations
Bernard Fernando Ripoll MP

Shadow Parliamentary Secretary for Immigration
Ann Kathleen Corcoran MP

Shadow Parliamentary Secretary for Treasury
Catherine Fiona King MP

Shadow Parliamentary Secretary for Science and Water
Senator Ursula Mary Stephens

Shadow Parliamentary Secretary for Northern Australia and Indigenous Affairs
The Hon. Warren Edward Snowdon MP
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Wednesday, 31 May 2006

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

HEALTH LEGISLATION AMENDMENT (PRIVATE HEALTH INSURANCE) BILL 2006

First Reading

Bill and explanatory memorandum presented by Mr Abbott.

Bill read a first time.

Second Reading

Mr ABBOTT (Warringah—Minister for Health and Ageing) (9.01 am)—I move:

That this bill be now read a second time.

The Health Legislation Amendment (Private Health Insurance) Bill 2006 will amend the National Health Act 1953 to improve consumer protection in private health by widening the powers of the Private Health Insurance Ombudsman.

Ms Gillard—Mr Speaker, I move:

That that snivelling grub over there be not further heard.

The SPEAKER—The Manager of Opposition Business will withdraw that.

Ms Gillard—If I have offended grubs, I withdraw unconditionally.

The SPEAKER—The member will withdraw without reservation.

Ms Gillard—Mr Speaker, I have abided by your ruling from yesterday.

The SPEAKER—The member will withdraw without reservation.

Ms Gillard—Mr Speaker, in accordance with your ruling yesterday, I have withdrawn effectively.

The SPEAKER—The member will withdraw without reservation.

Mr Price—Mr Speaker, I rise on a point of order—

The SPEAKER—The member has to withdraw without reservation. If the member will not withdraw I have no option—

An opposition member interjecting—

The SPEAKER—no. I am ruling on this—but to name the member. I name the member for Lalor.

Mr ABBOTT (Warringah—Leader of the House) (9.03 am)—Mr Speaker, I move:

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

Question put.

The House divided. [9.07 am]

(The Speaker—Hon. David Hawker)

Ayes………. 79
Noes………. 53
Majority…… 26

AYES

Abbott, A.J. Anderson, J.D.
Andrews, K.J. Bailey, F.E.
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. Caushley, J.R.
Cobb, J.K. Costello, P.H.
Downer, A.J.G. Draper, P.
Dutton, P.C. Elson, K.S.
Entsch, W.G. Farmer, P.F.
Ferguson, M.D. Forrest, J.A. *
Gambaro, T. Gash, J.
Georgiou, P. Haase, B.W.
Hardgrave, G.D. Hartsuyker, L.
Henry, S. Hockey, J.B.
Hunt, K.E.
House of Representatives Wednesday, 31 May 2006

Jensen, D. Johnson, M.A.  
Jull, D.F. Keenan, M.  
Kelly, J.M. Laming, A.  
Ley, S.P. Lindsay, P.J.  
Lloyd, J.E. Lloyd, J.E.  
Markus, L. Macfarlane, I.E.  
McArthur, S. May, M.A.  
Moylan, J.E. McGauran, P.J.  
Nelson, B.J. Neville, P.C.  
Pearce, C.J. Prosser, G.D.  
Randall, D.J. Richardson, K.  
Robb, A. Ruddock, P.M.  
Schultz, A. Scott, B.C.  
Secker, P.D. Slipper, P.N.  
Smith, A.D.H. Southcott, A.J.  
Stone, S.N. Srinder, K.  
Ticehurst, K.V. Secker, P.D.  
Truss, W.E. Smith, A.D.H.  
Turnbull, M.  
Vale, D.S.  
Wakelin, B.H.  
Wood, J.  

NOES  
Adams, D.G.H. Albanese, A.N.  
Beazley, K.C. Bevis, A.R.  
Bird, S. Bowen, C.  
Burke, A.E. Byrne, A.M.  
Corcoran, A.K. Crean, S.F.  
Danby, M. * Danby, M. *  
Elliot, J. Edwards, G.J.  
Ellis, K. Ellis, A.L.  
Ferguson, L.D.T. Emerson, C.A.  
 Fitzgibbon, J.A. Ferguson, M.J.  
Georganas, S. Garrett, P.  
Gibbons, S.W. George, J.  
Grierson, S.J. Gillard, J.E.  
Hall, J.G. * Hall, J.G. *  
Hayes, C.P. Hatton, M.J.  
Irwin, J. Hoare, K.J.  
Kerr, D.J.C. Jenkins, H.A.  
Lawrence, C.M. King, C.F.  
McClelland, R.B. Macklin, J.L.  
Melham, D. McMullan, R.F.  
O’Connor, B.P. Murphy, J.P.  
Owens, J. O’Connor, G.M.  
Price, L.R.S. O’Brien, T.  
Roxon, N.L. Ripoll, B.F.  
Sercombe, R.C.G. Sawford, R.W.  
Thomson, K.J. Swan, W.M.  
Wilkie, K. Vamvakinou, M.  

* denotes teller

Question agreed to.

The SPEAKER—Order! The honourable member for Lalor is suspended from the service of the House for 24 hours under standing order 94(b).

The member for Lalor then left the chamber.

Mr Albanese—Mr Speaker, I rise on a point of order. The member for Lalor has just been suspended from the House for 24 hours—

Government members interjecting—

Mr Albanese—If you want to be in here all day, we can do that—on the basis that you have ruled her in breach of standing orders 89 and 90. I do point out, Mr Speaker, that, while clearly the member for Lalor was in breach of standing orders 89 and 90, the member for Lalor used precisely the same words in withdrawing as the Leader of the House did in parliament last Thursday. In fact, Mr Speaker, you ruled yesterday on page 5 of Hansard the following—

The SPEAKER—Order! The member for Grayndler will come to his point of order.

Mr Albanese—Mr Speaker, you ruled: Given the withdrawals by the Leader of the House, the motion was a valid motion.

Why is it, Mr Speaker, that you ruled that way on the withdrawal and on the words used by the Leader of the House, ‘If I have offended grubs, I withdraw unconditionally,’ yet you ruled differently for the member for Lalor?

Mr Price—Mr Speaker—

The SPEAKER—I will rule on this point of order. The member for Grayndler has asked me to rule on a point of order. The member for Lalor was named for defying the chair. She was asked to withdraw, she did not withdraw, so she was named.
Mr Albanese—Further to the point of order, Mr Speaker: you will find that an examination of pages 33 to 39 of the House of Representatives Hansard of Thursday, 25 May 2006 indicates that on a number of occasions the Leader of the House was asked to withdraw unconditionally. For six pages of Hansard, he refused to do so in defiance of the Speaker—

The SPEAKER—The member for Grayndler has made his point. I will rule on his point of order.

Mr Albanese—and you ruled yesterday that that was an acceptable withdrawal—the same words that the member for Lalor used.

The SPEAKER—The member for Grayndler will resume his seat. I will make two points. First of all, I did not rule yesterday. I made the point in response to a question from the member for Lalor as to where I would rule, and I have ruled today in accordance with the standing orders and House of Representatives Practice.

Mr Price—On the point of order, Mr Speaker: yesterday you made a statement about two withdrawals, one last withdrawal by the Leader of the House, which was entirely in order, but in no way in that statement did you distance yourself from a disorderly withdrawal or a withdrawal with qualifications—and I regret that—and today, for the very same act, where the Leader of the House was not pulled up last Thursday, you have suspended the Manager of Opposition Business for 24 hours.

The SPEAKER—The Chief Opposition Whip has made his point. I have ruled as I said I would rule.

Mr Albanese—Mr Speaker, I refer to your ruling of yesterday, where you said:

Given the withdrawals by the Leader of the House, the motion was a valid motion. I also note that the House endorsed the ruling by the Deputy Speaker to this effect, by negating the motion of dissent from that ruling.

I ask you to reflect on what has occurred this morning and what occurred yesterday and, so that the parliament can move on, that this be taken in the form of a question so that you can report back after question time on the nature of exactly how withdrawals will be considered to be effective. If not, every time the Minister for Health and Ageing gets to his feet, it is possible that this motion will be moved.

The SPEAKER—The member for Grayndler will not debate the point of order or question it. I have allowed him to raise a point with me. I am happy to look at the points that he has raised, but I make the point that, when a member is asked to withdraw, they must withdraw without reservation.

Ms Macklin—Why doesn’t it apply to Abbott?

The SPEAKER—Order! I made it clear in my statement to the House yesterday the way I would be dealing with this and the way that the House dealt with it last week. There is nothing further to add. I will look at what the member for Grayndler said and consider a response as is appropriate.

Mr Albanese—Thank you for that, Mr Speaker. We accept that and indicate that we will be pursuing this after question time.

Mr ABBOTT—The Private Health Insurance Ombudsman independently investigates and resolves complaints about private health insurance and is an unofficial umpire in dispute resolutions at all levels within the private health insurance industry.

Mr Bevis—Just apologise!

Mr ABBOTT—I did. Currently, the ombudsman’s power is limited in relation to investigation and mediation of disputes. He receives and investigates complaints but only has formal jurisdiction to resolve them in
respect of disputes with funds. This frustrates consumers, who have no clear alternative path of redress.

The private health sector is a partnership between health funds and health care providers, including hospitals, doctors and ancillary service providers. It is not appropriate to impose close scrutiny on one part of the sector—namely, the funds—while not applying the same rigor consistently to the providers of services for which the funds pay benefits to their members.

This bill therefore aims to ensure that the ombudsman will be able to effectively represent consumer interests arising from all aspects of their privately insured experience. Currently, the ombudsman’s powers centre on complaints and investigations relating to the activities of health funds. The bill expands the responsibilities of the ombudsman to include receiving complaints by, and in relation to, health care providers and health insurance brokers. This effectively imposes the same obligations on all parties involved in a privately insured episode, instead of placing accountability solely on health funds.

The ombudsman will not intervene in matters of clinical care; that remains—and must remain—the province of registration boards and state health care complaints commissioners.

The bill also expands the types of documents of which the ombudsman can require production, such as health fund, health care provider and broker records.

The ombudsman will have a power to compel parties to a dispute to undertake mediation where he deems it appropriate. This may include deadlocks in contract disputes between health funds and providers.

The ombudsman can currently make recommendations about the practices and procedures of health funds. This bill expands this power to the practices and procedures of health care providers and brokers.

Penalties will be included for parties, other than consumers, who fail to comply with matters relating to providing records, participating in mediation and reporting to the ombudsman. These penalties are in line with the penalties that currently exist in the National Health Act 1953 and will provide support to the ombudsman in relation to complaints and investigations. Furthermore, the bill ensures that the ombudsman and the staff of his office are protected from civil and personal liability as a result of their proper exercising of the increased powers.

Peak bodies of the private health industry, including the Australian Health Insurance Association, the Australian Medical Association and the Australian Private Hospitals Association were consulted in the development of the bill, and I am advised that all support the proposed changes.

The bill also includes a minor amendment to the Private Health Insurance Incentives Act 1998 that applies to the 2005-06 financial year and later financial years.

This is an administrative amendment that extends the time Medicare Australia—the former Health Insurance Commission—has to provide annual data to the Australian Taxation Office on the private health insurance rebates from 90 days to 120 days. The change will improve administration of the rebates and will not disadvantage those consumers who claim their rebates through their tax return. This proposed change follows a recommendation of the Australian National Audit Office.

I commend the bill to the House.

Debate (on motion by Mr Gavan O’Connor) adjourned.
ABORIGINAL LAND RIGHTS
(NORTHERN TERRITORY)
AMENDMENT BILL 2006

First Reading

Bill and explanatory memorandum presented by Mr Brough.
Bill read a first time.

Second Reading

Mr BROUGH (Longman—Minister for Families, Community Services and Indigenous Affairs and Minister Assisting the Prime Minister for Indigenous Affairs) (9.25 am)—I move:

That this bill be now read a second time.

The purpose of the bill is to make changes to the Aboriginal Land Rights (Northern Territory) Act 1976, which will provide more choices in life for Aboriginal people in the Northern Territory.

It is almost 30 years ago to the day since a coalition government introduced the bill that became the land rights act. The second reading speech delivered on 4 June 1976 talked about giving full expression to Aboriginal affinity with the land. (Quorum formed)

The land rights act has been successful in returning land to Aboriginal people. Almost half of the Northern Territory is now Aboriginal land. However, hopes that the simple granting of land would lead to an improvement in the lives of local people have not been realised. The act has not been successful in facilitating productive use of that land.

The reforms to the land rights act are the result of almost 10 years of consultation and three major reviews that have enabled a narrowing of differences among stakeholders. There is widespread recognition that the act needs to be amended to deliver better economic outcomes.

Many of the proposed amendments come from a joint submission by the Northern Territory government and land councils.

The reforms in this bill are designed to do three things: provide for individual property rights in Aboriginal townships, streamline processes for development of Aboriginal land and improve efficiency and enhance accountability of organisations under the act.

At the time of the development of the land rights act, the future of townships was a point of debate. Most of the residents are not traditional owners. They have no choice but to live as tenants in these townships. If they want to own a house or start a business, they have to move. They are mostly marooned in unsafe settlements devoid of economic opportunity and hope for the future.

The appalling levels of violence and abuse in many of these communities are a stark reminder of the failed policies of the past. The government has called for restoration of basic law and order in these townships. The right of safety for women and children is a threshold issue that will be the subject of a Commonwealth, state and territory summit in the near future.

But of course law and order is not the only issue. Much more needs to be done to normalise life for these Australian citizens. The reforms to the land rights act will help to create a new environment offering better prospects and hope for the future.

The bill provides for a new tenure system for townships on Aboriginal land that will allow individuals to have property rights. It is individual property rights that drive economic development. The days of the failed collective are over.

Our approach will preserve the fundamentals of the act such as inalienable Aboriginal land title and will respect the role of traditional owners. Ninety-nine year head leases
over townships with individual subleases under the head lease will make it significantly easier for individuals to own their own homes and establish businesses. The bill enables the Northern Territory government to establish its own legislation to administer the scheme.

To make home ownership a reality, the government has established the Home Ownership on Indigenous Land Program to provide low interest loans and other incentives and assistance to prospective home owners. The states are also expected to move to amend their Indigenous land legislation to enable unencumbered long-term leasing of Indigenous land. The Australian government is leading the way.

The government recently signed a heads of agreement committing the traditional owners of Nguiu on the Tiwi Islands and the Australian government to settle an agreement by the end of this year for a township head lease. The people in Nguiu know where they are going and we expect other communities to follow their lead.

The proposed amendments to the cumbersome and open-ended mining provisions of the act are based on a package agreed between all parties: governments, land councils and the mining industry. There will be quicker processes for exploration and mining on Aboriginal land and current ministerial powers will be delegated to the Northern Territory government.

The changes include a sensible core negotiating period in which the government expects most exploration applications to be considered. We intend to provide the Northern Territory mining minister with a new power to set a deadline to bring negotiations to a conclusion. Importantly, the power of traditional Aboriginal owners to withhold consent to, or veto, exploration is retained.

The bill includes further measures to cut red tape and facilitate economic development on Aboriginal land. The requirement for ministerial approval of leases and contracts entered into by land councils will be significantly relaxed. The minister will only need to approve leases that are over 40 years duration, rather than the current 10 years, and contracts of over $1 million, rather than $100,000 at present. The bill facilitates the mortgaging of leases by confirming that a lease can include agreement to future transfers.

The bill provides for the delegation of decision-making powers from land councils to regional groups, including for exploration and mining.

The bill also includes amendments to the provisions for the establishment of new land councils. The current provisions are effectively unworkable. The bill specifies that, to establish a new land council, a 55 per cent majority vote of Aboriginal people is required.

The performance of land councils will be enhanced by the legislation. No longer will land council funding from the Aboriginals Benefit Account, ABA, be based on an artificial statutory formula. We are removing the guaranteed 40 per cent of annual ABA revenues for land councils. In future, land councils will be funded on the basis of workloads and results.

The government wants to ensure that royalty payments are made in a transparent and accountable way. Payments without a purpose will be prohibited. Oversight of royalty associations will be improved so that all community members benefit, not just a select few.

Through careful management, this government has built up the ABA reserve to over $100 million, which will enable a more stra-
tactic and targeted approach to investment. The ABA Advisory Committee will be strengthened by a provision to include additional members selected by the minister according to their professional expertise.

Outstanding land claim matters are dealt with by the bill. The legislation disposes of land claims that cannot legally proceed or would be inappropriate to grant. Claims over stock routes that have been unresolved for over 20 years and cannot be heard or finalised will be disposed of. Claims to the intertidal zone and the beds and banks of rivers not contiguous with Aboriginal land or claimed land will be disposed of.

A separate bill to come before the House will schedule substantial areas of land, including a series of claims to national parks and reserves settled between the Northern Territory government and land councils.

The Northern Territory government, the land councils and peak industry bodies including the Northern Territory Minerals Council are to be congratulated on their constructive contributions to this very important reform process. The land councils, by proposing, for example, the delegation of powers to regional groups, have demonstrated that they recognise the need for change.

The government has proposed these amendments for the next 30 years of land rights. The measures contained in this bill are vital to improving the wellbeing of Aboriginal people in the Northern Territory. The measures are long overdue and usher the potential for a new era of opportunity for Australian Aboriginals living in the Territory.

Debate (on motion by Mr Snowdon) adjourned.

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**EDUCATION SERVICES FOR OVERSEAS STUDENTS LEGISLATION AMENDMENT (2006 MEASURES No. 1) BILL 2006**

First Reading

Bill and explanatory memorandum presented by Ms Julie Bishop.

Bill read a first time.

Second Reading

Ms JULIE BISHOP (Curtin—Minister for Education, Science and Training and Minister Assisting the Prime Minister for Women’s Issues) (9.36 am)—I move:

That this bill be now read a second time.

The Education Services for Overseas Students Act 2000, the ESOS Act, and its complementary legislation regulate the international education and training services industry. This ESOS Act was introduced in 2000 to address problems facing the industry: the uncertain financial protections for students’ prepaid course fees, the emergence of a small minority of unscrupulous providers and inconsistent quality assurance.

The purpose of the legislation is to ensure that overseas students who come to Australia to study on student visas receive the education and training for which they have paid. It aims to protect the reputation of Australia’s education and training export industry and strengthen public confidence in the student visa program.

The ESOS Act required that an independent evaluation be commenced within three years of its having received royal assent. (Quorum formed) The report of the evaluation was released by the former Minister for Education, Science and Training in June 2005.

The evaluation report found broad industry support for existing arrangements but made recommendations for improvement.
These amendments address some of the evaluation recommendations. As consultation with industry is ongoing, it is anticipated that further amendments will be submitted for consideration in the spring sittings.

All providers who deliver education and training to overseas students must be registered on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS). It is a requirement of registration that providers demonstrate that they are ‘fit and proper’ to be registered. The ‘fit and proper’ test currently applies to providers and their associates only on registration. These amendments will allow for the ‘fit and proper’ test to be applied not only on registration but at any time during a provider’s registration.

To prevent former providers with an adverse history in the industry from taking up positions of influence with other providers, the application of the ‘fit and proper’ test will be extended from providers and their associates to employees, agents or officers of the provider where these persons have sufficient authority to be assumed to represent the provider in relation to the business of providing courses. Where it is clear that a provider no longer meets the ‘fit and proper’ test, the act will allow for the suspension of their registration from CRICOS.

These amendments will provide a further guarantee of the credentials of CRICOS registered providers.

The ESOS Act ensures consumer protection for overseas students by placing the primary responsibility with the registered provider. Tuition assurance schemes and the ESOS Assurance Fund provide further certainty where the provider is unable to meet its obligations. These amendments will clarify a provider’s obligations in relation to the receipt of course money and the provision of refunds. Allowing tuition assurance schemes access to student information will facilitate a faster placement of students in alternative courses where a provider is unable to meet its refund obligations.

Providers contribute to the cost of regulation of the ESOS Act through payment of the annual registration charge (ARC). This is a legislated charge payable by the last business day in February of a year. Automatic suspension of a provider’s registration for failure to pay the ARC by the due date will streamline the enforcement action taken against providers who breach this legislative requirement and encourage compliance. Further, this amendment, together with those which will require the payment of certain charges before, rather than after, a specified event will reduce time spent by my department in pursuing providers for outstanding fees and prevent those providers who do not abide by the rules from remaining in the industry.

In introducing these amendments, my department has been mindful of the need to avoid unnecessary regulation, given the cost both to the industry and the Australian government. These amendments will have a minimal regulatory impact on providers and will streamline processes for the Australian government.

Protection and enhancement of Australia’s reputation for providing reliable and high-quality education is crucial to achieving sustainable growth of this important export industry. These amendments will strengthen the regulatory framework and consumer protection provisions of the legislation. They will have the additional advantage of reducing the administration of certain aspects of the ESOS Act.

I commend the bill to the House.

Debate (on motion by Mr Gavan O’Connor) adjourned.
DEFENCE FORCE (HOME LOANS ASSISTANCE) AMENDMENT BILL 2006

First Reading

Bill and explanatory memorandum presented by Mr Billson.

Bill read a first time.

Second Reading

Mr BILLSON (Dunkley—Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence) (9.44 am)—I move:

That this bill be now read a second time.

This bill seeks to extend the operation of the Defence Home Owner Scheme (the scheme), which is governed by the Defence Force (Home Loans Assistance) Act 1990, from 31 December 2006 to 31 December 2007.

The scheme provides members of the ADF with a subsidy on the interest expense incurred on a home loan. The subsidy is payable on a maximum home loan value of $80,000. The assistance is tied to home loans available through the National Australia Bank.

The act specifies a finishing date of 31 December 2006. After this date, no new entitlement certificates confirming the eligibility of ADF members to the subsidy can be issued.

The government has obtained the agreement of the National Australia Bank for the bank to continue the current arrangement until 31 December 2007.

The scheme was implemented at a time when the banks were the major home loan providers and restricts the ability of ADF members to use the subsidy assistance to access the vastly different range of home loan products available in the contemporary home loan market.

A review is now being undertaken by the Department of Defence to establish a home ownership assistance scheme that is more contemporary to meet the needs of both Defence and ADF members. This review is to be completed in time to allow the implementation of a new scheme by 31 December 2007.

To ensure that eligible ADF members continue to have access to home ownership assistance under the current scheme, pending the outcome of the review, it is necessary to amend the finishing date currently prescribed in the act from 31 December 2006 to 31 December 2007. This amendment will also retain the sole loan provider rights of the National Australia Bank.

I commend the bill to the House.

Debate (on motion by Mr Gavan O’Connor) adjourned.

ROYAL COMMISSIONS AMENDMENT BILL 2006

Second Reading

Debate resumed from 30 May, on motion by Mr Turnbull:

That this bill be now read a second time.

upon which Ms Roxon 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 notes:

(1) that the Opposition demanded action to prevent the abuse of legal professional privilege in the Inquiry into certain Australian companies in relation to the UN Oil-For-Food Programme (the Cole Commission) in March;

(2) that the Attorney-General arrogantly rejected that demand at the time and incompetently waited almost three months, after a Federal Court case, before taking action with this Bill;

(3) that, while this Bill proposes a sensible, albeit late, change to the law, it will not solve
the broader problem that the Cole Commission’s Terms of Reference are limited;

(4) that the current Terms of Reference do not allow the Cole Commission to make findings on whether or not Ministers, their offices and departments have discharged their duties under Australian administrative law and under international law (in particular UN Security Council Resolution 661);

(5) that the Cole Commission has provided written advice that a change to the current Terms of Reference which would allow the Cole Commission to make such determinations is a matter that would be ‘significantly different to the existing Terms of Reference’ and is therefore a matter for the Executive; and

(6) that if the Howard Government had nothing to hide in the $300 million wheat-for-weapons scandal, it would expand the Cole Commission’s Terms of Reference to allow Commissioner Cole to make such determinations”.

Mr Rudd (Griffith) (9.47 am)—Claims by the Prime Minister and parallel claims by the Minister for Foreign Affairs that they had in fact provided full cooperation with and full documentation to the Cole inquiry as of January this year were brought fundamentally unstuck by the submission to the Cole inquiry of the Office of National Assessments. The submission by the ONA stated:

On 17 February 2006, certain Australian Foreign Intelligence Community (AFIC) agencies received notices to produce from the Inquiry into Certain Australian Companies in relation to the UN Oil-for-Food Programme (the Inquiry).

What does all that mean? It means that, as of February, the Howard government had not provided full documentation to the Cole inquiry, but the Prime Minister had assured the country and the parliament that, as of January, they had. So we had the Prime Minister and the foreign minister saying, ‘full cooperation, full documentation provided’, whereas the truth is each document which the Cole inquiry needed to do its job was having to be extracted from the government, kicking and screaming, using legal means. Voluntary cooperation has in fact been at a minimum, and this is a most unsatisfactory state of affairs.

Evasion and the government’s pattern of cover-up in this sordid scandal has also been demonstrated in the way in which ministers themselves have provided their own statements to the Cole commission of inquiry. The trade minister appeared before the commission on 10 April. On the same day, his 15-page statement to the inquiry regarding his knowledge or otherwise of 21 cables that were addressed to him, containing concerns about the AWB’s activities in Iraq, was made public. The trade minister stated on 41 separate occasions that he either ‘had no recollection’, ‘could not remember’ or ‘could not recall’ whether he had read the warnings in question. It makes you wonder why the trade minister continues to draw a salary. On the next day, 11 April, the foreign minister had a similar lapse of memory. On 27 occasions, he said could not remember anything of the warnings that had been provided over the course of the wheat for weapons scandal.

The foreign minister and trade minister have tried to justify their sudden inability to recall such critical documents by saying they receive thousands of cables each week—but 21 cables spread over a five-year period about a $300 million wheat for weapons scandal involving a country which Australia was about to go to war with? It beggars belief that ministers negligently did not bother reading or being briefed on cables which went to the heart of the effectiveness of the sanctions program against Saddam Hussein’s regime.

All these assertions, however, came unstuck in evidence delivered to DFAT Senate estimates on 29 May, when it was revealed that since 2000 DFAT has been ‘able to for-
normally audit the process of a cable having been received, opened and actioned and, in the words of DFAT officials, the department can:

record the opening of a cable, the printing of a cable, the forwarding of a cable, the export of a cable and the closing of a cable.

In other words, there is a full electronic cable log. The question we asked in here yesterday of the trade minister was: when the trade minister provided his statement to the Cole commission of inquiry on 11 April, was that statement constructed on the basis of having consulted the electronic cable log? What was the trade minister’s answer? The trade minister’s answer was no. This is a most disturbing state of affairs.

Therefore, what did the Minister for Foreign Affairs do when he presented his statement of sworn evidence to the Cole commission of inquiry? Did he consult the electronic cable log or not? These questions raise further new questions which these ministers have yet to answer, concerning the accuracy of the statements they have made not just to this parliament but to the Cole commission of inquiry itself.

Of course, when it comes to this pattern of cover-up, the core of the cover-up lies in the limited terms of reference Commissioner Cole has himself been given by Prime Minister Howard. Prime Minister Howard has run around the country saying there is a full royal commission of inquiry with full powers to do whatever that commission of inquiry wants to do. That is absolutely untrue and the Prime Minister of this country knows it full well. Prime Minister John Howard designed Commissioner Cole’s terms of reference to produce a narrow commission of inquiry, not a broad-ranging one: one which would focus almost exclusively on the AWB; one which would focus only passingly on the role of ministers. But the critical element is this: Commissioner Cole has no powers whatsoever to make determinations about whether these ministers have done their jobs under Australian domestic law. That is a power he has not been given. That is therefore an area where he cannot go when it comes to reaching his conclusions. What we have had is a pattern of negligence, a pattern of cover-up and, as a consequence of this $300 million wheat for weapons scandal, damage to Australia’s national interests. (Time expired)

Mr TURNBULL (Wentworth—Parliamentary Secretary to the Prime Minister) (9.52 am)—in reply—Listening to the member for Griffith last night, I heard him speak repeatedly about gross negligence and gross cover-up, and he reminded me of Lord Chancellor Baron Rolfe’s remarks in the case of Wilson v Brett (1843), when he said hundreds of years ago that ‘Gross negligence is just ordinary negligence with the addition of a vituperative epithet’. It is a great pity that the vituperation in the speeches of the member for Griffith and other opposition members was not limited only to epithets. Their speeches on the Royal Commissions Amendment Bill 2006 have not contested the substance of the legislation—they support it—but have simply been a series of vituperative claims and allegations about the subject matter of the royal commission.

The government has held the most open and the most thorough inquiry into this issue anywhere in the world. The cooperation of the government has been complete and unprecedented. The notion that the government has tried to limit the terms of reference is absurd. The government provided the commissioner with terms of reference to allow him to investigate and make findings in relation to the knowledge of the Commonwealth of alleged misconduct by Australian companies participating in the UN oil for food pro-
gram. That was noted by the senior counsel, Mr John Agius, on 14 March this year.

The commissioner himself stated on 3 February that, if there was any suggestion that there had been a breach of any Australian law by the Commonwealth or its officers in relation to the terms of reference, he would seek a widening of those terms of reference to permit him to make a finding to that effect. No such request has been made. The Prime Minister has made it clear again and again, in this House and elsewhere, that the government would seriously consider any request by the commissioner for an extension of the inquiry’s terms of reference. The government is committed to enabling the inquiry to do its job, and that is reflected in the fact that it has implemented all extensions and variations to the letters patent which the commissioner has requested.

The inquiry is being conducted by the commissioner, Mr Cole. It is not being conducted by the member for Griffith or any other member of the opposition. The opposition seems to think that it can get some political mileage out of making claims about the very subject matter of the inquiry. The fact is that all of these issues are before the commissioner. The only judgment, the only conclusions and the only findings that matter will be those of the commission. The government has done everything within its power to ensure that that inquiry can be completed and can be completed thoroughly and has cooperated and supported the commissioner whenever he has sought assistance.

I will just deal with one matter which was raised by the member for Wills, who has a habit of making wild claims in this House in respect of these matters. He repeated the false claim that the government had only given a cursory reply to India’s request for assistance with an investigation into allegedly corrupt wheat sales. That statement is utterly false and the Attorney-General has asked me to advise the House that, when the Attorney-General’s Department received the request from India, it asked the Australian Federal Police to assist in responding to India’s request by obtaining witness statements and documents on a voluntary basis. The Attorney-General’s Department advised India of the Federal Police’s actions on the same day and that India would need to provide Australia with more information for the AFP to be able to investigate further using coercive powers. The Indian government did not respond. The Attorney-General’s Department wrote again to the Indian government saying that, if they wanted Australia to use search warrants or compel witnesses to give statements under the Mutual Assistance in Criminal Matters Act, they would need to provide more information. Again, the Indian government did not come back.

As the matter was not progressed by the Indian government, and as the allegations concerned Indian officials, there was no sufficient evidence to warrant a domestic investigation. If there is at some time in the future sufficient evidence concerning Australian offences, then they will be assessed in accordance with the normal Australian Federal Police processes. Australia’s response was substantial and as complete as it could be with the information that had been made available to the Australian government. As the Attorney-General has said publicly, if India wants to reopen the case, Australia stands ready, as it has done in the past, to assist the Indian government under the very longstanding arrangements for mutual assistance in matters of this kind.

The DEPUTY SPEAKER (Mr Barresi) — The original question was that this bill be now read a second time. To this the honourable member for Gellibrand 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 TURNBULL (Wentworth—Parliamentary Secretary to the Prime Minister) (9.58 am)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

TAX LAWS AMENDMENT (PERSONAL TAX REDUCTION AND IMPROVED DEPRECIATION ARRANGEMENTS) BILL 2006

Second Reading

Debate resumed from 11 May, on motion by Mr Costello:

That this bill be now read a second time.

Mr SWAN (Lilley) (9.59 am)—I welcome this opportunity to speak on the Tax Laws Amendment (Personal Tax Reduction and Improved Depreciation Arrangements) Bill 2006 and 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 is of the view that:

(1) the Government’s failure to incorporate the enhanced Low Income Tax Offset into PAYG withholding schedules will significantly diminish its potential impact on workforce participation rates; and

(2) in view of the declining rate of workforce participation associated with the ageing of the population the Government has, despite the improvements contained in the Bill, failed to systematically address the punishing effective marginal tax rates faced by:

(a) second earners, most particularly women;

(b) individuals moving from welfare into work; and

(c) middle and low income families with dependent children”.

This bill seeks to enact the key elements of the government’s budget related tax measures, including personal income tax reductions, fringe benefits tax reduction and adjustments to the capital depreciation arrangements for business. I wish to indicate at the outset that Labor will be supporting this bill. The measures contained in the bill will provide long-overdue relief to taxpayers and represent modest taxation reform. While these proposals are no doubt beneficial, it would be fair to say that the public have found these proposals underwhelming. Taxpayers recognise that every cent of their tax cuts have already been eaten up by rises in petrol prices and increases in interest rates. Then there is the deep level of unease about this government’s extreme industrial relations proposals that threaten their wages, conditions and penalty rates and even their jobs. No amount of tax cuts could possibly make up for what they could lose from these extreme industrial relations changes, a topic I intend to return to shortly.

There is also another reason for the relatively poor reaction to the budget and the tax reductions we are debating today. Put simply, the measures contained in the budget failed to invest adequately in future prosperity. The budget failed to use the once-in-a-generation opportunity provided by the commodity boom to invest in future drivers of growth. It was a budget that was more about spending the proceeds of prosperity rather than building on it. If we are to meet the economic challenges that are ahead—the reordering of
global trade led by China and India, and the ageing of our population—we need visionary policies which go to the heart of lifting our flagging productivity and below standard levels of workforce participation. The way we invest in the skills and education of our people is central, along with our way of addressing the infrastructure bottlenecks that are holding the economy back and increasing the cost of doing business.

Taxation policy is an important component of all this. The operation of our tax and transfer payments system impacts heavily on levels of workforce participation. It also impacts on savings and investment decisions. Capital accumulation and skills acquisition are both affected by our taxation system. When it comes to these factors, there is no doubt that the measures in this bill represent an improvement, albeit an incremental improvement, of the situation. But before discussing the detailed impact of these measures, I believe it is worth while to see where we have been and to apply some scrutiny to the tax record of this government.

The coalition claim they are a party of lower taxes and enterprise. Nothing could be further from the truth. They are the highest taxing government in our history and the government’s record on effective marginal tax rates is completely at odds with their claim to be a party of enterprise. This is not a party of choice nor a party of enterprise; this is a party that runs a taxation system that discourages choice and enterprise. Before this budget this government held the mantle of the highest taxing government in our history. The origins of this government’s record tax take can be traced back to their first four years in office. For four years the government refused to cut taxes. For four long years, as nominal incomes rose, this government did not give a dollar of personal income tax relief. Taxes were ratcheted up on individuals prior to the introduction of the goods and services tax. Personal income taxes as a share of GDP increased from 11.9 to 12.9 per cent of GDP between 1995-96 and 1999-2000. For a single taxpayer on average earnings their average tax rate—that is, the share of their wages lost in tax—jumped from around 24 per cent to 26 per cent. Finally, when the government introduced the GST in 2000-01, it was accompanied by significant income tax cuts. However, they were eroded by the impact of the goods and services tax.

After taking into account the impact of the GST and the bracket creep netted between 1996 and 2000, you see this government has been continuing to chase its tail on the personal income tax burden. From 2000-01 to this financial year we have seen four rounds of tax cuts introduced—most incremental. The budget papers show that this year, 2005-06, personal income tax receipts will amount to 11.8 per cent of GDP. Remember that in 1995-96 the equivalent figure was 11.9 per cent of GDP. I would ask members to reflect on these two figures—10 years and virtually no change in the burden on personal taxpayers.

This is indeed a startling fact because in this period we had the GST introduced, so we had virtually no change in the personal tax burden plus a 10 per cent GST, which was supposed to have been accompanied by a sustained reduction in personal income taxation. We were told that the introduction of a broad based goods and services tax would reduce our reliance on direct taxation. It did not. So, despite the introduction of the GST, personal income tax in 2005-06 will be as large a share of GDP as it was when the Howard government entered office in 1995-96.

The Treasurer has recently accused the states of double taxation when it comes to
the GST, yet these figures make it clear that he stands condemned on his own charge—a common feature of this Treasurer. Personal taxpayers are paying as much tax as they did in 1996 and they now face the additional burden of a GST. Indeed, we know some taxpayers have been paying higher income taxes as well as higher indirect taxes from the GST. That is the double taxation from Treasurer Costello. Higher personal income taxation and a GST—that is his record.

An analysis of the government’s tax cuts to date shows reductions in average tax rates only for those earning somewhat more than average weekly earnings. If we take someone on the average wage, we know that in 1996 their average tax rate was 24 per cent. This year, 2005-06, their average tax rate will be 24.8 per cent, including the Medicare levy. The difference adds up to about $470 a year. So this is not a government that stands up for the battlers when it comes to personal income taxation. When it comes to personal income taxation, they do not defend them; they create them, and that is what these figures show. Is it little wonder then that average wage earners in Australia are underwhelmed by their $9.80 weekly tax cuts announced in this year’s budget? They are not fools.

In contrast to the coalition’s approach to personal income tax, Labor can claim credit for significant, real personal income tax reductions. When in office Labor delivered seven rounds of tax cuts: on 1 November 1984, 1 December 1986, 1 July 1987, 1 July 1989, 1 January 1990, 1 January 1991, and 15 November 1993. Having inherited a top marginal rate of 60c in the dollar from Treasurer Howard, Labor reduced that to 47c, along with broadening the tax base through the introduction of the fringe benefits tax. A key failing of the Howard government has been its failure to properly integrate personal income tax reform and transfer payment reform. The failure to do this has resulted in the persistence of high effective marginal tax rates and in some cases the worsening of effective marginal tax rates.

The OECD has been talking about this for a long time, condemning on many occasions the government’s record. According to the OECD annual report Taxing wages, a single-income family with children, on average earnings, faced an effective marginal tax rate of 35.7 per cent in 1995. This year the same family will face an effective marginal tax rate of 51.5 per cent. That is far higher than the top marginal tax rate experienced by higher income earners. Such a family keeps less than half of their additional earnings, whether it comes from overtime, investment earnings or promotion. So much for the Treasurer’s free enterprise! These families do not give up their weekends or their family time to have Peter Costello’s hand so deeply in their pockets that they are losing in excess of half of their additional earnings. That is this Treasurer’s record.

So how do the budget tax cuts stack up? Given the background that I have outlined, we are now in a very good position to assess the context and merits of the measures we are debating today. Labor’s considered view is that they are a welcome improvement but they fall far short of addressing many of the problems created by our complex and unfair tax system. There is no doubt that the tax cuts we are debating today will deliver some long overdue relief to taxpayers. However, for the most part, taxes on middle-income earners are too high. An analysis of the tax cuts reveals particular improvements for those earning between $25,000 and $35,000 per annum. However, significant relief generally does not flow until an annual income of over $75,000.
That said, the distribution of the tax cuts in this budget is fairer than those announced last year. This year, half of the value of the tax cuts are delivered to taxpayers who earn below $50,000 and half to taxpayers who earn above $50,000. In last year’s budget, only one-third of the tax cuts went to those earning under $50,000; two-thirds went to those earning over $50,000. This time, taxpayers who earn up to $80,000 a year will gain two-thirds of the tax cuts on offer. A taxpayer on $30,000 gained $17.50 per week from this budget compared with $6 per week in last year’s budget. So at least we shamed the government into introducing some greater fairness into the system, although it still has a way to go.

Most taxpayers will certainly need every cent that they have received in these tax cuts, if not more, to pay for the recent increases in petrol prices and interest rates, and that is before they get to the government’s obscene and extreme industrial relations laws. Increases in petrol prices and interest rates could have added more than $20 a week to the expenses of typical households in recent months, and on top of that is the impact of the government’s extreme industrial relations changes. I will table our analysis of the tax cuts, which provides all the detail required.

That brings us to industrial relations. What is more worrying to households are the government’s extreme workplace laws. It is of course impossible to divorce the changes in personal taxation from its recent changes to wage-setting arrangements. The government’s intention with its so-called WorkChoices policy is to drive down wages and conditions. We have seen that amply demonstrated in this House during question time in recent times. For an example of this, we need only look at the Spotlight situation highlighted yesterday. This parliament has heard that the AWAs offered to workers have stripped them of just about every award condition and offered them just 2c per hour extra for the loss of a large number of conditions.

Under the award, an employee working 38 hours a week could earn up to $33,000 a year with penalties. Yet, under the AWA, the same work would result in an annual wage of $28,256. That is a loss of up to $91 a week, an amount that dwarfs the tax cut of just under $20 a week for someone on that income. So average taxpayers out there, and punters working at places such as Spotlight, still have a very high tax burden compared with when this government was first elected. They are facing rising interest rates, they are facing rising petrol prices and now they have this threat to their take-home pay. And this is not an isolated case.

Evidence given at the Senate estimates hearings by the Office of the Employment Advocate suggests that what has occurred with Spotlight is widespread. Something like 6,263 AWAs have been lodged with the OEA since Work Choices commenced on 27 March. Of those AWAs sampled, these are the outcomes: 100 per cent excluded at least one protected award condition; 64 per cent removed leave loadings; 63 per cent removed penalty rates; 52 per cent removed shiftwork loadings; 40 per cent lost gazetted public holidays; and 16 per cent excluded all award conditions and replaced them with the government’s legislated minimum standards. With outcomes such as these under the government’s new workplace laws it is little wonder that middle- and low-income earners are—

The DEPUTY SPEAKER (Mr Barresi)—Order! Member for Lilley, I have read the amendments that you have moved and I would ask you to tie your comments into those amendments.

Mr SWAN—I certainly am, Mr Deputy Speaker. I am talking about the take-home
pay of hardworking Australians who pay tax and go to work to earn an income that they can live on, and their living standard is a function of what they earn in the workplace and how much tax they pay to the Howard government. At the moment, the miserly tax cuts that many of these lower paid workers were given have been gobbled up by the attack on their wages and working conditions.

Nothing could be more pertinent to this bill than those two features of the Howard government’s attack on their living conditions. Nothing could be more pertinent to this bill than the impact of tax and its interaction with the government’s extreme industrial relations legislation.

The tax cuts in this bill for high-income earners are significant—principally, the measure to reduce the top marginal rate from 47c in the dollar to 45c in the dollar above $150,000 per annum. As a consequence of these changes, our top marginal rate is now much closer to the OECD medium. That is a positive outcome from the perspective of having an internationally competitive taxation system, but what is worrying is that the tax cuts for most workers can be swallowed up many times over by the savage assault on their wages and working conditions.

That brings me to work incentives. Labor believes it is not just the high-income earners who deserve incentive. The tax measures we are debating today fail to systematically address the high effective marginal tax rates that plague our tax transfer payments system. It must be said that most of the elements adopted by the government to ameliorate the worst work disincentives mirror those proposed by Labor over a year ago when there was far less room in the budget for substantive reform. For taxpayers on low incomes—that is, those moving from welfare to work and the many second-income earners—the main change is a new effective tax-free threshold of $10,000, delivered through a new $600 tax offset. This is a big improvement—indeed, we put it forward last year—but it is worth while putting it into perspective with the problem it is trying to address. For taxpayers earning less than $10,000 per annum, effective marginal tax rates fall by up to 15c in the dollar by removing the overlap of tax and withdrawal of cash benefits. However, the taper range for social security allowances and family tax benefit part B extends further, up to roughly $20,000 per annum. Over this income range, an EMTR of around 70c in the dollar can still apply. So, while work incentives are improved for those earning less than $10,000 a year, they remain poor for those earning between $10,000 and $20,000 per annum. That is not a good outcome—nor is it a substantial income.

Also blunting the budget’s impact on workforce participation is the government’s decision not to incorporate the new $600 tax offset in fortnightly PAYG withholdings. Instead, it will only be paid when tax returns are lodged at the end of 2006-07. A lot of people on low incomes are in for a rude shock. They are going to be expecting a fortnightly tax cut, but it is not going to be there. These people face the rising costs of petrol and groceries and the difficulty of getting to work. The cost of all these things keeps going up. The government says, ‘While prices go up on a fortnightly basis, we’ll give the offset to you in a lump sum at the end of the year’—as if people want to suspend eating for a year or suspend all other costs for a year. Costs happen regularly. This government has decided in a very mean and narrow way to deliver this tax relief to low-income
earners as a lump sum at the end of the financial year, when they need it on a fortnightly basis, during the year, to meet the rising expenses of life.

Of course, the government’s failure to provide this tax relief on a fortnightly basis will almost certainly reduce any expected behavioural response, as those who stand to benefit will not notice any improvement in their take-home pay each fortnight—precisely when they are making judgments about whether a return to work is worth it. It will be felt especially by mums returning to work who use child care. Out-of-pocket child-care costs often make the biggest dent in their take-home pay, yet the tax relief contained in the budget will not be available each fortnight to help offset it. This is a repeat of the debacle of the government’s 30 per cent rebate for out-of-pocket child-care costs promised 18 months ago. Not one cent of that rebate will be delivered until after 1 July this year. I do not know whether this government understands how people live—if it provides support solely in one-off payments at the end of the year.

Before the budget, Peter Costello’s tax system punished mums who work, and that remains the case after the budget. Yesterday at estimates we had confirmation from Treasury officials that the decision not to incorporate the enhanced low-income tax offset into fortnightly tax withholdings will reduce the behavioural impact of the measure. The Treasury itself has admitted that the government’s decision to do this on a yearly basis will not enhance workforce participation, which the Treasurer has previously claimed in this House remains the government’s No. 1 priority. As usual, the government says one thing and its policy heads entirely in the other direction. This is one example of where the tax measures announced last week fall short of systematically addressing high effective marginal tax rates.

Middle-income families will still face a tax grab on extra earnings of 51.5c in the dollar, well above the new top rate of 45c, because the increase in the family tax benefit part A threshold shifts taper zones but does not reduce them. Also, despite the changes in the budget, single-income families with children will still face a staggering EMTR of between 82 and 98.9 per cent on annual incomes between $25,000 and $35,000. For a family—and this is a stunning figure which shows the narrowness and meanness of the Howard government—on $25,000 a year, these absurd disincentives mean they will keep less than $800 of a $10,000 per year increase in earnings. If that were happening to high-income earners in this community, there would be a riot. This government is very strong in taxing people on low incomes and handing out punishing disincentives but very weak in delivering the reforms that are required to enhance participation and deliver sustained financial security to families who are struggling to balance work and family life.

That brings me to capital depreciation measures, a positive measure in the bill we are debating today. Most assets are now depreciated on the basis of their effective life. This means that the Commissioner of Taxation describes the effective life of an asset to be over when the asset can be written off. Two methods are generally available: the prime cost method, which divides the cost equally over each year of an asset’s life; and the diminishing value method, which allows a taxpayer to claim a deduction of 150 per cent of the written-down value of the asset. Under the pre-budget rules, the deduction in the first year is 150 per cent of the prime cost value and in the second year it is 150 per cent of the residual value—that is, the pur-
chase price less the write-off in the first year. Although the asset is depreciated more rapidly in the earlier years, the same net reduction applies over the effective life of the asset. The government has now increased the rate for the diminished value method to 200 per cent so that deductions will be even more front-end loaded over the life of the asset. This is effectively a form of accelerated depreciation. Labor supports it given the importance of capital deepening in boosting productivity.

There was certainly significant scope in this budget to embark on a process of significant and staged tax reform. When the Treasurer released his Mid-Year Economic and Fiscal Outlook in December, it projected budget surpluses of $42 billion over four years. By the time the Treasurer delivered the budget three weeks ago, the budget envelope, before any new tax or spending measures had been announced, had swelled to $93 billion over the same period. As jackpots go, that is a huge increase—an increase over the period from December to May of $51 billion.

Never before has a Treasurer been presented with such an opportunity to shape our economic future. In the area of tax, the option was certainly open to the Treasurer to announce significant and staged reform, and he did not. There was no vision—no plan for where our tax system should be in 10 years; no plan to fix, once and for all, the high effective marginal tax rates that are holding back workforce participation and undermining the financial wellbeing of too many families in our community; and no proposals to simplify the tax system or make it fairer. Despite the positive and long overdue measures in this bill, middle Australians are still taxed very heavily. When they put in they do not necessarily get enough back. Families who work hard and try to get ahead deserve to see some reward from their efforts. This is particularly the case for second-income earners, who often re-enter the workforce to help pay off the mortgage or meet school fees.

A couple of weeks before the budget, the Treasurer said in a speech to the National Press Club that he wanted to see Australian society and the Australian workforce become the most female-friendly in the world. What we actually see, with the continuation of these high effective marginal tax rates and the fact that they have been made worse in some cases in this budget, is a Treasurer who operates a tax system which is one of the most unfriendly to females in the Western world.

When second-income earners, who are principally women, lose anywhere between 50c and 80c of every additional dollar they earn, these high tax grabs really slug the female workforce, who predominantly earn less than men, who are predominantly looking for better hours of work which are family friendly, who frequently have less choice about how they do that work and who frequently face much greater stress in trying to place their kids in affordable care or in some arrangement which is consistent with their work hours. It is simply obscene when the Treasurer goes to the Press Club and claims he wants to make our tax system and our society the most female friendly in the world and then leaves in place a tax system which punishes their additional participation in the workforce when they want to do a few extra hours to help the family to get ahead, to buy the school uniforms or to set themselves up to deal with the educational expenses of their kids—to do that something extra for their family to move ahead. The government has designed a tax system which really hits those people for six.

So there can be no false claims about the government being female friendly when it comes to tax or society more generally. That
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is particularly also the case when you look at
what is occurring, or not occurring, in child
care. We can see the broad sweep of what is
happening with their extreme industrial relations changes and how the people who are
going to suffer most and first and hardest are
those low-income earners, predominantly
women who are not necessarily working full
time. This government cannot claim to be
family friendly when you combine the impact of the IR laws and the tax burden, particularly on middle- and low-income earners,
over the life of the government. The government cannot claim to be friendly to lowand middle-income earners and certainly
cannot claim to be all that friendly to families. And they most certainly cannot claim to
be female friendly when it comes to taxation.
It is not good enough that they have left in
place a system where second-income earners
lose 60c, 70c or 80c out of each dollar of
their additional earnings. Further tax reductions along with child-care reforms are
needed to improve incentives for secondincome earners. Such reductions will also
benefit individuals moving from welfare to
work, who also face high effective marginal
tax rates of 70 per cent or more. That is a
whole story in itself—what the government
is doing to people who are attempting to
stand on their own two feet by moving from
welfare to work. They are attacking their
incomes, not just through the industrial relations system but through some very mean,
narrow and ultimately unproductive changes
to the welfare system which will really punish many people in vulnerable situations.
In a sense, this bill sums up so much of
what is wrong with the Howard government.
Its failure to invest for the future by not introducing the incentive into the tax system
that is required, along with its failure to invest in the skills of our workforce and the
education of our kids and our future workers,

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sums up so much of what is wrong with the
government. If we do not attend to these
problems, prosperity for this country well
into the future cannot be guaranteed. If we
are going to guarantee prosperity for the future, we have to invest in it. We have to put
incentive in the tax system to enhance participation. The Treasurer’s budget speech did
not mention the word ‘participation’ even
once, and you can see why when you see the
sort of perverse outcomes that still remain in
the system despite the once-in-a-generation
opportunity the Treasurer had to fix up these
problems. That is why I have moved the
amendments circulated in my name.
The DEPUTY SPEAKER (Mr Barresi)—Is the amendment seconded?
Mr ALBANESE (Grayndler) (10.28
am)—I second the amendment. The fact is
that the highest marginal tax rates in this
country are paid by people moving from welfare to work. The latest budget failed to address that. When there can be a 70 per cent
loss on additional earnings of people moving
from welfare to work, you have a situation
which is long overdue to be addressed. We
hear a lot of rhetoric about this government
being family friendly. That is why this
amendment to the Tax Laws Amendment
(Personal Tax Reduction and Improved Depreciation Arrangements) Bill 2006 seeks to
point out that the government has simply
failed when it comes to addressing issues of
workforce participation.
Despite the fact that there are some improvements contained in this bill, the government has not addressed three primary issues: firstly, second earners, most particularly women moving into the workforce, still
continue to suffer extremely high marginal
tax rates; secondly, individuals who move
from welfare into work are punished; and,
thirdly, middle- and low-income families
with dependent children also can suffer ex-

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tremely high marginal tax rates. When those issues are combined with the failure of the government to address accessibility and affordability of child care and to take into account that it is families and low-income people who are being put under pressure from the extreme industrial relations changes that the government has made, they indicate that the government should support this second reading amendment moved by my colleague the shadow Treasurer, the member for Lilley, and I commend the amendment to the House.

Mr KEENAN (Stirling) (10.31 am)—There is not a lot that I admire about the member for Lilley, although in this instance I do admire his front. We have just heard him accusing the government of a litany of sins in the midst of the most sustained economic growth in this nation’s history. This expansion has been created in large part by the policies of this government—policies that were opposed at every stage by the Australian Labor Party. The shadow Treasurer accused the Treasurer of lacking policy vision by not outlining the nature of the tax system or how the tax system will look in a decade’s time. This is from a shadow Treasurer who has trouble articulating an economic policy for the ALP for next week and from a shadow Treasurer of a party that has comprehensively failed over the past 10 years to outline any coherent economic or fiscal policy at all.

In speaking on the Tax Laws Amendment (Personal Tax Reduction and Improved Depreciation Arrangements) Bill 2006, I am pleased to report that the Treasurer recently took time out from his busy post-budget tour of Australia to officially open my new electorate office in Stirling. (Quorum formed) I had mistakenly assumed that the Labor Party tried to close this House down whilst the government was introducing this round of personal tax cuts.

What is it about tax cuts that the Australian Labor Party hates so much? Mr Deputy Speaker, I can tell you that the people in my electorate of Stirling are very pleased with this year’s budget. When the Treasurer came on his post-budget tour to open my electorate office, he received a rousing welcome from local community leaders, families and business owners. The people of Stirling know that real and practical benefits will come out of this year’s budget. The Treasurer’s visit only reiterated that this budget will continue to build on the policies that have been put in place over the past decade by the government to ensure that our economy remains strong. One of the things at the heart of this strategy is personal tax reduction—putting more money into people’s pay packets—and another is improving the taxation arrangements for business so that investment and growth are encouraged.

This bill has several purposes: to reduce personal income tax rates, to increase the low-income tax offset and to decrease the amount of Medicare levy paid by low-income senior Australians. It also increases deductions of the decline in value of the depreciating business assets under the diminishing value method. The measures contained in this bill will cut personal income tax for all Australians from 1 July this year. From 1 July this year the government will reduce the 47 per cent and 42 per cent tax rates to 45 per cent and 40 per cent respectively. This reduction will build on the cuts...
already made to lower income rates over the years, most recently in last year’s budget. In addition, the government will increase the thresholds so that the 15 per cent tax rate will apply up to $25,000 of income, the 30 per cent rate will apply up to $75,000 of income, the 40 per cent rate will apply up to $150,000 of income and the 45 per cent rate will apply to income earned after that. Under the workings of this bill, the government will cut the fringe benefits tax rate from 48.5 per cent to 46.5 per cent to bring it into line with the top marginal tax rate, including the Medicare levy.

The low-income tax offset will be enhanced by increasing it from $235 to $600. It will begin to phase out at $25,000 from 1 July this year, compared to $21,600 currently. This means that those eligible for the full low-income tax offset will not pay tax until their annual income exceeds $10,000. The Medicare levy low-income phase-in rate will be cut from 20 per cent to 10 per cent, which ensures that low-income taxpayers pay a reduced rate of Medicare levy. Australians who are eligible for the senior Australians tax offset will now pay no tax on their annual income up to $24,867 for singles and up to $41,360 for couples.

Overall, the greatest tax cuts have been provided to low-income earners. This is a point that seems to have been lost on the Labor Party, so I repeat for their benefit that those who pay small amounts of tax cannot receive huge tax cuts on an overall basis. These tax changes will ensure that more than 80 per cent of taxpayers face a top marginal tax rate of 30 per cent or less. The increase in the 30 per cent threshold and the low-income tax offset will provide more incentives for those outside the workforce to re-enter it and for those in part-time work to work additional hours. This is vitally important. We must always strive to make sure that we create a system that puts someone in a job in a stronger position than they would be if they were on welfare.

Under these new arrangements, a taxpayer will need to earn $121,000 to pay an average tax rate of 30 per cent. From 1 July this year the top marginal tax rate will apply to only two per cent of taxpayers. Taxpayers will not reach the highest marginal rate until they earn more than three times average weekly earnings. When this is compared to other OECD countries, reducing the top marginal tax rate and increasing the top threshold will bolster the competitiveness of Australia’s tax system. This bill will put Australia’s top marginal tax rate in line with the OECD average and the increase in the top threshold will place Australia as the 10th highest in the OECD.

Mr Ciobo—Fantastic!

Mr KEENAN—This is very good news. Six years ago the threshold for the top marginal tax rate stood at $50,000. If the threshold for the top marginal rate had been indexed when this government came to office in 1996, as it was under the previous government, it would now stand at only $64,000. Through previous reforms and this bill, by 1 July this year the threshold will be $150,000. (Quorum formed) Again, let the record show that the Australian Labor Party wants to close this House down whilst the government is trying to pass personal tax cuts.

This package provides $36.7 billion of benefit to Australian taxpayers over four years and it reinforces our reputation as a low-tax country. These tax cuts significantly restructure the personal income tax system to increase disposable incomes, to enhance incentives for participation and to improve Australia’s international competitiveness. Australian workers are set to benefit from these personal income tax cuts that will put much needed cash back into their pockets. In
my electorate of Stirling this will mean that more than 50,000 workers on average wages can expect to get up to $40 in tax savings each month and around 25,000 workers in my electorate who are on higher incomes can expect to save up to $80 each month. This is an important saving for local workers.

More money in people’s pockets gives them more choices and allows them to start making plans for the future. Workers can choose to save these deductions or they can use them just to help pay the bills. I have heard some talk from the opposition of bracket creep in this debate. I think we need to reiterate the point that 80 per cent of Australians are on taxable incomes of less than $75,000. As people move up in income, they do not automatically move to a higher marginal tax rate under these new arrangements. The great bulk of people will move through the income range from $25,000 to $75,000 without altering their marginal tax rate. In fact, under these reforms, as I have said before, only two per cent of Australians will have taxable incomes over $150,000.

There is more to be done in the area of tax, but it has been noted by organisations such as the Australian Chamber of Commerce and Industry that these changes are a good start for future tax reform. The Business Council of Australia has stated that the changes to the personal tax system will provide additional incentives to work and to save.

Mr Deputy Speaker, if you look at the tax cuts in the context of what has happened over the past five years, this is just another part of a long-term strategy that has been implemented by this government. This is the fifth instalment of personal tax cuts, and there is more room for adjustment and reform in the future. The structure of our tax system is a vitally important element to create our national prosperity. Get the tax system wrong and you rob people of incentives to work. You rob them of the opportunity to work harder to earn more. Tax cuts are all about giving people incentives. They are about encouraging people to work overtime, to work harder, to study, to push for advancement and to try and earn a better life for themselves and their families. Tax cuts are about giving people choices and about improving the quality of people’s lives. At a local level, I would hope that this reinvigoration will have a positive ripple effect.

Under this bill, the big winners will also be our small businesses. In my electorate of Stirling we have a thriving small business network, with the Stirling Business Association being one of the biggest organisations of its kind in Australia. We also have important research and development organisations, across all fields, from aviation technology to cancer drug research. This bill will implement the budget measure which substantially improves Australia’s depreciation arrangements by increasing the diminishing value rate for determining depreciation deductions from 150 per cent to 200 per cent. This will cut business taxes by $3.7 billion over the next four years. The effect of the measure will be to provide the equivalent of a 33 per cent increase in the allowable depreciation rate for all eligible assets. This is going to increase incentives for Australian businesses to invest in new plant and equipment and it will make it easier to keep pace with new technology and remain internationally competitive. Investment is a key element of productivity growth and, therefore, of economic growth.

These changes are consistent with the government’s tax policy strategy of making sure that the tax system has a minimal effect on the allocation of resources in the economy. The measure will apply to assets acquired on or after 10 May this year and in-
cludes appropriate integrity measures to ensure assets held prior to that date are not able to be brought into the new arrangements. This means that, under the new depreciation arrangements, businesses can write off eligible assets at an accelerated depreciation rate on their diminishing value—allowing for higher deductions in the early part of the asset’s life and increasing their new present value. This accelerated allowance is offering incentives for businesses to invest in plant and equipment to improve their overall operations.

In my electorate of Stirling I would like to think that a healthy level of business investment will be reached in the coming year, as small business owners make the most of these amendments that are designed to assist them to grow their business. This bill is a help to all Australians. It redistributes surplus taxation revenues and increases the disposable income of all Australian taxpayers. It increases incentives for people to undertake additional work or to start a new business and increases productivity and employment throughout the whole economy. As we are not a low-wage economy, increasing capital investment is an important way for us to remain competitive in world export markets. The reduction in the phase-in rate for the Medicare levy for low-income earners reduces the impact of this levy on the most vulnerable sector of our community.

This bill is another chapter in the progress that has been made over the last 10 years. It is part of one of the biggest investing budgets in this country for a long time. And what a budget it was. I will just take a moment to remind the House of what it contained: a tax cut for every single Australian, a plan to simplify and slash taxes on superannuation and improvements that encourage businesses to invest and grow. This budget continues to build on the policies that have been put in place over the past decade to keep our economy strong. None of the generous tax cuts, the radical slashing of taxation on superannuation, the record spending on defence and national security, the massive investments in our road, rail and water infrastructure would be possible without the prudent management that has been displayed by the coalition since 1996. It would not have been possible to introduce this bill into the House or to have such a generous 11th budget without having had the previous 10 budgets that have steered Australia into the current economic good times. This bill, which delivers to taxpayers the surplus revenue the government has collected, is a vitally important part of that strategy. This bill is about taking the opportunity now to strengthen our economy for future opportunities and future challenges. I commend it to the House. (Time expired)

Mr FITZGIBBON (Hunter) (10.51 am)—I am delighted to see that the member for Moncrieff is following me in this debate on the Tax Laws Amendment (Personal Tax Reduction and Improved Depreciation Arrangements) Bill 2006 because we all recall very vividly the member for Moncrieff having a bit to say about taxation reform prior to the delivery of this year’s budget. It will be very interesting to see whether the member for Moncrieff is satisfied with the tax cuts being presented to the House.

Mr Ciobo—Very satisfied.

Mr FITZGIBBON—He says, ‘Very satisfied.’ That interests me because I recall very well the contributions made by the member for Moncrieff prior to the budget. I am not so sure they now align with what is being delivered in these tax cuts. Let us not have any gilding of the lily, Member for Moncrieff. You should maintain your independence. You have done so in the past. You should maintain your independence and
share with the House and the Australian people your real view about this tax package and the extent to which it conforms to your pre-budget contributions and where you would have the Treasurer change his tax package to better align it with the views you expressed earlier.

I am delighted to have the opportunity to contribute to this debate. Given that the government is absolutely awash with money—not as a result of anything it has done in economic terms but because of the resources boom this country is currently enjoying—we should not have been surprised in that context to see the government come up with a $37 billion tax cut plan over the coming four years. I suspect most Australians will be happy with those tax cuts. Why would they not be? They are long overdue. But I suspect some will be happier than others. For example, if a family's private income is $70,000, the tax cut, combined with family benefits, will be about $25 a week. Much happier will be those on private incomes of around $150,000 where the combined effect of family tax benefit changes and income tax cuts will be around $119 a week. The extent of happiness will of course vary from household to household. I suspect that is why the government has not received the boost it was hoping for in public polling in response to the budget. Of course, happiness will also be measured by one's situation in life. If you are approaching 60, or are just past 60, you will be very happy with the proposed super changes. If you are a small business person around the age of 56 and you were hoping to inject some capital into your super fund as a means of saving for your future, I suspect that, because of the cap proposed to be introduced, you will be somewhat happy.

As I make my contribution, I want to reflect on the tax cuts, I want to reflect on how they were designed and how they were funded and I want to reflect on the government's forecast—the basis on which the government is reassuring, if you like, the Australian people that these tax cuts were affordable. Prior to the budget the case for wholesale reform of Australia's taxation system was absolutely compelling. Our system lacks both vertical and horizontal equity, is excessively complex and no doubt is a brake on economic growth. Individual taxpayers were paying too much, ridiculous compliance burdens were killing small business and poor interaction between individual, company and capital gains tax systems posed a serious threat to our future prosperity. At the coalface, serious questions were being raised about the way the Australian Taxation Office deals with individual taxpayers and some small business entities. People were calling for regulation to be simplified—radically reduced, not just pruned at the edges. There is no doubt our tax system is a cumbersome giant tripping over its own heels.

The question today for the House is: were any of those issues dealt with in this budget tax cut measure? The first priority for repair and redesign of the personal tax area is critical. The way that rates and thresholds are structured results in the tax burden on the average employee being unjustifiably high. The economy-wide effects of a high tax burden on labour are very significant. The first effect is the disincentive for labour market participation. The second effect is that the incentive for labour productivity growth is curtailed. Labour productivity ultimately flows through into higher wages, but if they are too highly taxed then the rewards for innovation and better workplace outcomes are weakened. The third effect is a reduction in our competitiveness. High rates tend to reduce Australia's capacity to compete for skilled labour. This will ultimately reduce productivity and, of course, has also led to
the regime this government now has in place to import labour from other countries rather than giving Australians an opportunity.

One aspect of the tax debate which is misguided is the assumption that the majority of these economic benefits will necessarily flow from tax reform at the top end of the income scale. Indeed, the combination of tax cuts and family payment systems has become a potpourri of disincentives. The burden of these disincentive traps fall most unfairly on lower income earners, especially sole parents, who are lucky to retain $1 in every $4 from a wage increase. This is the prime reason why Australia’s labour market participation rates lag behind those of our international competitors, especially the United States.

The personal tax system remains too complex. Growth in deductions is rapidly outpacing growth in revenue. How is this explained? This is further evidence that the review of aspects of the personal work related deduction system is long overdue—and I think the member for Moncrieff agrees with me on that point. Tax returns are far too onerous. The government should consider a tick-the-box type of approach so that taxpayers can be set free from the complexity of the current system. Major problems also exist outside the personal tax area. The small business sector continues to face crippling compliance burdens which eat into its capacity to innovate. Differential rates in company, personal and capital gains tax distort economic incentives. Treatment of tax losses discourages investment in exploration and venture capital.

Tax legislation and administrative practice has been poor in recent years. At least 13 flawed tax measures were introduced into the parliament during 2005 alone. Treasury’s record in providing regulatory impact statements is notoriously bad, as the Productivity Commission has pointed out. Where explanations of new law are provided, they are not in plain English and are often inaccurately costed. Simplification is a major challenge and cannot be properly tackled with half-baked measures. The lesson of history is that such attempts to simplify tax law tend to have the perverse effect of increasing complexity. Now that the legislation has exploded to 9,000 pages, the plan to cut 2,000 redundant pages now looks a little bit less than ambitious. The government must begin a serious program of simplifying and consolidating operative provisions. Maybe they should look to the UK system of targeted reductions in business regulation.

The ATO is performing below par. For example, the overly aggressive approach to the handling of small business tax debts is a real worry. This approach led to more than 2,000 small business bankruptcies last year alone. The tax inspector’s call for a more case-by-case approach is well justified, and I support it. It may be time to look at a US style loans guarantee program for small business. Some people say that this produces a new lender of last resort. At the moment the tax office is the lender of last resort, and with it comes painfully high general interest charges on debt. Why not shift the lender of last resort option to a semi-government agency, for example, which would charge a risk premium but which, rather than make taxpayers guilty of breaches of the act, would allow small business taxpayers a better option?

In the United States this is a revenue positive initiative. A small business person goes to the bank looking for a short-term loan to deal with a short-term cash flow issue and the bank looks at the numbers, decides it is just outside its risk guidelines and passes it on to the Office of Small Business Administration. The Office of Small Business Administration looks at it and says, ‘Yes, we
will back this loan to the tune of 75 per cent.’ On that basis the bank lends the small business the money. The premiums raised by the Office of Small Business Administration are in excess of the cost of the very few defaults it suffers as a result of the program. It would be better to have some government agency assisting small business through cash flow difficulties than having the tax office fill the role of lender of last resort, with punitive penalties for loans. The banks are very good at knocking back small business for short-term loans to deal with cash flow issues—$20,000 to $30,000—but the same banks are very good at sending the same small business person an offer in the mail the next day to extend their credit card limit to some $20,000 or $30,000. This is an inconsistency on the part of the banking sector.

The tax system is the primary driver of incentives in our economy. When it does not fit together neatly, harmoniously and simply, consumers and investors face increased uncertainty and high transaction costs. This is a brake on economic growth. Genuine tax reform is needed to lift workforce participation and productivity to the levels of our competitors. This will lead to increases in growth and per capita GDP. We need to realise that Australia will not bridge the gap between Australian and US GDP per capita with the current tax system.

That was the pre-budget situation. These were the things that business peak representative bodies and economists around the country were asking for. The question again is: were those voices heard in terms of this tax package and were those goals achieved? If you acknowledge for a moment that there were some reductions in personal tax cuts, the overwhelming answer has to be no.

The Treasurer does not seem to understand that there is a difference between tax cuts and tax reform. It is not a very difficult concept to comprehend. The Treasurer consistently says in public that there is no difference. I know the member for Moncrieff will agree with me on this point when he rises to his feet, because he has said so publicly himself. Tax cuts obviously reduce the individual’s tax burden by raising thresholds or reducing rates. That is simple. Anyone can surely understand that concept. Tax reform improves the efficiency of the tax system. It restores vertical and horizontal equity to the tax system. It reduces the compliance impact of the tax system. But we saw none of that in this budget, and there is none of that in the bill before the parliament today.

I turn to the second point I want to make, and that is how this package is funded. I have already talked about the windfall from the resources boom. That is how these tax cuts are being funded. But, as any first-year economics student knows, we are taking a short-term windfall, a temporary windfall, to pay for an ongoing commitment. These tax cuts do not just have effect this year, next year and in three years time. They have an effect ad infinitum, until the law is changed again. But the windfall is temporary.

Mr Ciobo—So you’re opposed to them?

Mr FITZGIBBON—Economics 101, I say to the member for Moncrieff. Let me tell the House how these tax cuts should have been funded. These tax cuts are long overdue, and Labor support them; we have indicated that. We think they could have been designed better, but Labor support these long overdue tax cuts designed to compensate people for the higher interest rates, higher petrol prices, higher private insurance costs and all of those things which are hitting families every day. Of course we support them—in distributional terms they are much fairer than those proposed in last year’s budget. But they should have been funded out of the proceeds of our productivity gains.
over the last decade—the productivity gains we have not made.

When Labor left office we were enjoying productivity growth of around three per cent. In more recent times it has been between one and 1.5 per cent. This is a real issue for Australia. As Paul Keating is still fond of saying, if you have wages growth at four per cent and productivity at three per cent, it leaves one per cent for inflation—pretty simple arithmetic. But if you have wages growing at four per cent and productivity at only one per cent, it leaves three per cent for inflation. Labor broke the back of the inflation bogey but this government is bringing it back as a result of its failure on the productivity front. That is why the Reserve Bank governor has his finger poised on the higher interest rate button. This is a government that went to an election promising to hold interest rates at their current levels. Every time the Prime Minister appeared publicly he was behind a lectern which had written on the front of it ‘Keeping interest rates low’. But that will not be the case—firstly, because these cuts should have been funded out of productivity gains and were not and, secondly, because we are putting a heap of money into consumption, which is in itself inflationary. Our high level of foreign debt is still too much directed to private consumption instead of productivity improvements.

Mr Ciobo interjecting—

Mr FITZGIBBON—If the member for Moncrieff disagrees with that, I invite him to put his case and argue it well when he rises to speak after me. I think he will struggle on that case. How can he argue against the proposition that tax cuts will put pressure on interest rates in an environment where the government has dropped the ball on productivity gains? Is he going to deny that productivity is hovering around one to 1½ per cent? I will listen with great interest to what he has to say, because I know he does not have any argument whatsoever. He knows that a golden opportunity has been lost, and the Treasurer knows that a golden opportunity has been lost.

This takes me to the issue of forecasting. Members of the House might have been reading the Financial Review with some interest over the last couple of days because, in the Senate estimates process, Labor have been doing a little bit of a teasing out of their own to try to determine what is going on in this area of forecasting. Something very strange is happening. While there was no increase in the company tax rate, for example, in the budget, the effective tax rate on companies is actually increasing. Chris Richardson from Access Economics made the point that something strange is happening when company revenue is growing at 18 per cent and company profits are growing at 12 per cent.

We challenge the Treasurer when summing up this debate to tell us the basis on which his projections on company tax revenue are made. It is pretty simple. These increases in company tax receipts are critical to funding the tax cuts, and I think it is appropriate for the Treasurer, given the uncertainty that has been raised in Senate estimates this week, to tell us what is happening. He should tell us specifically why it is that the budget is getting an 18 per cent increase in company tax receipts, while company profits are growing by only 12 per cent. He might come in here and say: ‘This is very easy to explain. Companies, particularly mining companies, over the last year or so have been investing heavily in additional capacity to try to catch up with demand, particularly in China.’ That would explain why there would be a disparity in the figures.

Labor say, ‘If that’s the reason, we accept the explanation.’ But nowhere in the budget
papers are we given any such explanation. So the Treasurer, in closing the debate, has to explain why it is that we have company receipts growing at 18 per cent and company profits growing at only 12 per cent. As I said, if it is as a result of heavier deductions which flow from the additional investment in productive capacity, we would be satisfied with that answer. But if the Treasurer says, ‘No, that’s not what it is about,’ can he tell us what it is about? It is a new phenomenon, one we have not been familiar with in the past, and I think the Australian people are entitled to an explanation. These revenue forecasts are so important, and of course we all know that revenue forecasting can be manipulated for political gain.

Senator Watson in Senate estimates hearings yesterday made the point that it is possible that real and meaningful wholesale tax reform might have been overlooked because of conservative revenue forecasts. Maybe it is time to take a US style approach and have an independent agency do the forecasting on behalf of the government, or look at the UK model of having, in parallel, an institute funded by the government also measuring these forecasts to keep the government of the day honest. (Time expired)

Mr CIOBO (Moncrieff) (11.11 am)—It is always a pleasure to follow the member for Hunter and, more broadly, the Australian Labor Party, especially when the member for Hunter spent a great deal of his time talking about economics 101. Those of us on the government benches always take great interest whenever the Australian Labor Party try to lecture this government on economics 101. The Australian Labor Party, as a testament to their fundamental and comprehensive understanding of economics, left our country with $96 billion of debt, an unemployment rate that reached 11 per cent—one million unemployed Australians—and interest rates that required servicing at 17 per cent or 18 per cent. Yet, despite this track record of the Australian Labor Party, the member for Hunter comes into the chamber and says: ‘Economics 101 says that this government has made all these mistakes. We’re not doing this right; we’re not doing that right.’ So, fundamentally, we should in some way be listening to the advice that comes from the Australian Labor Party rather than looking at our government’s track record.

In rising to speak to the Tax Laws Amendment (Personal Tax Reduction and Improved Depreciation Arrangements) Bill 2006 I am pleased to highlight to the opposition the strength of this government’s performance on taxation. I have been, as the member for Hunter outlined, a strong advocate within government for tax reform. I am proud of my advocacy in calling for there to be reduced levels of both corporate and personal taxation. I am also proud of the fact that the Treasurer has listened to calls that I and others have made. In the budget the Treasurer delivered some $37 billion worth of tax cuts. In large part, this is because of his own leadership when it comes to ensuring that the Australian economy remains strong and, at the same time, ensuring that the Australian people enjoy those benefits. (Quorum formed)

We see the Labor Party’s form: once again, the Australian Labor Party comes in and starts lecturing with its dodgy Labor economics but then, when the government comes in to reinforce the efforts it has made to keep the Australian economy strong, the reaction of the Australian Labor Party is to suddenly call a quorum. I am not surprised that the Australian Labor Party feels it necessary to call a quorum because it is very clear that the Australian Labor Party would rather keep a cap on its very bad track record when it comes to economic management and try to
prevent a government member from high-
lighting our track record.

I would like to turn back to comments that the member for Hunter made. The member for Hunter, who is a member of the House of Representatives Standing Committee on Economics, Finance and Public Administration, made reference to the fact that the tax cuts that were announced by the Treasurer were, to use his words, ‘long overdue tax cuts that the Australian Labor Party supported’. Indeed, we have seen the Labor Party say that, unlike in previous years, they are not going to vote against these tax cuts. But then, shortly thereafter, the member for Hunter said, ‘We shouldn’t be having these tax cuts, because they are placing undue pressure on interest rates.’ So, on the one hand, the member for Hunter says they support these long overdue tax cuts but, on the other hand, the member for Hunter says: ‘These tax cuts are going to put upwards pressure on interest rates. We shouldn’t be having these tax cuts.’ So we see once again the flip-flop of the Australian Labor Party, trying to argue one way and then in the very next breath trying to argue the other way.

I would remind the member for Hunter, because he sits on the House of Representatives economics committee, that the Reserve Bank governor when he last appeared before the committee made it very clear under questioning by the member for Rankin that tax cuts that kept the budget surplus between one and 1½ per cent of GDP would not place undue pressure on monetary policy. The Reserve Bank governor himself made it very clear that tax cuts would not place pressure—

Mr Fitzgibbon—Mr Deputy Speaker, I rise on a point of order. The governor made it clear that that was because the government each year was only returning the proceeds of bracket creep and, therefore, there was no net effect.

The DEPUTY SPEAKER (Mr Lindsay)—The member for Hunter will resume his seat. He knows that is not a point of order.

Mr CIOBO—A point of order that was only equalled by the contribution by the member for Hunter earlier. Nonetheless, the Reserve Bank governor did make it clear that, provided that the surplus remained between one and 1½ per cent of GDP, there would not be upward pressure on monetary policy. That is exactly what this budget does. It is the Australian coalition—in particular, the Treasurer, Peter Costello—that is able through careful economic management to deliver some $37 billion worth of tax cuts to the Australian people. Irrespective of whether you are a more lowly paid worker in Australia, whether you are a middle-class Australian or whether you earn a higher income in this country, you will enjoy tax cuts as a result of this careful economic management by the Treasurer, Peter Costello, and more broadly by the Howard government.

With respect to other comments that were made, I notice that the member for Hunter said, and I quote him exactly: ‘Labor has broken the back of the inflation bogey.’ How did it do that? How was it that the Australian Labor Party brought the inflation rate down? The answer is quite apparent and quite straightforward: the Australian Labor Party did it by having the ‘recession that we had to have’. You would remember, Mr Deputy Speaker, that at the time the Australian Prime Minister, Paul Keating, who prior to that was the Australian Treasurer—the man responsible for the recession we had to have—broke the back of inflation by throwing one million Australians onto the unemployment scrap heap, by driving interest rates up to 18 per cent, by not delivering tax cuts and by mak-
ing sure that all Australians were penalised by the incompetence of the former Labor government. That is how the Australian Labor Party broke the back of inflation in this country. I can guarantee one thing: the people of my electorate of Moncrieff, the people of my city of the Gold Coast and the Australian people more broadly will never, ever want to go back to an Australian Labor Party that achieves some kind of success with respect to inflation by throwing a million Australians on the unemployment scrap heap, by driving up interest rates and by making sure that Australians pay a very heavy price indeed for low inflation.

What Australians want is the kind of economic responsibility that Peter Costello as Treasurer has been able to deliver, the kind of responsibility that has seen our unemployment rate down at around five per cent—the lowest level that it has been for decades. They like the fact that the Australian economy is enjoying strong productivity growth, because they know that, with an increase in the participation rate, there is going to be a flattening-out of productivity growth in terms of actual statistics. As you have more people coming into the workforce and more Australians off the unemployment queues, which this government has been able to achieve—and the Australian Labor Party knows this—they know that the reflections of productivity growth will not be large in percentage but that, when spread across that vast bulk of people moving into employment, there is strong productivity growth in the Australian labour force. But, more importantly, it has been conceded as part of this debate that the Australian economy—which is now enjoying, as I said, decades-low levels of unemployment—is being super competitive.

The member for Hunter also made reference to the fact that the taxation system is indeed a barometer for the attractiveness of the Australian economy and the incentive mechanism that it uses. If that is the case, if the taxation system provides some clear indication of the level of incentive in the Australian economy, it is very clear that there is strong incentive. The reason there is strong incentive is the same reason that we have Australians coming back from overseas and working in this country. (Quorum formed)

No wonder the Australian Labor Party languishes in the polls, because the people in the public galleries can see the stunts that the Australian Labor Party is engaging in. They see the fact that the Australian Labor Party has no relevance to ordinary Australians and so it engages in these kinds of stunts on an ongoing basis. I am not surprised that the Australian Labor Party languishes in the polls, because it has no relevance, it has no credibility when it comes to economics and it quite simply has no sense of what is important to the Australian people. There is nothing more important to the Australian people than knowing that they can have a strong family, and a key plank of having a strong family is knowing they have enough money left in their pockets at the end of the working week to provide for their family. The bill before the House does exactly that, and they know that as a consequence of this bill going through the House there will be more money in their pockets come 1 July than there would be if the Australian Labor Party were in government, and they are grateful for it.

The Labor Party, including the member for Hunter, as I said, have also said that the tax system is the driver of incentive. So the Labor Party say the tax system is the driver of incentive and yet they voted against tax cuts. In the previous budget we saw tax cuts being delivered to the Australian people. We had a lecture from the member for Hunter, and no doubt the member for Rankin will
also lecture us about economic policy. So we have these people from the Australian Labor Party talking about how the tax system is the driver of incentive in the Australian economy and yet, despite this fact, the Australian Labor Party voted against tax cuts.

The inescapable conclusion is that Labor prefers taxes to be higher. Indeed, we see the member for Hunter talking about this in direct conflict with the member for Lilley. We heard the member for Hunter asking why it is that growth in deductions is rapidly outgrowing growth in revenue and how this growth in deductions is of concern, yet the member for Lilley earlier on in this debate came into the chamber and spoke at length about how he thought that this government was one of the biggest taxing governments in Australia’s history. So on the one hand the ALP member for Hunter says, ‘We’re concerned that the growth in deductions is outpacing the growth in revenue,’ and the member for Lilley, on the other hand, says, ‘We’ve got so much revenue growth under this government that we should be holding them to account.’ So once again, as we saw previously, there is the flip and the flop of the Australian Labor Party. With one breath they say one thing and with the next breath they say something else. The simple reality is that the Australian Labor Party will say anything, will do anything, in some attempt to deceive the Australian people into voting for them so that they can end up back on the government benches.

There was another question that the member for Hunter raised. He spoke about why it is that company revenues are up 18 per cent yet company profits are only up 12 per cent. He said that, if the Treasurer was able to indicate that this was a consequence of investment in plant and equipment, a growing of capacity in the Australian economy, he would be comfortable with it. That is a very large part of what is driving these numbers. There is no doubt about it. We have seen capacity growth in business capital investment across the Australian economy expanding rapidly.

But there is another point which should be mentioned, and that is the fact that Australia today is a much more competitive marketplace, so you can get increased revenue growth in companies by having increased volume but lower margins, which of course will help to reduce profits. So the reality is that we are still getting strong profit growth in the corporate sector. We are still getting strong corporate growth, but Australians are benefiting from a more open, more competitive economy, and that is also part of the reason why we see company revenues growing by 18 per cent but company profits growing by only 12 per cent. That is not a bad set of numbers at all, and it is one that all Australians will enjoy the benefits of.

In drawing to a close—given the few minutes I have because the Labor Party called two quorums—I would like to touch on a couple of other aspects. The Gold Coast, the area and the wonderful city that I have the pleasure of representing, is the small business capital of Australia. On a per capita basis, we have the highest concentration of small businesses in this country. I am very pleased by and proud of the entrepreneurial spirit that residents of my electorate have. I am pleased they are willing to roll up their sleeves and go out there and make a buck, and I support them at every opportunity. I was very pleased and delighted that this year the National Franchise and Small Business Convention gave me the federal politician of the year award. I will continue to be a strong advocate for small businesses in my electorate and a strong advocate in making sure that they can continue to make a buck. I am proud to be part of a government that makes
it easier for businesses to make a dollar. In this respect, I am also pleased that, as a result of the increased depreciation rates that the government announced in this year’s budget, businesses will enjoy increased cash flow. What’s more, we can expect some of the personal tax cuts in this year’s budget to flow through the economy and into the tills of Australian businesses.

Turning to those tax cuts, this bill will see the government increase the thresholds so that the 15 per cent rate of taxation will apply up to $25,000 of income, the 30 per cent rate will apply up to $75,000 of income, the 40 per cent rate will apply up to $150,000 of income and the 45 per cent rate will apply to income above that level. In summary, it ensures that Australians will enjoy, in relative terms and by international comparison, low levels of income taxation which will put us on a par with the OECD average. It means that Australians can keep in their pockets more of what they work hard for to pay off debt, purchase something they need for their home and provide for their family. This government’s track record is strong, and I am pleased to highlight it for the benefit of all Australians as we continue to manage this economy well—and we do not need lectures from a failed Australian Labor Party.

Dr Emerson (Rankin) (11.31 am)—The member for Moncrieff finished his monologue—and it was a monologue because he could not even retain in the chamber the 30 members on his side of politics who were called into the parliament to come and listen to him. As soon as they were able to, they made their escape and I do not blame them, having listened to that contribution. He finished his monologue by saying that this government is a low income-taxing government. Nothing could be further from the truth. This is the highest taxing, highest spending government in Australia’s history.

We can come to that conclusion on the basis of income tax alone, but if we add the orphan tax, the $40 billion-plus GST, then unambiguously this government breaks the record, smashes the record, as the highest taxing government in Australia’s history. This is a government that denies that the GST is a Commonwealth tax. But ask the Auditor-General or ask the Statistician—they know it is, and they have said that. Of course the GST is a Commonwealth tax, because we are all here in this parliament debating it week after week, month after month. It passed through this parliament and then the government said, ‘We don’t own this tax,’ so it is an orphan tax.

The changes made in this budget to the income tax system constitute a small step towards income tax reform, and I would not put it any higher than that. But a small step towards tax reform should be supported, and this why Labor is supporting these changes to the tax arrangements in the Tax Laws Amendment (Personal Tax Reduction and Improved Depreciation Arrangements) Bill 2006. Towards the end of last year, well before the federal budget was prepared, I responded to an invitation from the Treasurer to all interested parties to lodge pre-budget submissions to give our views on what should be included in that budget. I did so, setting out a tax reform down payment, part of which—but only part—has been delivered by this government. I suggested that the 42c rate be cut to 36c. What has the government done? It has cut the 42c rate by just 2c to 40c. I suggested increasing the low-income tax offset from $235 to $625. What has the government done? It has increased the low-income tax offset from $235 to $600. I also suggested that the low-income tax offset be phased out at a higher level of income, at $70,000, whereas this government increased the threshold for the phasing out of the low-
income tax offset from $21,600 to $25,000—a very small step but at least a step in the right direction.

The proposals that I put forward in that submission would have given tax relief of $12 a week to low- and middle-income earners and amounts slightly higher than that to people on incomes around $80,000 a year. Instead, the government has given income tax relief of less than $10 a week to low- and middle-income earners. We know that $10 a week is being gobbled up through the triple whammy. Take the higher interest rates. The Treasurer and the Prime Minister of this country gave the impression that there would be no increases in interest rates in this term of parliament if the coalition were re-elected. We have already had two of those and, as I will explain shortly, there is the very strong prospect of a further interest rate rise just down the track.

So the government has implemented a very modest reform proposal. I think it could have been far more innovative. I think it could have done a lot more to reduce the high marginal rates of income tax that afflict our system. It is worth looking at where those high marginal rates of income tax can be found. They can be found where people are wanting to move from welfare to work. We are supposed to encourage Australians to move from welfare to work. Both sides of politics argue that people are better off in a job, yet, instead of encouraging people to move from welfare to work, this government has erected obstacle after obstacle in their way. For example, a sole parent pensioner is going to get the shock of her life on 1 July this year. A single mother will be forced, when her youngest child turns eight, to move from the sole parent pension to the Newstart allowance. That is a $29 cut in her allowance. Worse still, the income-free area—that is, the area in which the sole parent can earn income and not lose any benefit—will be smaller under the Newstart allowance than under the sole parent pension and then the rate at which the benefit is lost will be harsher than under the sole parent pension.

The government, through its so-called welfare reforms, is still creating effective marginal tax rates of up to 75 per cent for single mothers. When you add together the lost benefits and the tax paid as single mothers seek to move from welfare to work, you get 75c in the dollar. If you then add in travel costs, and with the high price of petrol they are going up, child-care costs, and with the high price of child care they are going up, and work clothes, you get a situation where poor single mothers will be expected to work for less than $3 an hour. That is just a reminder of the approach of this government to the idea of moving from welfare to work. It is not moving from welfare to work; it is moving from welfare to welfare. What will a poor single mother do in these circumstances where she is confronted with a $29 drop in remuneration from these benefits? She will have another baby and pick up a $4,000 maternity allowance, which is set to go to $5,000 in 2008. So it is bouncing people from one welfare payment to another, with no assistance and no incentive to move from welfare to work.

Where are the other high effective marginal tax rates in the system? They are on the second earner in a family; again this is usually the mother. Under the family tax benefit arrangements there are punitive penalties for a mother who has had a baby and is at home but wants to move from home to work. The tax paid and family tax benefits lost are huge. The consequence is that around 70c in the dollar is lost. If a top marginal rate of 48.5c seems high to coalition members, surely 70c or 75c in the dollar for single mothers or for women wanting to move back
into the workforce is high. But what has the government done about this? It has done very little, and in many areas it has exacerbated the problem because that is what the Prime Minister wants: he wants women to stay at home, have babies and not move back into the workforce. How do we know that? Because he pays wealthy women to stay at home. He gives them family tax benefit part B of $3,300 a year as long as they agree to stay home and not move back into the workforce.

Is it any wonder that, of any OECD country, Australia has among the lowest number of hours worked per woman? They are responding to the disincentives that have been put in place by this government. So these changes do not constitute anything but a very small step towards genuine tax reform. Moreover, they do not constitute genuine tax cuts. Why do I say that? Because for most income earners these tax changes do not give back bracket creep. I have done the calculations and, compared with 2001, people earning $40,000 will still be $15, almost $16, behind the eight ball as a result of bracket creep, even after these tax changes come into force. People on $50,000 will be $25 a week worse off, still behind as a result of the insidious effects of bracket creep. People who are on $60,000 will be more than $33 a week worse off as a result of bracket creep, even taking account of these changes, and people on $70,000 will be $23 worse off. If there is no further tax relief then the problem of bracket creep will march on and on, and the figures will become horrendous by around 2009.

My colleague the member for Hunter drew attention to the potential impact of this budget, in particular the tax changes, on interest rate pressure. He was right to raise this issue. At the time of the last budget, during my speech in the appropriation debate I warned that the way the budget was constructed was likely to put upward pressure on interest rates. This was dismissed completely by government members during the debate. But what happened? Interest rates did rise. The way in which the government could have done something this time to alleviate the prospect of an interest rate rise as a result of the fiscal stimulus would have been to cut government spending. But they did not cut government spending, other than by a paltry $2 billion over four years. But new spending will amount to $20 billion over four years. I can just imagine the discussions that took place in their Expenditure Review Committee meeting. There were not any spending cuts. A minister would have gone in with an ambit claim and would have walked out looking hangdog because only three-quarters of the ambit claim got up. That is why I say that this is the biggest taxing, biggest spending government in Australia’s history.

The member for Moncrieff reacted to the very sensible suggestion of the member for Hunter that there is no reform agenda to create productivity growth in this country. In fact the member for Moncrieff claimed that productivity growth is going strongly in Australia. He had better have a look at the statistics. Productivity growth went into reverse gear in 2004 and has barely recovered since that time. We have barely had net productivity growth since 2004. That goes to the heart of the problem: the lack of a productivity-raising agenda and the petering out of the productivity surge from the great reforms of the Hawke and Keating Labor governments. This government has not embraced a productivity-enhancing agenda, and that is why you do get inflationary pressures and that is why you do get pressure on interest rates.

On the very question of productivity growth, the member for Moncrieff referred to a session that members of the House of
Representatives Economics, Finance and Public Administration Committee had with the Governor of the Reserve Bank. The member for Moncrieff said that the Governor of the Reserve Bank said that there would be ‘no problem with tax cuts’. I was the one who asked that question. The governor said that there would be ‘no problem with tax cuts in terms of an impact on interest rates’. But there is a problem with a lack of productivity growth. The Intergenerational report, released by the Treasurer in 2002, assumed that productivity growth would fall back from the record surge of 2.05 per cent per annum, created by the reform program of the Hawke and Keating governments, to 1.75 per cent per annum from 2005 and onwards. Under that scenario the Intergenerational report forecast the slowest rate of growth in per capita gross domestic product from 2010 onwards since the decade of the Great Depression. That is going back from 2.05 per cent per annum to 1.75 per cent per annum. But it has not gone back to 1.75 per cent per annum. It has gone back to zero. And worse, it has gone into negative territory and has failed to recover.

During that same meeting with the Governor of the Reserve Bank, I asked a follow-up question about the impact of the Work Choices legislation. We heard the member for Moncrieff say that the Work Choices legislation will create more jobs. I doubt that. That is the one claim this government has made for the Work Choices legislation. We heard the member for Moncrieff say that the Work Choices legislation will create more jobs. I doubt that. That is the one claim this government has made for the Work Choices legislation. I said to the Governor of the Reserve Bank, ‘If it creates more employment, it can’t be consistent with productivity growth,’ and he said, ‘You’re right.’ So the big claim for the Work Choices legislation can be that it is going to either increase employment or somehow increase productivity growth, but it cannot do both. This highlights absolutely the lack of a productivity-raising agenda.

The member for Moncrieff went back into history and spoke about interest rates, inflation and the recession in the late 1980s and early 1990s. It is therefore apt that I refer to a statement that the Governor of the Reserve Bank made when he was deputy governor back in 1992. I think it is worth reading. He said:

It was clear by the late eighties that policy, including monetary policy, had to be tightened to bring a substantial slowing of the economy. The economy was growing too fast. We were living beyond our means and there was an unsustainable amount of debt financed asset speculation occurring. Some people think that if only the instruments of monetary policy had been adjusted in a more skillful and timely manner, we might have avoided a recession, but I very much doubt it.

[...]

... on this occasion, we had to run a monetary policy somewhat tighter than in earlier recessions and to take the risk that the fall in output would be greater than forecast. To do less than this would be to throw away the once-in-a-decade opportunity for Australia to regain an internationally respectable inflation rate.

[...]

It is true that we paid a substantial price to reduce inflation, but we had to do it at some stage. We have paid the cost ... the task now is to maintain low inflation when we return to growth.

The member for Moncrieff ought to be careful when he invokes the words of the Governor of the Reserve Bank, because the Governor of the Reserve Bank argued formerly—I respect the Governor of the Reserve Bank, but I do not necessarily agree with him on this—that monetary tightening at that time was necessary to break the back of inflation. The trouble is that the circumstances are being repeated. You would think a government would learn from history, but again we have asset price speculation, very strong consumer demand, record current account deficits and record trade deficits—48 trade deficits in a
row—and the Treasurer of this country will soon preside over foreign debt of half a trillion dollars.

When the international markets look at the value of the Australian dollar and the structural imbalances in the Australian economy when the resources boom tapers off, it is very likely that the Australian dollar will fall. What is the consequence of that for inflation? It will increase the price of imported goods. We already have strong inflation in the price of non-traded goods. It has only been due to the high dollar—together with the fact that China is producing very low-cost manufactured goods—that the price of imported goods has not risen. If the Australian dollar falls, as we expect it will, that will import inflation. Add that to the inflation already going on in the non-trading sector and you get an inflationary surge. That is why I say the likelihood is that there will be a further interest rate rise towards the end of this year. I am not saying it is a certainty, but the structural balances that were evident in 1989 are writ large again in 2006 and the government is doing nothing about it. The government has not embarked on a reform agenda at all.

I welcome the presence in the House of the Minister for Education, Science and Training. I hope you do a better job than your predecessor. Education is the key that opens two doors. One door leads to productivity growth and prosperity and the other door leads to opportunity for all Australians. With all the revenue coming in, this government has had a marvellous opportunity to invest in the nation’s future—to invest in the nation’s children, to increase our skills base, to increase the number of students going to university—and it has failed to do so. The government has an elitist attitude towards university education. For two years in a row—for the only time in the last half-century—enrolment of undergraduate students has fallen. The minister’s predecessor said to the Australian newspaper that he fully expected the number of university graduates in this country to continue to fall over the next 10 years. I hope, Minister, that you will repudiate that statement. The key to productivity growth in this country is to lift the skills base by making sure that more young people go into the trades and into university.

This is a budget of squandered opportunity. I welcome the tax changes as a very small step towards reform. We must cut those high marginal rates of income tax facing people wanting to move from welfare to work and second-income earners. Sadly, in this budget, the government has done nothing about that, so it gets a very low mark. But at least there is a positive mark, because these changes are a very small step in the right direction. The government needs to embrace a genuine productivity enhancing agenda and should lose no time in doing so.

Dr SOUTHCO T (Boothby) (11.51 am)—I do not want to be too hard on the member for Rankin. He is, after all, a comic genius. But we find ourselves in a very unusual position in proposing tax cuts to the Australian parliament in that the Australian Labor Party are supporting the cuts. They have changed their position of 2005, when they opposed tax cuts. They opposed the Australian government’s full tax cuts in 2000 that were part of A New Tax System. While there is reluctant, begrudging support for our tax cuts—

Dr Emerson—Mr Deputy Speaker, I rise on a point of order. I think the high standards of the parliament should be upheld by members telling the truth. It is not true that we opposed the income tax cuts of 2000.

Dr SOUTHCO T—We were unable to get our full tax cuts through the parliament. An argument that is presented with this be-
grudging support of tax cuts for all Australians is that these tax cuts may contribute to inflation. One thing I do know is that budget deficits, such as those Labor built up, are much more likely to lead to higher interest rates than budget surpluses. Labor’s last five budgets, in the early 1990s, racked up over $69 billion of budget deficits. In that period, the budget deficits each year were 2.8 per cent of GDP, 3.9 per cent of GDP, 3.7 per cent of GDP, 2.7 per cent of GDP and, finally, 1.9 per cent of GDP. Compare that with the recent track record of the government’s budget surpluses. It is hard to argue that tax cuts lead to inflation when you have budget surpluses. We currently have a budget surplus of one per cent of GDP; 10 years ago we had a $10 billion budget deficit—in fact, in 1992 and 1993 we had budget deficits of $17 billion.

The Tax Laws Amendment (Personal Tax Reduction and Improved Depreciation Arrangements) Bill 2006 provides tax cuts. From memory, it used to be that, once you earned over $38,000, you would move from paying 34c to 43c of each dollar in tax. Under these changes taxpayers can earn up to $75,000 and pay only 30c in the dollar in tax. (Quorum formed) Ten years ago you had to be on only 1½ times average weekly earnings before you would pay 47c plus 1½c for the Medicare levy on every extra dollar you earned. Under the tax cuts which are part of the bill we are discussing, a worker would have to be on three times average weekly earnings before moving to the top marginal rate of 45c in the dollar. In fact, the total tax for someone on average weekly earnings of $50,000 will be $11,100 per year—on average 22.2 per cent of a worker’s salary will go on tax. But, if they want to earn more through improving their qualifications, promotion or working more hours, for every extra dollar they earn they will get to keep 70c—so only 30c will go to tax. The new tax scales we are proposing are much fairer and also create an incentive for people to save, work and upgrade their qualifications. They have the choice of what to do with their money and get to keep more money as well.

When we look at the scales, we see that from nought to $6,000 the rate is nought per cent, from $6,000 to $25,000 it is 15c in the dollar, from $25,000 to $75,000 it is 30c in the dollar, from $75,000 to $150,000 it is 40c in the dollar, and from $150,000 and over it is the new top rate of 45c in the dollar. We would never have been able to propose tax rates like these without having a majority in the Senate. It has always been the case that, while some of our tax cuts have been supported, we have been unable to have a fair range of tax scales right across the board.

While these are the general tax rates, there are a number of other things for people in different circumstances. For example, in this bill there is an increase in the low-income tax offset. The threshold for the full rebate will increase to $25,000. The area where the phase-out occurs will increase from $27,475 to $40,000. The amount of the low-income tax offset will increase from $235 to $600. For those eligible for the full low-income tax offset—that is, people on incomes below $25,000—there will be no tax until their annual income exceeds $10,000.

Let us look at senior Australians—a very important constituency in my electorate of Boothby. According to the last census of August 2001, over 23,000 residents were aged over 65. That is almost one in five of all residents. Out of the 150 electorates in Australia, Boothby has the sixth highest proportion of people aged over 65. There will be a reduced amount of Medicare levy paid by low-income senior Australians. For those receiving the senior Australian tax offset, there will be no Medicare levy on people on
incomes below $24,867. They will pay less than the full rate of the Medicare levy, up to incomes of $29,255.

There is also a senior Australian tax offset. For senior Australians—that is, those who are eligible to receive an age pension or a service pension and are meeting certain age criteria—who are single there is no tax on their annual income up to $24,867 and, for couples, there is no tax on income up to $41,360. This is on top of the announce-ments in the budget, for example, of a utili-ties allowance of $102.80 for every house-hold who has a member in it who is of an age pension or service pension age.

When we look at the interaction of the tax cuts in this budget and the increases in the family tax benefit and look at, for example, a single-income couple with children, we see that couples in this circumstance have a real net tax threshold of $48,065—that is, the point at which effectively they start paying tax. When you take into account the family tax benefit that they are receiving and the tax that they are paying, the point at which their tax exceeds the family tax benefit is $48,065. This is a very important initiative of the Howard government. It is something that we have really expanded over the last 10 years and is a very important support for families with young children. One of our priorities is to support low- and middle-income families with children and to provide them with assistance by giving them the family tax benefit. We believe that they are best placed to de-cide how it should be spent to improve the circumstances of their family. The real net tax threshold of a dual-income couple with children is $51,000. This is the point at which effectively they are paying tax. Again, this is a very significant help. (Quorum formed)

As well as the tax cuts, the changes to the low-income tax offset and the reduction of the Medicare levy for people on low in-
comes, this bill also increases the diminishing value rate from 150 per cent to 200 per cent for calculating a depreciation deduction. The effect of this is to increase the amount of tax deductions due to depreciation in the first years of a business asset’s effective life. This is a particularly important change for small and medium business and should lead to new investment in plant and equipment, which is necessary for economic growth.

One of the Labor Party’s criticisms of the budget is about productivity. The govern-ment’s approach to productivity reflected in this bill has been things like the increase in the diminishing value rate to improve in-
vestment in plant and equipment for small and medium businesses, small businesses being one of the engine rooms of the econ-
omy. Not part of this bill but part of the gov-
ernment’s approach to productivity is the Work Choices legislation. Anyone who knows anything about workplace relations recognises that increased flexibility improves labour productivity. This is going to be the key in the future as we face an ageing popu-
lation. We will not see increases in our popu-
lation and our workforce is predicted to grow only slightly over the next 15 years and into the 2020s. As our workforce will be growing only slowly, it is absolutely critical that we have mechanisms that will provide ways of improving labour productivity.

Over the last 10 years since the Howard government was elected we have seen real wages growth of 16.7 per cent. We heard at the time we introduced our first changes to the Workplace Relations Act that it would lead to lower wages, lower conditions and so on. Look at our record. Our record shows that workers have never been better off. They could only have dreamt about having a Labor government that could have delivered what we have delivered through strong economic
management providing very strong real wages growth in a low inflation environment.

Another argument that has been presented is that our budget may contribute to inflation. Over the period of the previous Labor government, inflation averaged 5.2 per cent. Under this government, for the last 10 years, inflation has been 2½ per cent. That is midway between the two per cent to three per cent band which the Reserve Bank uses to target monetary policy. As I said at the beginning of my speech, there is one thing I am pretty sure of, and that is that having budget deficits of $17 billion, almost four per cent of GDP, is much more likely to lead to higher inflation and higher interest rates than having budget surpluses and no government debt—having reduced government debt from $96 million in 1996 to zero and actually having a surplus in the Future Fund.

Mr HAYES (Werriwa) (12.11 pm)—I rise to support Labor’s second reading amendment to the Tax Laws Amendment (Personal Tax Reduction and Improved Depreciation Arrangements) Bill 2006 and give voice to some of the concerns of residents in my electorate who are sick and tired of seeing massive federal surpluses piling up while getting a few coins by way of tax cuts in return. I am sure that the constituents in my electorate are no different from constituents in other electorates represented in this chamber who feel that they should get out of the tax system as much as they put in. I am sure some members opposite, if they spent a little more time with their constituents, would find out how they actually felt about this so-called tax reform. Ultimately, this is not about tax reform; this is about throwing a pittance at the electorate, and particularly an electorate like mine which makes up Middle Australia, and hoping that that satisfies them while this government continues to ever expand its budget surpluses.

For the last week or so we have seen a parade of members opposite coming into the chamber and into the Main Committee to praise this government’s budget. The member for Boothby was no different. They are talking about the government’s financial record. One thing that strikes me as a little bit odd is that you have the Mid-Year Economic and Fiscal Outlook and then have a budget delivered not long thereafter where we find another $51 billion tucked away, something for the government to play with. One has got to wonder. This sofa in the Treasurer’s office must be pretty luxurious if we can discover that amount of money that can become play money for this government—money that could have been put into infrastructure and a whole range of different things that would have benefited not only electorates like mine but electorates of members opposite. But that is not what has occurred under this government. Members opposite have heaped praise on the government for these tax cuts and how they are so well deserved. The people in my electorate work very hard for what they earn. They are hardworking Australians. To have members opposite heap praise on the Treasurer—I am sure in an attempt to jockey for positions in the pending leadership change—is selling Middle Australia short.

Members opposite continually criticise previous Labor governments, not realising that the prosperity that we are experiencing today, the great growth they lay claim to, was in fact delivered as a result of some of the actions taken by the Hawke and Keating governments—the economic vision, the great efforts in creating efficiency and initiative in that period and the efforts that supported hardworking Australians. The figures actu-
ally speak for themselves. The member for Boothby was talking not too long ago about productivity. The simple fact is that, under the Hawke and Keating governments, the average productivity growth was around three per cent. Under this government, productivity growth has been around one per cent. As a matter of fact, in 2004 it actually went backwards. If that is what they have to crow about in their financial management, it is not taking the interests of the country forward, it is not giving vision and it is not giving some excitement to the electorates at large such that they are able to think we are living in a prosperous nation which is going to deliver to us into the future.

Members opposite have the audacity to talk about the higher interest rates of the Hawke and Keating governments and they do it at a time when house prices are at record highs and unaffordable. If you use that as the measure, we are hitting an unprecedented time for those people in electorates such as mine, in the south-west of Sydney, who require two incomes to support their mortgages and to buy into that market. As I say, that is the outer western areas of Sydney. I would think that is not dissimilar from anywhere else within the country and the government has the audacity to then refer back to the interest rates in the Hawke and Keating period as if they were somewhat of a disincentive. I was able to pay my mortgage back then—I worked hard, as everyone else did—but my kids are faced with having to borrow up to half a million dollars to buy into the Sydney market, and that is taking into account their savings. Not only they but their partners have to work and commit themselves to working for another 25 years. They propose no reforms in what has been put to us. They are more than happy to sit idly by, trying to ride the wave of the resources boom while not taking any action to invest in the future, be it through education, training or investment in the nation’s infrastructure.

We saw it in this budget. In proportional expenditure the government has reduced the amount of funding going into vocational education and training. This is at a time of—one of the buzzwords around this place—a skills shortage. What are we doing? Proportionally we are reducing the amount of money going into that area. Over time this government is going to deliver higher costs for international businesses to trade with Australia, because we are cutting short on our skills and on meeting the necessary infrastructure development that is going to allow us to participate in world exchange into the future.

Members opposite should not be surprised that the tax cuts they have delivered do so little for them in the polls. They did not give them much of a bounce because they have delivered little into the pockets of real Australians. The bill we have before us today introduces the changes to personal income tax rates and thresholds that the Treasurer heralded in his budget speech as a significant restructure of the tax system. It might be a significant restructure if you are earning around $100,000, but they have not really cut it in any test as assessed by Middle Australia. I doubt very much that these are the sorts of significant tax reforms that people facing effective marginal tax rates of more than 50c are looking for out of this budget. I doubt more that they are significant tax cuts for the residents of Minto, Ingleburn, Hoxton Park and Hinchinbrook or that they are what they would be looking for in tax cuts for them and their families.

Labor’s second reading amendment notes two important points that the Treasurer seems to have neglected when he was considering this year’s budget. It importantly
notes that there will be little in the way of benefit to low-income earners from the change in the low-income tax offset because it will not be incorporated into the fortnightly withholding rates. The member for Boothby tried to tell us how people on less than $25,000 will effectively pay no tax. The facts are that, when they work hard week in and week out, they most certainly will be paying tax. They will have withholding tax taken from them for their hourly work. They will have tax deducted in respect of their overtime. These low-income earners are the very people who are going to have to engage an accountant at the end of the financial year to try to get back down to the position where they can offset the low-income tax offset, because this government has not applied this on a fortnightly basis.

Secondly, Labor’s amendment points to the fact that the government once again has failed to address the problems that middle-income Australia cares about most—that is, the crippling high effective marginal tax rates that they face. I do not know how many times recently I have heard people comment to me locally that they feel that they are putting in a lot at work and seem to be getting precious little out of it. People believe they are working harder and harder to make ends meet. When you consider the composition of income earners in my electorate of Werriwa, it is not unsurprising that people feel that they have not got a hell of a lot out of this budget when they will not get a lot out of the changes to the tax rates and thresholds introduced by this bill. The most recent statistics available indicate that the average total income in Werriwa is a little under $36,000. It is estimated that 97 per cent of income earners in the Werriwa electorate in the 2000-01 financial year earned less than $78,000, more than 80 per cent of them earned less than $52,000, while more than one in four earned less than $28,800.

The residents in my electorate of Werriwa are not high-income earners, but that does not make them any less deserving of tax reform. It does not make them any less deserving of getting a break from the high effective marginal tax rates. It does not make them any less deserving of getting back out of this tax system exactly what they have been putting into it. This bill will result in the vast majority of income earners in my electorate receiving around $10 a week. They will receive only an increase of about one per cent of their disposable income. They will receive tax cuts that are spent well before they have been received. That is this government’s fantastic new deal with Middle Australia.

Let me just raise a few things. Since my colleague the member for Boothby took it upon himself to raise Work Choices, I would like to talk about Work Choices in conjunction with this new deal for Middle Australia. He claims it introduces flexibility, but what it does is take away the right of job security. It allows your boss to sack you without reason. It allows your boss to take away penalty rates and overtime rates, as we have just seen in the Spotlight arrangement. Currently, overtime and penalty rates are so important for people in the western suburbs of Sydney in maintaining their family budgets. The member for Boothby has indicated that that is one of the positives of this triumphant approach of the government. I know he did not mention Welfare to Work, but I will put that in on his behalf to complete the triumphant approach that includes this tax arrangement and Work Choices. All in all, as a tax arrangement, it ends up at around $10 for people in my electorate; but, in having been subjected to Work Choices, they now lose their job security. They now have a situation whereby their potential for wages growth has
been significantly impacted upon in the negative.

To say that Middle Australia has been short-changed you would have to be rather kind. This government is presenting a deal to Middle Australia that is similar to the appalling deal that was recently imposed on new employees of Spotlight. Despite the Treasurer’s comment that tax cuts contained in the budget meant that middle-income earners would no longer be subject to bracket creep, we all know from the changes to the rates and the thresholds contained in the bill that that is just not the case at all. Anyone in this place who has done the calculations—and I have done a breakdown of people in my electorate—knows that that does not stack up. A typical income earner in the south-west of Sydney on around $50,000 a year is expected, if wages continue to grow at the current rates, to pay more in bracket creep than they will get in tax cuts over the next 10 years. That is on top of the government having done nothing in this bill to address the effective marginal tax rates faced by middle-income Australians. As I say, over the next 10 years, if wage growth continues, they will have paid more in bracket creep than they will have gained from these tax cuts.

Just relating that back again to what the member for Boothby had to say, he waxed lyrical in discussing the wages growth that has been experienced over the last 10 years, but what he did not say—and he made a point of calling the overlay of Work Choices the flexibility needed—is that this government is backing itself in on containing wage growth in the foreseeable future. This is not about continuing the wage growth that occurred over the last 10 years; this is about trying to address the problem it sees as existing by containing wage growth, by cutting wages, by cutting overtime, by cutting penalty rates and saying it can contain the impact on effective marginal tax rates.

We know that is wrong. We know that this is simply a plank in the government’s overall approach which seeks to exploit middle-income Australia. It seeks to exploit their situation not simply by looking at their household budgets and how they are going to maintain paying their mortgages, their rent, their car payments and matters that are affected by interest rates changes or alternatively affected by higher petrol prices but also at the same time by directing their concerted efforts into containing the growth of wages and conditions in the immediate future through the introduction of Work Choices. Embarrassed as it might be about Spotlight and the abattoirs at Cowra or Naracoorte, this is what is happening. As all those organisations have said, ‘We are only doing what the government is allowing us to do.’ That is precisely the strategy that is being developed in this place.

I mentioned earlier that people are regularly telling me that they face a tough choice when they are offered a little bit more overtime because they have to weigh up the cost of the benefits that are taken away from them, particularly when they look at the effective aspects of the taper as it applies to family tax A. People are telling me that they keep working, and working hard, but that they feel they are not getting ahead. They work hard and they work longer hours, but they do not seem to be getting any more in their bank account and, at the end of the day, their spending probably remains the same—although it has probably increased when you take into account their mortgage, their credit card, repayments on vehicles, petrol costs and child care, which have all increased over the recent period of time.

These people are describing the problems associated with high effective marginal tax
They are describing the problems they face working and paying tax in a system that does not give them back what they put in. The tax system is a reverse incentive. It discourages people from trying harder. It discourages people from working extra hours in overtime or in other ways trying to add extra income to the family budget. Middle-income families—families on meagre incomes, between $40,000 and $65,000—are facing effective marginal tax rates of 51.5 per cent. This is the level at which the tax and welfare systems collide. These are real barriers and real disincentives, which should be addressed by any real tax reform. The tax rate for those on incomes between $40,000 and $65,000 is a whole lot higher—(Time expired)

Mr HARTSUYKER (Cowper) (12.31 pm)—It was with some amusement that I heard the member for Werriwa trying to claim some reformist zeal with regard to the activities of the Australian Labor Party. He has not been in the House very long. It has only been since the previous Leader of the Australian Labor Party headed off to take up a life as a leading author and write interesting books about the current Labor crop and some of their predecessors. Members opposite claim a reformist zeal, yet in my time in this House every time a reform is proposed, they oppose it. They have opposed everything this government has tried to do to build a stronger Australia. They oppose things this government does to try to return tax to taxpayers.

The Leader of the Labor Party spoke against and voted against our tax cuts. He learnt his lesson because he was marked down very badly. It was an interesting strategy for the Australian Labor Party to vote against tax cuts—it was a very bad strategy. It was a bit like saying that the $600 family payment was not real money—a strategy which had the paws of the member for Lilley all over it—that $600 per child returned to families was of no use, as though you could not buy clothes for children with $600 or that $600 could not assist in providing a holiday for a family. Not much credibility there, just as there is not much credibility with regard to the alleged reformist zeal of the members opposite. (Quorum formed) The members opposite claim reformist zeal. They talk about reform, but they always vote against it.

The Tax Laws Amendment (Personal Tax Reduction and Improved Depreciation Arrangements) Bill 2006, which is before the House today, implements some of the key elements of the coalition’s ongoing tax reform strategy, continuing to focus on the restructuring of the personal income tax system, increasing disposable incomes for all Australians, enhancing incentives for workforce participation and improving Australia’s international competitiveness. It is the view of those on this side of the House that when government can meet its responsibilities to the community then funds available after that should, wherever possible, be returned to the taxpayer. That is what is being implemented through this legislation. This legislation involves cuts to personal income tax through the raising of income tax thresholds and a reduction in rates. It provides other benefits, such as improvements in relation to the low-income tax offset and the conditions of SATO—the Senior Australians Tax Offset.

How is the government able to return money to taxpayers? How is the government able to do that whilst still providing improved services? We can do that because we have been able to keep the economy strong. We have been able to assist families and seniors because we have been keeping the economy strong. We realise that there is a need to support business and to put policies in place that enable business to thrive. That is what
this government is all about: getting the settings right, allowing business to flourish, generating incomes and generating wages for families, thereby allowing this government to provide services for all Australians. This government has adopted a policy of a strong surplus and this budget continues that and will deliver a surplus of $10.8 billion in 2006-07.

But what about the performance in the past of the alleged reformers across the chamber? I do not have to look too far back to see their track record. What was the government surplus in 1991-92? I wonder whether the member for Farrer is aware what the government surplus was. I looked for surpluses only to find that there was not a surplus in 1991-92. In fact, there was a deficit—$11.58 billion or 2.8 per cent of GDP. I thought, ‘No luck in 1991-92; what about 1992-93?’ I looked again—a big daddy deficit of $17 billion or 3.9 per cent of GDP. In 1993-94, there was another $17 billion deficit. Seventeen is a number that really resonates with members opposite. We had a $17 billion deficit, and they delivered 17 per cent mortgage interest rates. It is a number that still haunts them to this day. While this government is able to run a surplus and deliver tax cuts, the opposition were able to deliver deficits and 17 per cent interest rates.

Members opposite were actually out there in the financial market competing with small business and home owners to borrow funds, pushing up interest rates. We had double digit unemployment—10.9 per cent—under the stewardship of the members opposite. If they were to repeat that sort of rate today, we would be looking at around 1.2 million unemployed—a disaster for Australian families. They broke their promises on tax cuts. What happened to the l-a-w law tax cuts? I am glad to say that this government honours its commitments to the Australian people. This government is able to deliver services and cut tax and, as I said, this legislation implements that.

The 15 per cent tax threshold will rise from $21,600 to $25,000. The 30 per cent tax threshold will rise from $63,000 to a maximum of $75,000. The 42 per cent and 47 per cent tax rates dropped to 40 per cent and 45 per cent respectively, and the threshold at which the highest marginal rate cuts in increases from $95,000 to $150,000. That is a huge increase. It reflects the desire of this government to provide incentives for people to work harder and encourage people to make this country more productive. It allows this country to have a higher standard of living, without the government placing a heavy burden on taxpayers. A single income family with two children pays no net tax until the family income exceeds $48,065. This government looks after individual taxpayers and families.

We also encourage seniors to contribute towards their retirement. There have been some welcome measures in this budget with regard to superannuation. We are fully aware of the implications of the Intergenerational report—the very rapid ageing that is occurring in this country. There is a great need for people to save for retirement and the superannuation changes that have been announced in the budget are, indeed, most welcome. The benefits from a tax fund will now be tax free for people over the age of 60. People will be no longer forced to take their super but will be able to take those benefits when they need them. The current age based contribution limits will be streamlined. This is a great improvement in the area of superannuation. The government also is focused on the needs for people who are dependent on the age pension. The changes to the taper rate for the assets test is a measure welcomed by people dependent on the age pension and who have
saved for retirement such that they have substantial assets, assets which are effectively reducing their pension entitlements. The changes to the taper rate, effective from 20 September 2007, will be welcomed by those people.

Small business is very much the subject of this budget. This government realises the importance that small business plays in the economy. Some 1.2 million small businesses drive our economic growth. They drive job creation and this government recognises that. We have made some very welcome changes in the area of depreciation, giving businesses incentives to invest in plant and equipment. Under this legislation there will be an increase in the diminishing value rate used for calculating depreciation of eligible assets from 150 per cent to 200 per cent. This means that you can write-off the cost of plant and equipment more quickly. One of the most vital elements to small business is cash flow. One thing that these depreciation changes do is improve the cash flow position of small business, enabling them to reinvest in their business and generate more jobs. I offer an example of a Coffs Harbour banana farmer who buys a new four-wheel drive which is used on a farm. It costs him $50,000 and he will depreciate that asset over its useful life. If the annual depreciation rate were $10,000, that would be increased by a substantial amount.

The improvement in the cash flow position for business is a very important element very much focused on by this government. We are also halving the incorporations fee from $800 to $400, saving businesses some $216 million over four years. We are increasing the simplified tax system average turnover threshold from $1 million to $2 million, and this will assist 65,000 small businesses. The increase in the net assets threshold for capital gains tax for small business concessions will be increased from $5 million to $6 million. There are additional funds for research and development. There are more funds for the National Skills Shortages Strategy. But I think improved depreciation is a major benefit offered to small business—a major benefit which will be welcomed by businesses generally to improve their cash flow, to improve their ability to offer employment and to allow them to be more productive.

The changes to family tax benefit will certainly be welcomed in my electorate. The maximum rate of assistance per child has increased some 75 per cent from $2,400 in 1996 up to $4,200 in 2006. From 1 July 2006, families will be able to earn $40,000—up from $33,361 in 2005-06—without having their entitlement to family tax benefit reduced. This measure will provide a substantial improvement to the wellbeing of families and provide $9.62 per week for eligible families. I also commend the budget’s extension of the large family supplement of $248 from families with four children to families with three children. As I have said, this government likes to support families. This government believes we have a strong responsibility to support families, and this government does that through a range of measures. The improvements to the family tax benefit regime and the extension of the large family supplement are important elements of that.

The budget also provided substantial investment in infrastructure. Infrastructure is a matter very dear to the hearts of people in regional and rural Australia. This government realises that without strong infrastructure regional Australia cannot flourish. This government realises that infrastructure is the backbone of driving rural and regional Australia. Improved telecommunications have been very much a focus of this government.
The Connect Australia package is very much welcomed by people in regional and rural areas. We see quality telecommunications as a major driver of employment right across regional Australia, but physical infrastructure is also important. Better roads, better rail and better physical infrastructure are vital to Australia.

That is why this budget has included a substantial increase in funding for infrastructure. I would like to particularly note the $160 million being contributed by this government for the upgrade of the Pacific Highway—a vital road link between Sydney and Brisbane—which is being matched by the New South Wales state government, meaning that there is some $1.3 billion committed to the Pacific Highway up to the year 2008-09. Tragically, there has been a substantial number of deaths on the Pacific Highway. These road improvements aim to mitigate that terrible toll. These road improvements will make travel between Sydney and Brisbane more efficient and safer. It is something that will be welcomed by all members of this House.

But there is no point in upgrading road unless you upgrade rail. The investment in AusLink, as previously announced—the $450 million funding for upgrade between Brisbane and Sydney and the additional $270 million for rail upgrades between Melbourne and Brisbane—is vital. This work will aim to get more freight off road and onto rail. That is absolutely paramount. If we are going to stop our roads from clogging up and if we are going to maintain a smooth system of freight transport in this country, it is vital that rail does its share of the heavy lifting. The initial AusLink package of $450 million aimed to take 120,000 containers a year off road onto rail by 2011 through providing a new, revised signalling system, reducing grades, reducing curve radius and providing a general track upgrade. The additional $270 million provided in this budget will further enhance that package.

It is interesting to note that the New South Wales government also makes a substantial saving in maintenance by the federal government taking over responsibility for the Sydney to Brisbane rail link. By the federal government maintaining that rail line through the ARTC, the New South Wales government enjoys significant savings in operating costs in its budget. It does not mention that too often—in fact, I do not think I have heard those words pass its lips—but it is a contribution that this federal government makes to supporting New South Wales and the New South Wales government. It is a contribution that the New South Wales government is loath to mention too often.

This budget sets in place a range of measures that are going to build a stronger Australia. This is a budget that returns tax to taxpayers. This is a budget that supports families. This is a budget that supports infrastructure. These measures are vital to the future of this nation, and I commend the bill to the House.

Mr CREAN (Hotham) (12.50 pm)—Whilst Labor supports the tax cuts contained in the Tax Laws Amendment (Personal Tax Reduction and Improved Depreciation Arrangements) Bill 2006, we believe that the budget presents a huge wasted opportunity for tax reform. We also have particular concerns about the bill itself, and these are reflected in the second reading amendment moved by the member for Lilley. In particular, the failure to pay the low income tax offset fortnightly will greatly diminish the significance of the benefit. People need the money in their pockets on a regular basis, not just in a lump sum at the end of the year. Similarly, we have concerns that high effec-
tive marginal tax rates will continue to dis-
advantage second earners and people moving
from welfare to work, as well as middle-
income families.

As the Leader of the Opposition indicated
in his budget reply speech, middle Australia
have had to experience five budgets without
a decent tax break and then, at the end of it,
all they got was $10—$10 which has already
gone on the triple whammy of rising interest
rates, rising petrol prices and the additional
worry of whether they will still have a job
under the new workplace relations act. It is
no wonder that the public’s response to the
budget has been far less positive than Peter
Costello’s hype and the media endorsement
of it.

This bill essentially implements budget
decisions which reduce personal income tax
rates; increase the LITO—the low income
tax offset; decrease the Medicare levy on
low-income senior Australians; and increase
depreciation rates for business assets. Taking
the last point first: for business, the deprecia-
tion allowance for business assets will be
increased from the 150 per cent diminishing
value rate to 200 per cent. This provision is
useful. It should encourage greater invest-
ment in business assets—if you like, in
physical capital. It is a pity that this budget
and this initiative are not matched by greater
incentives to invest in our people, our human
capital. Not only has the Howard govern-
ment failed to make the investment in our
people but its other policies add to the inse-
curity of those very same people. The Work
Choices legislation is adding to the insecu-
ritv that workers face. It is putting workers
and their families under pressure. It could
lead to a reduction in real wages.

On tax, personal income tax will be re-
duced and income tax thresholds increased
so that a marginal tax rate of 15c will apply
up to $25,000; the 30c rate up to $75,000, the
40c rate up to $150,000 and the 45c rate
above $150,000. They have also increased
the low-income tax offset. Combined, these
measures and this form of tax relief go to
most wage earners, although it is also true
that the biggest increases go to the top end.

The point I want to make today, though, is
that there is a dimension beyond the amount
of the tax cuts and their distribution, and it is
a policy dimension. For the economy, it is
how tax policy and tax reform can drive
greater participation in the workforce. How
can we better add to our labour supply? For
families, it is how we provide the incentives
for people to move from welfare to work,
restoring their dignity and giving them better
income security. Yes, this budget gives tax
cuts, but it does not give tax reform—reform
which could have both given tax cuts and
encouraged greater workforce participation.
Participation, I would point out, is one of
the three Ps, together with productivity and
population, which we hear so much about in
the context of the intergenerational challenge
to the nation. Yet the Treasurer, given the
funds that were available to him, failed the
reform test in the budget. With the same fis-
cal envelope, we could have been more re-
formist. We should have better targeted the
tax cuts to low- and middle-income earners
by concentrating more on cutting rates than
simply adjusting the thresholds.

I am encouraged in this argument by a
very recent report by CEDA, the Committee
for Economic Development of Australia,
entitled Tax cuts for growth: the effect of
marginal tax rates on Australia’s labour sup-
ply, dated 25 May this year. This report has a
number of important conclusions. First, it
says that tax cuts are likely to do more to
boost economic growth if they target middle
and low earners. It is these groups that are
more likely to respond to the incentive pro-
vided by tax cuts than people on higher in-
comes, in part because they face higher effective marginal tax rates. The second conclusion is that, to encourage more work, tax cutting should focus on lowering the bottom rate—that is, the 15c income tax rate—and raising the tax-free threshold and/or introducing a tax device called the earned income tax credit for low-income households.

The third conclusion is that, where tax cuts are focused on those on higher incomes, very large savings can be made by lifting thresholds rather than simply cutting the rates. Fourth, cutting low marginal tax rates or targeting tax credits on relatively low-income workers appears to be the most effective use of revenue forgone in tax reduction. The fifth conclusion is that cuts to marginal tax rates for high-income earners are unlikely to have as substantial an effect on labour supply. It is better to raise the thresholds at the top end—in other words, cutting tax for low- and middle-income earners and raising the thresholds for high-income earners. So I urge honourable members to read this report, to note that the budget does none of the things recommended in it but to ponder the possibilities for important pointers to future reform.

In coming to its conclusions, the report relies heavily on the Melbourne Institute Tax and Transfer Simulator, called MITTS. It is a microsimulation model of the Australian economy with detailed information about Australia's tax and transfer system. I was particularly interested in their reliance on this model, because Labor used the Melbourne institute and the same model to evaluate the tax package it took to the last election. In 2004 our package had four key elements. First, there was consolidation of family tax benefit parts A and B, with some changes to rates and tapers. Second, we added the single-income tax offset. This is a tax rebate for single-earner families. Third, we added the low- and middle-income tax offset, essentially providing $8 a week then—this was back in 2004—to taxpayers with an income of between $7,300 and $56,000. Essentially, no-one with an income below $8,400 would pay tax. We also incorporated the existing low-income tax offset. The fourth leg of our policy was to increase the top income tax threshold.

The Melbourne Institute of Applied Economic and Social Research found, through its model, that the net effect of all of those measures would be to increase labour force participation by 71,000 people. In other words, our policy was not just about fairness in the distribution of tax cuts; it was also good for the economy. The Melbourne institute found that this would in turn produce a dynamic dividend to the budget in excess of $800 million over four years. In other words, again, there would be a fiscal return to the nation for being clever with taxation in reforming the system, not just in paying the tax cuts.

This package was all affordable two years ago, before the recent budget surpluses. It was costed, it was funded and it stood the test of the Treasury analysis. Imagine how, if it had been implemented, we could have continued the path of tax reform with the surpluses available in this budget. In this regard, it is also interesting to note what CEDA suggests. It argues for better targeting of low- and middle-income earners by lowering the bottom rate from 15 per cent to 11 per cent. Other options are raising the tax-free threshold and/or introducing the earned income tax credit. As you will recall, Labor proposed a targeted earned income tax credit back in 1998.

In the debate on the Appropriation Bill (No. 1) 2006-2007 last week, I argued that the government should have considered funding the cut to the top rate—that is, 47c
down to 45c—by closing tax loopholes and base broadening measures which affect high-income earners. It could then have funded a further cut in the 42c rate below the 40c rate which this bill contains. If the $2.3 billion cost of reducing the top marginal tax rate had been applied to the 42c rate, it could have come down to 36c. That could have been a down payment on cutting the rate further, subject to fiscal ability, to essentially eliminate it altogether.

At the top rate end, CEDA suggested raising the threshold for the 47c rate as opposed to cutting the rate. It argues that the behavioural effect for high-income earners relates to average tax rates, not to marginal tax rates. For these taxpayers, the most important question is: ‘How much tax will I pay out of my total income?’ CEDA argues that lifting thresholds at the top end rather than cutting top marginal tax rates better improves our tax competitiveness. And there can be significant revenue savings. For example: if the threshold were raised to $200,000—currently $125,000 going to $150,000—as a mechanism for relief at the top end, that would save $1.7 billion. As an extension, it is even possible to index the $200,000 threshold. Essentially, you could then argue that 99 per cent of taxpayers will never pay the top rate. The $1.7 billion saved could have been used to take the 42c rate down to 37c. That would have been real reform.

The reason for my going through this is that it demonstrates that there is plenty of scope for better targeted tax cuts, as well as tax reform to enhance labour market participation—reform which produces a fairer distribution of tax cuts and a better dynamic for the economy. Labor is greatly encouraged by the endorsement of its tax reform initiatives to date. I remind the House that in 2004 we funded an $8 tax cut by increasing the low income tax offset within the then fiscal parameters.

The changed fiscal parameters post the election saw that $8 proposal rise to $12 as the affordable tax cut through increasing the low income tax offset, as outlined in the Leader of the Opposition’s budget speech in reply. In other words, low- and middle-income earners could have had $12 last year as well as the $9.80 that is being paid this year. It was affordable then. We had costed it and funded it. But, as is always the case under this government, it was just another wasted opportunity—a wasted opportunity for greater fairness, a wasted opportunity to get greater workforce participation, a wasted opportunity to get people off welfare and into work and a wasted opportunity to address our capacity constraints and skills shortages.

Our proposal also offered a choice of fortnightly payments. That is what our second reading amendment does. I tell you this: people, particularly in regional and rural Australia, need the money in their pockets on a fortnightly basis, not at the end of the year. That is why I urge members to support the second reading amendment that we have moved. A lump sum payment after July 2007, more than 12 months away, will not help with the weekly bills.

I have said before that Labor was and is the party of true tax reform. We gave seven tax cuts in 13 years, including cutting the top rate from 60 per cent to 47 per cent and in every case reducing rates, not just thresholds. We returned more than bracket creep. We used tax policy not only as a redistributive mechanism but also as an anti-inflationary tool. Together with wages policy, we used it to break the back of inflation and reduce interest rates. In opposition, we have continued to argue the case for tax reform, but the real-
ity is that tax reform will only happen if Labor is returned to office.

Whilst on the question of tax reform, I want to talk about another missed opportunity in the budget, and that is the government’s superannuation plan. ‘Plan’ is their word, but the reality is that there is very little detail contained in the budget as to what is involved. Again, I remind the House that Labor is the party of true reform in this area. It was Labor that introduced compulsory superannuation, and it was fought every inch of the way by the Howard government and when they were in opposition. Despite embracing our scheme now, they have done nothing to continue the reform agenda. Super contributions, still at nine per cent, are insufficient to meet the intergenerational challenge of our ageing population and the associated costs.

The fact is that the abolition of the exit tax on superannuation will benefit very few people. Most people do not have enough in their superannuation accounts to pass the existing tax free-threshold of $130,000. The big cost is the tax-free status of lump sums and annuities taken by people turning 60, with the reasonable benefit limit abolished. But there are some key questions that the government must answer if we are to advance this debate in a way that is good for the economy as well as for individuals. Will the proposals disproportionately benefit the very wealthy? Will the plan lead to a situation of different tax status for retirees over 60 continuing to work than for those below 60? Does it mean that those over 60 who can so arrange their affairs will not pay any tax at all? How sustainable is that with an ageing population? Will it lead to increases in consumption and therefore add to inflationary pressures? Could it result in people blowing their lump sum payments and coming back to claim the age pension? If it does, it is hardly a strategy to reduce the cost to the budget of an ageing population.

Australia deserves open and honest answers to these questions to properly assess the impact and to consider alternatives. We need to have the proposals that the government is talking about run through the intergenerational model to determine both the income distribution and the cost implications over 40 years. We have the model; let us put the proposals through it. The government claims that it will cause long-term falls in pension and health costs, but where is the evidence for this? Let us see it. The basic issue for superannuation is that we have to lift the contributions above nine per cent. A better way to do this, I would suggest, would be to reduce or abolish the contributions tax. We have advocated it in recent years. Clearly, abolition of the contributions tax will cost more than the government’s announced policy, but, again, it is worth considering it as a significant down payment. Senator Minchin talked about this. Has that work been modelled? If so, produce it. If not, let us do it. Let us run it through the 40-year model and see which one of them stacks up. This is a debate we have to have and, certainly, cutting the contribution tax would be the equivalent of lifting the compulsory contribution above nine per cent, with no cost to either the employee or the employer. It also represents real tax reform in relation to future, not present, earnings. It is a tax cut that goes to savings and is not inflationary. I would urge the government to produce that information so that we can have a serious debate about the best way to spend the tax cuts and reforms to superannuation as well. (Time expired).

Mr WINDSOR (New England) (1.10 pm)—I rise to support the Tax Laws Amendment (Personal Tax Reduction and Improved Depreciation Arrangements) Bill
2006 that is before the parliament. Many people in the electorate of New England—and, I am sure, in other electorates as well—would have been prepared to have given up some degree of tax relief for greater spending in the health area. Many surveys have been conducted which would suggest that people are crying out for better delivery of health services—and I am fully aware that a lot of those services are through the state governments. I do not want to enter into that debate, but I want to put on record the fact that, in my electorate particularly, people have raised that issue—that, if a surplus is left over after the legitimate costs of government, some of that money at least should be delivered into the health system, particularly for the training of professionals and obviously for capital facilities.

This debate gives me the opportunity to talk about a number of tax issues, some of which are currently being deliberated on by members of the government. I am pleased again to see the Parliamentary Secretary to the Prime Minister, Malcolm Turnbull, at the table. He may well be subjected to something that he has heard before. I have to reinforce some of the issues I have raised before, because there does not seem to be any action at this time. But I am extremely confident that, with his support and recognition of these worthy issues, something will be done. I, of course, refer to the taxation treatment of the compensation/adjustment processes. As an aside, I was interested the other day that the Prime Minister referred to an adjustment package for the people of Beaconsfield. From memory, it was $8 million. The parliamentary secretary or the minister might discuss that briefly at the end of the debate. I am interested in how that money would be expended and how the taxation treatment of that expenditure would be judged by the Australian Taxation Office.

The major issue I would like to raise relates to a number of areas of income tax policy and to the personal taxation matters of particular individuals. The best, but not the only, example I can find is the treatment of compensation/adjustment moneys to people who have lost their water entitlements in a voluntary sense—although extreme pressures were applied—across a number of groundwater systems in New South Wales. Six valleys across New South Wales are taking a reduction in their water entitlements so that sustainability of the resource can be gained in the future. I am sure that most people, even though it creates a deal of hardship for those individuals, would recognise that what they are doing is for the public and environmental good and that it is for the sustainability of a resource—in this case, water.

In that situation, the New South Wales government, the Commonwealth government and the irrigators or entitlement holders themselves agreed to a compensation package of $150 million. It was a three-way package. The state would put in $50 million, the Commonwealth would put in $50 million and the irrigators would put in $50 million in kind. Bear in mind that the irrigators were giving up a lot more than what this package was about—but it was about the total sum of money that they could garner from the governments.

At the time that package was agreed to, no-one told the water entitlement holders that the Australian Tax Office would judge those payments of compensation for the loss of a capital asset as income and that they would have to pay personal tax in the year of receipt of those funds. Prior to that, accountants had been treating the payments as capital. There was no doubt in their minds and in the minds of many others—and I think also in the minds of many others within government who were wrestling with this particular
problem—that the loss of a capital asset should be seen as an entitlement to be treated under the capital gains taxation umbrella and not under the income tax umbrella.

I have raised this issue with the Prime Minister on a number of occasions. To give him credit, the Prime Minister on those occasions has responded, twice in writing, to the issue that others and I have raised. He has said that, as far as the government and the tax office are concerned, compensation payments to water entitlement holders are not treated as capital loss but as income, because these people are not exiting the industry. The Prime Minister quoted a couple of examples—the dairy industry and the sugar industry—where essentially exit packages which have been put in place would be taxed under the capital gains umbrella but not under the income tax umbrella. By saying that, he was implying that these were different arrangements and you could not compare the two systems—one was for exit and the other was for a reduction in entitlement—even though some of these people are losing nearly all of their entitlement and will have to exit the irrigation industry, even though they may well remain farmers.

However, the issue goes further than that. Currently, there is another assistance package available to those in my electorate and also in the electorate of the member for Gwydir, and I have been in contact with some of these people. It is the Brigalow assistance fund. This fund was put together by the New South Wales government to assist people to adjust to sustainability of the timber resource in the Pilliga scrub and in connection with the Brigalow timber asset. I might read from the deed of release and indemnity of the Brigalow assistance fund: Clause 3 of the deed of release and indemnity of the Brigalow assistance fund says that the fund is to ‘provide assistance to individual businesses that have decided to exit the timber industry as a result of the creation of the community conservation area’—which has been created in the Brigalow area in the electorates of New England and Gwydir. There is advice also that the tax office is treating as income those payments to those people to exit that industry for good sustainable and environmental reasons. That creates a degree of inconsistency of interpretation.

We have a number of issues. We have water entitlement reductions being treated as income, timber exit being treated as income, dairy exit being treated as capital and sugar exit being treated as capital. Then, only last week, the Australian Taxation Office came out with a ruling on the fishing industry for where there is a reduction in the catch—similar to these other issues—to gain sustainability of the resource for all these very good reasons. Lo and behold, that particular adjustment package will be treated as capital. So here again we get constant confusion. The only consistent part of these arrangements is the inconsistency of interpretation.

I recognise that this is a difficult issue for the government and that it is trying to come to grips with it—and I compliment it for that. But, with 30 June racing upon us, this has to be rectified within the next month so that accountants et cetera can have a consistent interpretation regarding the way these matters are treated.

There is another issue within the Namoi ground water precinct, where government money was granted to a number of irrigators.
To start with, I think it came through the Namoi Valley adjustment process and eventually, to the best of my knowledge, it was subsumed into the Regional Partnerships arrangements. A number of irrigators received funds to put in a channel to alleviate the very same problem. There had been an overallocation of water and sustainability had to be arrived at. The approach of sustainability would mean a considerable loss of income-earning capacity. Therefore, the government assisted some of those people to channel water into what was called a hot spot so that the diminishment of their income-earning capacity could be alleviated. I am told—and I inquired into this under freedom of information—that the receipt of that grant of moneys was tax free, and no-one has suggested anything to the contrary. It is another degree of inconsistency—government money being treated in three different ways. In fact, I am told, in the last case, GST was paid on the grant.

I call upon the parliamentary secretary and the minister to really have a good look at this particular issue. If they are serious about natural resource management—and I think some of the aspects of the National Water Initiative and other natural resource management initiatives are positive—and about those longer term benefits being taken up, by the farm sector in particular, but other land users in general, then they must address this matter. You cannot have a circumstance where you say you are going to compensate people and come along a bit later, when the package has been put together, and say, ‘Sorry about that; we are going to tax you 40 per cent of the total arrangement.’ That means, in many cases, that the Commonwealth’s gratuity is going to be going back through the tax—

Mr WINDSOR—The member for Hunter, a very prominent figure in tax matters, highlights that Cyclone Larry money will not be taxed—and, in my view, nor should it. But neither should these people who are giving up their assets, their income-earning capacity, for the long-term good of the nation. To trivialise these people and say, ‘By the way, on the way past we’re going to tax you. We’ll give you some money to give up half your water’—87 per cent in one case—‘but on the way past we’ll treat it as income in the year of receipt.’ That is an absolute disgrace. What about the message it sends? The member for Hotham was talking about the message on superannuation earlier—having something that encourages people to save and then taxing them on the way through. This is exactly the same sort of thing. The message that we are sending is the wrong message. If we are serious about natural resource management policy into the future, we have to address these sorts of matters.

The other issue that I would like to raise briefly relates to personal income tax. The Minister for Revenue, who is at the table, is very much aware of this. I am an admirer of the minister, but I cannot believe that he has allowed the bureaucracy to get this into a bill. I urge him to stand up against Treasury in future arrangements.

Mr Fitzgibbon—No, the Treasurer!

Mr WINDSOR—The Treasurer or Treasury—there are many stories about that. The issue that I raise for the minister at the table is the treatment of fuel excise rebates under the BAS arrangements. The implications to the cash flow of the farm sector must be obvious. In one of my light-hearted moments I suggested that this has been deliberately put there so that the National Party and the National Farmers Federation can claim a victory—

Mr Fitzgibbon—Cyclone Larry grants won’t be taxed.
Mr Fitzgibbon—Could be; good theory!

Mr WINDSOR—I am certain that the minister will see the error of his ways here and capitulate to those hardworking ‘New Liberals’ and the National Farmers Federation, that corner store of the ‘New Liberals’, and rectify this matter. I think it is very important that it is rectified because it is obvious that the cash flow impact on the farm sector is going to be severe.

Mr Fitzgibbon—We need to see the bill soon to remove uncertainty.

Mr WINDSOR—I am introducing amendments to that legislation, although I am hopeful that the minister will recognise the error of his ways and change that. I cannot believe that the ‘New Liberals’ have allowed that particular area of the legislation to even get into the document. I would have thought that they would have been part of the process of determining legislation. Hopefully, under their new arrangements, they can actually be part of the progressing and formulating of legislation, because it is pretty obvious that they have not been in this particular case. Or could it be a stunt, where the ‘Old Liberals’ actually put up an issue, knowing full well that the ‘New Liberals’ will want it changed? I am hopeful that it will be changed.

The other issue that relates to taxation matters is the removal of the Fuel Sales Grants Scheme as of 1 July and the impact that that will have on the personal expenditure of country motorists. The minister would be aware that the Fuel Sales Grants Scheme was put in place to equalise the impact of the goods and services tax back in 2000. I applauded the government, as a state member of parliament, for doing that. And our good friends, the National Farmers Federation, applauded it at the time as well. That has been removed now—$270 million—and country motorists will bear the costs of that at the bowser. Contrary to the view that many in the government have put that the government are incapable of doing anything about fuel prices, that it is all a global matter and out of their hands, I believe that there is a lot that they could have done. This is a case where they are actually putting up fuel prices for one sector of the community. And that sector will be country people, who will have to pay an extra 1c to 3c a litre.

The great tragedy in this issue is that the ally of the ‘New Liberals’, the National Farmers Federation, actually came out and said that the scheme was not working and was used as an organisation to suggest that it should not be in place, that it needed to be replaced, and supported the government’s initiative. The one thing that the National Farmers Federation president, Peter Corish, did not say at the time was that farmers do not pay it. It was all very well to embrace this issue, knowing that the normal motorist in country Australia could pay it. His members were not going to pay it, but he was endorsing the removal of it so that the rest of country Australians would have to pay that additional tax.

I urge the minister to listen to what people are saying on those matters. I think he has the capacity to listen to people. I wish him well in his new job. But I also urge the parliamentary secretary, who I am sure now is fully on top of these taxation matters. He is well known for his diversity of view on tax and entitlements. He is working very hard on the state ownership of water and the transferability of water, so I am sure he should be well on top of that.

Mr Fitzgibbon—We want outcomes, though—outcomes!

Mr WINDSOR—The member for Hunter is quite right; we do want outcomes. The accountants in my electorate—and, I am sure, in Gwydir, Parkes and Riverina, those
electorates which will be impacted by this taxation ruling—are saying the same thing: that we do require some outcomes on this issue.

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (1.30 pm)—Can I begin by thanking all those members who have contributed to this debate on the Tax Laws Amendment (Personal Tax Reduction and Improved Depreciation Arrangements) Bill 2006. I even extend that courtesy to my old Independent friend, the member for New England, for his contribution, and I have taken on board all of his advice, as varied as it is. On a serious note, the measures contained in this bill will cut personal income tax for all Australian taxpayers from 1 July 2006. Importantly, they will cut business tax by $3.7 billion over the next four years by substantially improving Australia’s depreciation arrangements.

Personal tax cuts are another step in comprehensive tax reform that has seen income tax cut previously in 2000, 2003, 2004 and 2005. From 1 July this year, the marginal tax rates of 47 and 42 per cent will be reduced to 45 and 40 per cent respectively. In addition, this bill will increase tax thresholds, so that the 15 per cent tax rate will apply on income of up to $25,000, the 30 per cent tax rate will apply up to $75,000, the 40 per cent tax rate will apply up to $150,000, and the 45 per cent rate will apply to income thereafter. The low-income tax offset will be enhanced by increasing it up to $600 and the level of income where the offset will begin to phase out is increased from $25,000 from 1 July 2006. This means that those eligible for the full low-income tax offset will not pay tax until their annual income exceeds $10,000.

As part of this debate, there has been some mischief by members opposite on the issue of the low-income tax offset. I place on the record that the entitlement to the low-income tax offset is carefully targeted towards low-income earners and can be claimed upon assessment in a taxpayer’s annual tax return. Claiming the low-income tax offset upon assessment avoids taxpayers incurring significant debts when they have an increase in income throughout the year. Labor’s proposal to allow taxpayers to claim the low-income tax offset throughout the year will result in tax debts for taxpayers whose incomes increased throughout the year because they will have claimed too much low-income tax offset. The government has strategies to minimise the creation of tax debts, while the opposition does exactly the opposite—it wants to create more.

Senior Australians who are eligible for the senior Australians tax offset will now pay no tax on their annual income up to $24,867 for singles and up to $41,360 for couples. Overall, in percentage terms, the greatest tax cuts have been provided to low-income earners. These tax changes will ensure that more than 80 per cent of taxpayers face a top marginal tax rate of 30 per cent or less over the forward estimates period. Reducing the top marginal tax rate and significantly increasing the top threshold will improve the competitiveness of Australia’s tax system compared with other OECD countries.

Australia’s top marginal tax rate will be in line with the OECD average and the increase in the top threshold will place Australia 10th highest in the OECD. This package provides $36.7 billion of benefit to taxpayers over four years and reinforces Australia’s reputation as a low-tax country. These tax cuts significantly restructure the personal income tax system to increase disposable incomes to enhance incentives for participation and to improve Australia’s international competitiveness.

The measures in this bill will also substantially improve Australia’s depreciation ar-
rangements by increasing the diminishing value rate for determining depreciation deductions from 150 per cent to 200 per cent. The effect of the measure is to provide the equivalent of a 33 per cent increase in the allowable depreciation rate for all eligible assets. This will increase incentives for Australian business to invest in new plant and equipment and make it easier for businesses to keep pace with new technology and remain competitive. Investment is a key element of productivity growth and, hence, of economic growth.

The increased depreciation rates under the diminishing value method align depreciation deductions for tax purposes more closely with the actual decline in the economic value of an asset, which will lead to improved resource allocation in the economy. This is consistent with the government’s tax policy strategy of ensuring that the tax system has minimal effect on the allocation of resources in the economy. Taxpayers will get the benefit of the improved depreciation arrangements for assets acquired on or after 10 May 2006. For the reasons I have outlined above, I commend this bill to the House.

The DEPUTY SPEAKER (Mr Wilkie)—Before I put the question, I remind honourable members of their obligation to rise in their place when they seek the call. Having one’s name listed on a sheet of paper is not sufficient to expect to be called. Members must actually rise in their place.

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

Question agreed to.

Original question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (1.37 pm)—by leave—I present a supplementary explanatory memorandum to this bill and move government amendments (1) and (2) together:

(1) Schedule 5, item 1, page 11 (line 10), after “in this way if”, insert “you started to hold the asset on or after 10 May 2006”.

(2) Schedule 5, item 1, page 11 (lines 11 to 16), omit paragraphs 40-72(1)(a), (b) and (c).

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (1.38 pm)—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.
third time. There was no seeking of the call during the consideration in detail stage.

Mr Fitzgibbon—I did seek the call.

The DEPUTY SPEAKER—I am sorry, member for Hunter. I did not see you seek the call, and the question has been put and the bill has been passed. We have moved on to the next item of business and the Clerk has called on the Fisheries Legislation Amendment (Foreign Fishing Offences) Bill 2006. The question is that this bill be now read a second time.

(Quorum formed)

Mr FITZGIBBON (Hunter) (1.42 pm)—I am very happy to take this opportunity to make a contribution on the Fisheries Legislation Amendment (Foreign Fishing Offences) Bill 2006. What an important piece of legislation it is. It is so important that the government wanted to deny me an opportunity to make a contribution on the Tax Laws Amendment (Personal Tax Reduction and Improved Depreciation Arrangements) Bill 2006 in the consideration in detail stage. What I wanted to say on that bill was how disappointed I was that the Treasurer did not turn up to summarise debate on that bill. Members of the House will recall the Treasurer coming in here to introduce the bill with great fanfare. He was all done up in his regal best.

Mr Turnbull—Mr Deputy Speaker, I raise a point of order. The honourable member’s remarks have nothing to do with the Fisheries Legislation Amendment (Foreign Fishing Offences) Bill 2006, as he well knows. He does not know what is in the bill. He is only speaking because his friend the member for Corio has not turned up to speak.

The DEPUTY SPEAKER—Whilst I would suggest that there is a reasonable point of order raised, the member for Hunter has only just started his contribution and will be heard in silence. I will be watching his remarks carefully to ensure that they are drawn back to the bill.

Mr FITZGIBBON—Mr Deputy Speaker, it is not all that relevant. The point is that the member for Corio understood that I would be making a contribution on the previous bill. Somehow or other, I was denied the opportunity to make that contribution. The member for Corio understood I would be and on that basis was not here for the commencement of this debate.

Mr Turnbull—Mr Deputy Speaker, the member for Hunter is reflecting on the chair now. He is reflecting on your ruling.

The DEPUTY SPEAKER—There is no reflection on the chair.

Mr FITZGIBBON—Mr Deputy Speaker, I was not making a reflection on the chair. I was reflecting on the way this government runs this chamber. We saw an example of that this morning, when the Manager of Opposition Business was ejected from this place for 24 hours for using the exact same words the Leader of the House had used on a previous occasion—without any action being taken whatsoever.

Mr Tuckey—Mr Deputy Speaker, I raise a point of order. It is my understanding that—

The DEPUTY SPEAKER (Hon. IR Causley)—What is the point of order?

Mr Tuckey—the Clerk has called on the Fisheries Legislation Amendment (Foreign Fishing Offences) Bill 2006.

The DEPUTY SPEAKER—I have the point, yes.

Mr Tuckey—I am here and willing to commence that debate, and I do not see why the member should be talking about matters that occurred yesterday.
The DEPUTY SPEAKER—The member will resume his seat. I have the point of order. The member for Hunter will come to the legislation before the chair.

Mr FITZGIBBON—I am certainly happy to do so, Mr Deputy Speaker. Of course, members of the House on both sides will understand that this bill has monetary implications, budgetary implications. This initiative will need to be funded substantially, and this is my very concern. I am concerned about the future of this government’s revenues. I am concerned about the forecasting capability of this government. The Treasurer was happy to come in here and deliver a budget and happy to come in here and deliver the tax cut bill, but he was not happy to come back in here and sum up on those tax bills, notwithstanding that we had some very important questions to put.

Mr Dutton—Mr Deputy Speaker, on a point of order: the bill before the House is the Fisheries Legislation Amendment (Foreign Fishing Offences) Bill. The member for Hunter has not mentioned anything about fisheries legislation at all, and I would also draw—

The DEPUTY SPEAKER—I have the point of order. The minister will resume his seat. The member for Hunter needs to speak to the bill before the House.

Mr FITZGIBBON—I am very happy to speak to the bill before the House, including its budgetary implications. The point I am about to make is that every commitment this government is now making—

Mr Dutton—On the point of order, Mr Deputy Speaker: your ruling has been defied. I point out to the member for Hunter that there is no financial impact in relation to the bill that is before the House, so that really shows the lack of credibility on economic matters that they have got.

The DEPUTY SPEAKER—The minister will resume his seat. Member for Hunter, I have had a look at the bill. There do not appear to me to be any financial ramifications of this bill. The member will speak to the bill before the House.

Mr FITZGIBBON—Mr Deputy Speaker, every government initiative has financial ramifications and implications for the budget. My concern—

The DEPUTY SPEAKER—If the member for Hunter has nothing to say about the bill, I will—

Mr Tuckey—Mr Deputy Speaker, I raise a point of order. The explanatory memorandum, under the heading ‘Financial Impact Statement’, says that the proposed amendments to the FMA and TSFA—

The DEPUTY SPEAKER—The member for Hunter cannot canvass the ruling.

Mr FITZGIBBON—on which this budget is based. Mr Deputy Speaker, you must let me do this. This is appropriate.

The DEPUTY SPEAKER—The member for Hunter cannot canvass the ruling. He will speak to the bill before the House.

Mr FITZGIBBON—All right, Mr Deputy Speaker. This is a bill with budgetary implications, and this is the issue I want to raise. The government—

The DEPUTY SPEAKER—The member for Hunter will resume his seat.
Mr TUCKEY (O’Connor) (1.48 pm)—To manage my own affairs in a busy schedule, I rang the office of the member for Corio—who, as I noted on the speakers list, was to commence this debate—to ask how long he intended to spend. I was advised that he would take his first 30 minutes.

The DEPUTY SPEAKER (Hon. IR Causley)—The member for O’Connor should come to the bill.

Mr TUCKEY—But, as a consequence, I am more than willing to help him out with a clear and concise reference to this legislation. In so doing, I refer of course to the explanatory memorandum. The Fisheries Legislation Amendment (Foreign Fishing Offences) Bill 2006 would amend the Fisheries Management Act 1991 and the Torres Strait Fisheries Act 1984 to provide for custodial penalties for foreign fishing offences in those parts of Australia’s territorial sea that are within the Australian fishing zone, within the meaning of the FMA, or within any area of Australian jurisdiction, within the meaning of the TSFA. Those, of course, are the abbreviations for those acts I have already mentioned.

In general, the waters that would therefore become subject to the proposed custodial penalties are the waters from three to 12 nautical miles offshore from the Australian mainland or from most islands, including those in the Torres Strait. For the external territories, all waters out to 12 nautical miles will be subject to the proposed custodial penalties. The waters within three nautical miles of the coast or which are internal waters, such as bays, rivers and sounds, are subject to the fisheries jurisdiction of a state or the Northern Territory, which have the power to impose custodial penalties for foreign fishing offences in these waters and in most instances have done so.

Illegal foreign fishing vessel incursions threaten Australia’s sovereign interests, posing threats such as serious quarantine risks, illegal immigration, importation of prohibited goods, depletion of fish stocks, degradation of marine protected areas and targeting of endangered species. (Quorum formed)

Let me continue with the information that the shadow minister would normally provide to the House. The added deterrents of custodial penalties for foreign fishing offences would help to reduce these threats. The bill, if enacted, would further strengthen the measures against illegal foreign fishing announced by the government in the 2006 budget. Australia’s Exclusive Economic Zone, the EEZ, which extends generally from 12 to 200 nautical miles offshore, has been excluded from the ambit of the new penalties in order to comply with the United Nations Convention on the Law of the Sea, to which Australia is a party. Article 73 of the convention requires that coastal state penalties for violations of fishery laws and regulations in the EEZ may not include imprisonment in the absence of agreements to the contrary by the states concerned; however, this prohibition does not apply in the territorial sea.

Mr Gavan O’Connor—You’re just reading from the explanatory memorandum. You’re a former fisheries minister. Can’t you—

The DEPUTY SPEAKER (Hon. IR Causley)—Order! The member for Corio!

Mr TUCKEY—This is direct from the explanatory memorandum:

It has been longstanding legal practice in Australia not to impose custodial penalties for offences that are subject to strict liability. Accordingly, the Bill would amend the FMA and TSFA on the basis that the new custodial penalties would apply only to fault based indictable offences.
Having read that out on behalf of the shadow minister, I might now revert to the comments I wanted to make about those matters, in which he may even find some grounds for agreement. I have to point out that over many years in the state of Western Australia the financial penalties that the United Nations convention required for these foreign fishing incursions always carried a rider, as they do with other offences in Western Australia—if the fine was not paid, each $50, for example, represented a day in custody. So many people have been given custodial sentences not because of the crime, which is subject to a final penalty, but because of their failure to pay that penalty.

Whilst I support the government—and, hopefully, the more senior officials and people involved—in respect of this outrageous situation, both environmentally and commercially, of the incursion of foreign fishing entities into our traditional waters, I must point out that for the lesser individual, the crewman, this process of incarceration has not worked. I do not want to say this in a critical sense, but the reality is that while you are in an Australian jail you get pocket money and, unfortunately, the pocket money frequently exceeds the wages that some of them would have been paid in their home state. Whilst I guess they do not enjoy the period of incarceration, they are flown home in a charter jet and with quite a bit of money.

I was further confronted with this situation in Darwin where, after arresting the boats, the practice was to tow them into the harbour and to then leave the crew on board. The crew would be onboard in conditions which would be identical to those were they to return to their home port, because many, if not all, did not have accommodation on land in their home port; they continued to live on the vessel. Of course, they were provided with stores—and might have been given significantly more—but there was pressure from certain parties to bring these people ashore and to accommodate them in a much more salubrious way. So I am pleased to say to the House that I think these penalties will be a great deterrent to the senior crew of boats that are there to collect the catches of the smaller vessels and freeze them and treat them. Whilst I think that will be an excellent deterrent, I am encouraged, after questioning the minister, that our more practical responses will be the front line of protection.

My recollection of the former Labor government’s administration in respect of the prevention of these fishing practices was to use Customs assets—vessels worth $10 million, $20 million or $30 million at the point of launching—to arrest and tow cockleboats into Broome or Darwin, which were the most logical places to bring them. I always had grave concerns about bringing those vessels so close to the coastline, but that was the practice of that government, as it was the previous government.

The new policy and a lot of the new funding—and this is only a component of it—will make sure we have the capacity to make arrests and that facilities for the eventual destruction of these vessels are as far away as possible from our mainland. Other vessels, of much lesser value than those that should be making the arrests, should be available for towing and for the application of other parts of the law of the sea, with which this nation must comply. All in all, it is with some pleasure that I support this legislation. I reserve my right to continue my remarks after question time and the MPI, to which I hope the people who are to speak will turn up on time.

The SPEAKER—Order! 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
Queensland Liberal and National Parties

Mr BEAZLEY (2.00 pm)—My question is to the Deputy Prime Minister and Minister for Trade and refers to matters dealt with by him in question time yesterday. Deputy Prime Minister, doesn’t this plan released today reveal that when the Queensland Liberal Party takeover of the Queensland National Party takes effect, the Queensland Liberals will ‘remain and continue to be a part of the Liberal Party of Australia while Queensland Nationals will disappear,’ according to this document, into the Liberal Party organisation? Doesn’t this mean that the members for Dawson, Maranoa, Wide Bay and Hinkler are about to become either members of the Liberal Party or members of no political party? If one National Party defection caused the loss of one seat at the ministerial table, how many National Party ministers will go now, once the Queensland Nats cease to exist?

Mr VAILE—In answer to the Leader of the Opposition’s question and to use a well-worn phrase: don’t you worry about that! Those members are all going to remain members of the National Party here and members of the coalition government.

Workplace Relations

Mr BARRESI (2.02 pm)—My question is addressed to the Prime Minister. Would the Prime Minister inform the House whether he has further information regarding workers at the Teys Bros meatworks?

Mr HOWARD—I thank the member for Deakin for his question. The member is of course the chairman of the government members committee dealing with issues of workplace relations and he has a very long and continuing interest in workplace relations. I was asked yesterday by the member for Jagajaga about workers being stood down at the Teys Bros meatworks in Naracoorte in South Australia. The member for Jagajaga suggested in her question that 260 Australian workers at the meatworks had had their employment reduced to four days a week with a reduction in pay because of a shortage of stock. She also suggested that overseas workers brought to Australia on temporary 457 visas are being given enough slaughter work and extra work, such as night cleaning, to get them a full working week in order to meet their visa requirements. I indicated yesterday that I was not personally aware of the facts of this matter and that I would seek to check them, as long experience has told me not to automatically accept what is put to me in this place. I am therefore very pleased to inform the House that I have had an opportunity to check the facts and to get some advice and on this occasion the suggestions made by the Deputy Leader of the Opposition are completely wrong.

I am advised that Teys Bros employs its Australian and overseas workers on the same Australian workplace agreements. Consistent with the normal practice for this industry, the AWAs of both Australian and foreign workers alike include provisions where workers can be legally stood down on days where there is insufficient work, and where this occurs both Australian and foreign workers are stood down and they are not paid. There is no discrimination, I am told, between the Australian and foreign workers—which is directly contrary to what was suggested by the member for Jagajaga—and that is what happened in this case.

Ms Macklin interjecting—

The SPEAKER—Order! The Deputy Leader of the Opposition!

Mr HOWARD—Responding to normal seasonal variations in its business, Teys was
required to stand down all workers from a five-day shift to a four-day shift in recent weeks. Again, contrary to the suggestion from the member for Jagajaga, both foreign and Australian workers were affected.

The member for Jagajaga also suggested that foreign workers had been offered extra work to keep them in full-time employment to comply with their visa conditions. Again, I am told this is simply not the case. I am told that at times Teys Bros have offered their employees, both locally and foreign sourced, the opportunity to do unskilled labour on the days they were stood down from normal duties. Contrary again to the suggestion from the member for Jagajaga, it appears that a small group of both foreign and Australian workers took up these opportunities—five foreigners and five Australian workers—again, no discrimination between the two groups. Again, contrary to the suggestion of the member for Jagajaga that this was due to a visa requirement which placed foreign workers in a more privileged position than local workers, this offer appears to have been made to both types of workers in an attempt by the company to treat all their workers fairly—and for this the government does not seek in any way to condemn the company. In fact, I am advised that this fair treatment may amount to a technical breach of the visa requirements because the foreign workers are required to be employed only in the skilled positions that they are sponsored to undertake. DIMA officials are talking to the company about that.

The opposition has been prepared to have a go at Teys Bros without getting its facts right. That is typical of the dishonest fear campaign being run on matters of industrial relations by not only the Leader of the Opposition but now the Deputy Leader of the Opposition. It is worth telling the House a few facts about this wonderful Australian employer and wonderful Australian company. Teys Bros is the largest Australian owned beef processor and it is the largest privately owned company in Queensland. It owns six plants across Australia, in Queensland, South Australia and the Northern Territory, and it employs about 2,100 workers. Nationally the company employs 11 apprentices and 218 trainees, all of whom are Australian. Teys Bros is the largest single employer in Naracoorte, providing direct employment for 269 people, of whom less than 10 per cent are foreign workers, and generating $11 million in wages that flow directly into the local community.

Ms Macklin interjecting—

The SPEAKER—Order! The Deputy Leader of the Opposition is warned!

Mr HOWARD—Rather than attempt to denigrate the performance of a decent Australian company that provides great employment opportunities, the opposition should cease its negative tactics and applaud the contributions that this company is making to the employment opportunities of Australians in this part of South Australia.

Queensland Liberal and National Parties

Mr RUDD (2.09 pm)—My question is to the Deputy Prime Minister and Minister for Trade. I refer the Deputy Prime Minister to the release of the agreement that will see the Liberal Party in Queensland take over the Queensland National Party. I also refer him to reports today that he is considering stepping down from the trade portfolio in an attempt to prevent the collapse of the National Party. Deputy Prime Minister, isn’t it the truth that your political party has already collapsed, just as Australia’s trade performance has collapsed—

Mrs Bronwyn Bishop—Mr Speaker, I raise a point of order. This is a tactic being used by the opposition. This matter has abso-
olutely nothing to do with the responsibility of
the minister in accordance with the standing
orders—

Opposition members interjecting—

The SPEAKER—Order! I am listening to
the member for Mackellar.

Mrs Bronwyn Bishop—The manner in
which the opposition is conducting this line
of questioning is a total abuse of the standing
orders and should be ruled out of order.

The SPEAKER—The member for
Mackellar will resume her seat. I have been
listening closely to the question from the
member for Griffiths. I will allow him to
complete his question, but I am listening
very carefully to see whether it is in order.

Mr Rudd—Deputy Prime Minister, isn’t
it the truth that your political party has al-
ready collapsed, just as Australia’s trade per-
formance has collapsed with the 49th con-
secutive trade deficit announced today?

The SPEAKER—The last part of
that question is in order; the rest of it is not.
The Deputy Prime Minister may answer the
last part of the question.

Mr Vaile—I am happy to answer either
part but, as far as the second part of the ques-
tion is concerned, our trade performance is
not collapsing. The figures today reflect a
reduction in the trade deficit and an increase
in exports, and you know it.

Workplace Relations

Mrs Markus (2.11 pm)—My question
is addressed to the Minister for Employment
and Workplace Relations. Would the minister
advise the House how Work Choices inter-
acts with state occupational health and safety
laws? Is the minister aware of any alternative
views?

Mr Andrews—I thank the member for
Greenway for her question. I note that the
unemployment rate of 4.5 per cent in her
electorate of Greenway is below the national
average, and almost half what it was at 8.8
per cent when Labor was in government.
That is a result of the strong economic man-
agement of this government, which has led
to more jobs for people not only in Green-
way but right throughout Australia.

The honourable member asked me about
the continuing absurd claims made by the
opposition and the unions about occupational
health and safety under Work Choices. I
again reiterate to the House that occupational
health and safety remains a responsibility of
the states and territories and indeed is legis-
lated for by the states and territories in Aus-
tralia. But this has not stopped those opposite
and others from running around suggesting
otherwise. We have had Labor’s great new
hope, Bill Shorten, running around suggest-
ing that occupational health and safety training
is somehow at risk under Work Choices.
Indeed, on Sky News on 22 May, Mr Shorten
had this exchange with David Spears, who
asked: ‘Do you accept that workers at this
mine or any mine or any workplace will still
be able to receive union provided safety
training under the new laws?’ Mr Shorten
responded, ‘No. I don’t accept that.’

That was pretty clear. But I was very sur-
prised recently when I came across a union
collective agreement which was lodged with
the Office of the Employment Advocate, I
am advised, on 12 May this year—a union
collective agreement lodged since the intro-
duction of the Work Choices legislation on
27 March. When I look in this agreement I
find clause 26—

Mr Brendan O’Connor interjecting—

The SPEAKER—Order! The member for
Gorton!

Mr Andrews—I see clause 26, which
is headed—

Mr Brendan O’Connor interjecting—
The SPEAKER—The member for Gorton is warned!

Mr ANDREWS—‘Occupational health and safety’. Clause 26.2 states:
... the Victorian Occupational Health and Safety Act 2004, its regulations and associated safety legislation will apply.
And it goes on to say:
All employees will participate in safety training programs, including detailed induction on refinery and project safety procedures.
So this clearly sets out that the Victorian occupational health and safety law will continue to prevail. Not only that, when I turn over to the next page I find the following in clause 26.11:
Occupational health and safety representatives will be provided with five days paid training for attendance at an occupational health and safety course consistent with the provisions of the Occupational Health and Safety Act 2004.
In other words, union training, if that is the choice, will continue to be provided as part of that occupational health and safety training if that is what the Victorian legislation prescribes. As I said, this was a surprising agreement in light of the comments from the opposition and, particularly, in light of that interview with Mr Shorten on the television recently. When I turn to the back of this agreement to see who the signatories are, I see that this agreement, lodged on 12 May, was signed, for and on behalf of the Australian Workers Union, by the assistant secretary of the Australian Workers Union. So we have Mr Shorten and others opposite going around Australia saying—as Mr Shorten did on Sky News—‘I don’t accept that workers will still be able to receive union provided safety training,’ when his own union is negotiating an agreement under Work Choices which provides specifically for the continued operation of occupational health and safety laws and, indeed, training in Australia. This says once again what the unions and those opposite know, and that is that occupational health and safety is a matter for the states and territories in Australia and nothing in Work Choices will stop training being provided by a union if that is what the parties decide.

Mr Beazley interjecting—

Mr Michael Ferguson—Tell the truth, Mr Beazley.

The SPEAKER—Order! The member for Bass will withdraw that.

Mr Michael Ferguson—I withdraw.

Queensland Liberal and National Parties

Mr BEAZLEY (2.16 pm)—My question is to the Deputy Prime Minister and Minister for Trade. I refer the Deputy Prime Minister to the release of the agreement that will see the Liberal Party take over the Queensland National Party.

Mrs Bronwyn Bishop—Mr Speaker, I rise on a point of order.

Mr BEAZLEY—Mr Speaker, we have had repeated questions on this in the chamber.

Mrs Bronwyn Bishop—Mr Speaker, you have already ruled that questions pertaining to matters or political parties not pertaining to office are out of order. I invite you to rule the Leader of the Opposition out of order.

The SPEAKER—I will listen carefully.
The Leader of the Opposition has not completed his question, but I am sure he is aware of the point raised.

Mr BEAZLEY—We have already had yesterday and today several questions in relation to this. This is now a matter on the record of the parliament. Mr Speaker, I would remind you that Mr Vaile is also the Deputy Prime Minister.

The SPEAKER—The leader will come to his question.
Mr BEAZLEY—Wasn’t the Deputy Prime Minister wrong when he said in relation to proposals that the Queensland Nationals join the Liberals that there is ‘overwhelming support for the arrangements we have in place’? Wasn’t Senator Boswell, the Leader of the Nationals in the Senate, closer to the truth when he said: ‘Everyone is supporting Mark; well, nearly everyone. Bruce Scott’s not’? Deputy Prime Minister, isn’t the real truth that the whole Queensland National Party—

Mrs Bronwyn Bishop—Mr Speaker, on a point of order: standing order 98(c), which you upheld previously, says quite clearly:
A Minister can only be questioned on the following matters, for which he or she is responsible or officially connected:
(i) public affairs;
(ii) administration; or
(iii) proceedings pending in the House.

None of those things relates to the nature of the question being asked by the Leader of the Opposition. He is out of order.

The SPEAKER—I will rule on the point of order.

Mr BEAZLEY—At least the honourable member has made the case for this being persisted with. Quite clearly these are matters for which the minister is responsible. They are matters that have been dealt with in this House.

The SPEAKER—Order! The leader will not debate the point of order. A question should not ask a leader of a party about matters that refer to party matters only. He should be asked questions relating to his ministerial responsibilities. I call the Leader of the Opposition and ask him to take note of that point. I will hear his question, but he should be mindful of this point.

Mr BEAZLEY—Deputy Prime Minister, how can you persist as Minister for Trade when the real truth is that the whole Queensland National Party has walked out and the Deputy Prime Minister is as irrelevant in his party as the Nationals are in the bush?

Mrs Bronwyn Bishop—Mr Speaker, further to my point on standing order 98(c): page 538 of House of Representatives Practice says:

... Speakers have ruled out of order questions or parts of questions to Ministers which concern, for example:

• statements, activities, actions ... of the Minister’s own party or of its conferences, officials, representatives or candidates ...

Quite clearly, it is out of order.

The SPEAKER—Order! I remind the member for Mackellar that the Leader of the Opposition, when he rephrased his question, asked the Deputy Prime Minister about a matter relating to his ministerial responsibilities. That part of the question is in order.

Mr VAILE—In response to the Leader of the Opposition, there is no question about my ability to continue as the Minister for Trade in this government, nor about the support I receive from my party, nor are the quotes you referred to inconsistent.

An opposition member—Release Bruce!

An opposition member—Where is he? What have you done to him?

Mr Ripoll—He’s into a witness protection program.

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

Trade Skills Training Visas

Mr CAMERON THOMPSON (2.22 pm)—My question is to the Attorney-General in his capacity representing the Minister for Immigration and Multicultural Affairs. Would the Attorney-General advise the House of government initiatives to enable companies to meet skills shortages by bring-
ing in workers on temporary visas? Is the Attorney aware of the level of support for these programs?

Mr RUDDOCK—I thank the honourable member for Blair for his question because I know that the member for Blair, like many members of this House, appreciates particularly the importance of temporary workers entering Australia as a source of labour, particularly in regional areas, where there are skills shortages that cannot be met in the local labour markets. Many leaders of state and territory governments around Australia have forcibly put those views over time. It is very obvious that skills shortages which are left unmet often deny other Australians work opportunities. In these cases, companies can turn to temporary workers from overseas and use particularly the form of visa known as a 457.

Employers are particularly supportive of these measures. Without them many of those companies would have trouble in continuing to expand their operations or maintain them. Often that would put at risk the jobs of Australians. It is for this reason that the government has been responding positively to community and business needs.

But that support is not universal. The Labor Party have made no secret of their dislike for the temporary entry visa system. They are dressing these arguments up in ways which I think bring them no merit. The Leader of the Opposition has made it clear that he does not want companies bringing in qualified workers and welders. The Deputy Leader of the Opposition has been critical of workers entering under the 457 system and so has the member for Watson.

Ms Plibersek interjecting—

The SPEAKER—Order! The member for Sydney!

Mr RUDDOCK—I am interested that the member for Sydney is speaking about this matter, because there are other members of this House who recognise the value of people coming in under the temporary work visas, and they even write at times to the minister on behalf of their constituents.

Ms Plibersek interjecting—

The SPEAKER—The member for Sydney is warned.

Mr RUDDOCK—I would like to see her remain, because I make the point that there are numbers of members who write to the minister on behalf of constituents advancing the very reasons that this government gives for this program. In fact, I have a letter here from the member for Sydney. The member for Sydney wrote to the minister on 19 April. She said that she was concerned that a constituent could not expand his restaurant business until he could bring in a chef. She went on to say that her constituent had employed extra staff to work in expanding the business. She went on and said he had to turn down a lease on prime restaurant space because he was not able to expand his restaurant until he had received the approval.

We know where the Labor Party stands on these matters. There are some members who go out and argue on behalf of their constituents that the visa system should be expanded, while there are others out there suggesting that these measures do not benefit the Australian community, do not create jobs and put jobs at risk—when nothing could be further from the truth, as the member for Sydney knows.

Export Crops

Mr KELVIN THOMSON (2.26 pm)—My question is to the Deputy Prime Minister and Minister for Trade. Is the Deputy Prime Minister aware of a recent government publication Managing vertebrate pests: rodents,
which shows rats undermine export crops, damaging trade by up to $26 million a year, and which describes Queensland canefield rats as a rising threat? Is the minister taking any action to deal with the emerging threat from Queensland rats?

Mr VAILE—I thank the member for his question. These people seriously put themselves forward as the alternative government in Australia. What the publication proves is the extent to which the government does go to assist Australian exporters to be as competitive and efficient as possible. And I think that the member for Hotham would know all about rats.

Economy

Mr LAMING (2.28 pm)—My question is to the Treasurer. Would the Treasurer outline to the House recent data on the Australian economy? Treasurer, what does this indicate about the Australian economic outlook?

Mr COSTELLO—I thank the honourable member for Bowman for his question. I can inform him that today’s international trade in goods and services figures show that the trade deficit narrowed to $1.1 billion, led by an increase in exports of five per cent or $799 million. The rise in exports was largely due to a solid increase in commodities exports, although, of course, the impact of Cyclone Glenda, which hit the Western Australian coast in late March and early April, would still be depressing exports from the North West Shelf and from the Pilbara.

Over the past three years Australia’s mining industry has invested around $31.6 billion in increasing its productive capacity, and this will lead to an increase in export volumes over the course of the year and into next year. The RBA financial aggregates were also released today. What they showed was that business credit rose by 1.9 per cent to be 17.2 per cent higher over the year. This shows that business is borrowing solidly for investment but that it is in a very strong position in relation to those borrowings with the share of profits at near historical highs in the Australian economy. Conversely, household credit is slowing, rising by one per cent in April to be 12.8 per cent higher over the year.

What we see in these particular figures is an improvement on the export front. We see strong business investment in the Australian economy and moderating personal credit growth, which is consistent with the household sector slowing. This is important as the economy rebalances itself from domestic sources of growth to external sources of growth. Supported by a strong global economy over the years which are ahead, we should see that rebalancing continue.

Prospects for the Australian economy are strong. The government’s strong fiscal position is contributing to savings in Australia. The fact is that we have now reduced Labor’s $96 billion of net debt to zero and are saving $8 billion in interest payments, the important tax cuts which are due to take effect in July—

Mr Tanner interjecting—

Mr COSTELLO—and the baby bonus, which no doubt the member for Melbourne has just taken advantage of. I look forward to him writing and thanking the government for the baby bonus that it introduced. And can I tell him that we wish he has many more children; we would be happy to pay him many more baby bonuses. These policies for families and these policies in relation to tax changes will support the Australian economy in the years which are ahead.

The important thing for the Australian economy is this: strong, disciplined economic management. Nothing could be more important than keeping the Labor Party in
opposition when it comes to strong economic management so that Australians have the opportunities of great jobs into the future.

Workplace Relations

Mr BEAZLEY (2.32 pm)—My question is to the Prime Minister. I refer the Prime Minister to the government’s $55 million advertising campaign, which included the Work Choices booklet, which stamps the following entitlements—public holidays, rest breaks, incentive based payments and bonuses, annual leave loadings, allowances, penalty rates, shift/overtime loadings—as protected by law. I also refer to clause 20 of the Spotlight 2c an hour AWA, which includes: ‘This expressly excludes the operation of protected award conditions with respect to public holidays, rest breaks, incentive based payments and bonuses, annual leave loading, monetary allowances, penalty rates, loadings for overtime or shiftwork.’ Prime Minister, rather than being protected, aren’t all these gone for 2c an hour?

Mr HOWARD—In the case, that could not be more wrong, because in the case of 38 out of the 40 workers employed at the Mount druitt Spotlight firm all of those people went from being on the dole into a job that paid $355 a week—

Ms King interjecting—

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

Mr HOWARD—So, far from those conditions being gone for 2c a week—

Ms King interjecting—

The SPEAKER—Order! The member for Ballarat will excuse herself under standing order 94(a).

The member for Ballarat then left the chamber.

Mr Pyne interjecting—

East Timor

Mr JULL (2.34 pm)—My question is to the Minister for Foreign Affairs. Would the minister update the House on recent political developments in East Timor?

Mr DOWNER—I would like to thank the member for Fadden for his question and for his interest. I think members of the House may have heard already this morning that President Gusmão has declared a state of grave crisis in East Timor. He has announced that he will be formally assuming the sole responsibility for the areas of defence and national security for a period of 30 days. He is doing so in his constitutional capacity as the commander-in-chief of the armed forces of East Timor. I note that the President has appealed to all groups to hand over weapons to authorities, particularly to international forces. He has also foreshadowed some ministerial changes, and I understand they are being considered during the course of today.

Although there are still clearly problems with security, nevertheless the Australian military presence in East Timor has created an environment where these kinds of political discussions and decisions can take place and where the East Timorese can organise themselves appropriately politically. Political reconciliation is obviously going to be the key to resolving the current crisis and to ensuring that East Timor has a stable future. I commend the leadership of East Timor for upholding the rule of law and for operating, as they are clearly and rightly endeavouring to do, within the confines of their own constitution. We would, of course, urge all sides, whilst they may have differences, to act in
the best interests of the nation in endeavouring to try to reconcile those interests.

Our ambassador and Brigadier Slater during the course of this morning had a meeting with Prime Minister Alkatiri and these messages have been reinforced at that meeting with Prime Minister Alkatiri. The meeting I understand was a friendly, constructive and positive meeting. It was the first meeting that Brigadier Slater had had with Prime Minister Alkatiri and I am glad it went well. I, for my part, have remained in constant contact with my East Timorese counterpart, Jose Ramos Horta.

We do continue to receive reports of opportunistic gang violence in Dili. Certainly that was quite a problem during the latter part of yesterday. As Brigadier Slater said, some days will be worse than others. We have to expect that there will be difficulties from time to time. I do not think any of us should underestimate the complexity of the situation on the ground—the different fissures that there are in East Timorese society and the need to try and reconcile those. The Australian troops in East Timor, though, have made considerable progress. They have secured the centres where internally displaced people are located. They are doing a very good job in patrolling the streets. They have collected some 400 weapons so far, which is a great credit to them, but it does say something about the number of weapons there are out there.

We are continuing to deliver immediate humanitarian assistance to East Timor, particularly through non-government organisations and United Nations agencies. Food and water have been delivered to tens of thousands of people. From today, Australian Defence Force C130 flights will deliver extra food and water supplies into East Timor. Brigadier Slater, our ambassador and others in East Timor deserve a high degree of praise and credit for what they are doing, and ultimately what they are doing is assisting the people of East Timor to get their lives back together again and to give the country a good future.

The SPEAKER—I call the honourable member for Perth.

Mr Pyne interjecting—

The SPEAKER—Order! The member for Sturt will remove himself under standing order 94(a).

The member for Sturt then left the chamber.

Workplace Relations

Mr STEPHEN SMITH (2.39 pm)—My question is to the Prime Minister. Does the Prime Minister recall this booklet, stamped ‘Protected by law’, produced as part of his $55 million advertising campaign? Is the Prime Minister aware from Senate estimates last night that, of the 5.9 million booklets produced by the government, only 314,638 of them have been ordered by the public and a remaining 5.6 million booklets are in storage at a cost to the Australian taxpayer of nearly $8,000 a month? Given the surplus booklets, why doesn’t the Prime Minister just send a copy of the booklet to Mrs Harris and the other 6,000 Spotlight employees? Prime Minister, wouldn’t that help Mrs Harris understand how losing $90 week really protects her?

Mr HOWARD—She didn’t.

Trade

Mr HARTSUYKER (2.40 pm)—My question is addressed to the Deputy Prime Minister and Minister for Trade. Would the Deputy Prime Minister outline to the House how the government is working for a successful conclusion to the current round of global trade talks? How will the new global trade deal help Australia’s exporters?
Mr VAILE—I thank the member for Cowper for his question and recognise his keen interest in improving the opportunities for Australian exporters across the world through the multilateral trade negotiations called the Doha Round. Of course, the member for Cowper has many industries in his area, manufacturing industries as well as agricultural industries, that want better access into global markets. That is what the Australian government is looking for in seeking an ambitious outcome to this round of negotiations. It is our No. 1 trade priority and has been for a number of years.

This round was launched in 2001, there have been a series of meetings and it is fast reaching a point in time where it must be concluded. There is only one way that it is going to be concluded successfully and to the satisfaction of Australian exporters, and that is if the major players and those countries that have got a contribution to make begin to make the political commitment that needs to be made now so that we can progress.

Last week whilst overseas I chaired a meeting of key trade ministers, including those from the European Union and the United States, who are core to this negotiation, to set up a roadmap, if you like, through June and July. By the end of June we need to have achieved the modalities for agricultural market access and non-agricultural market access to be able to achieve our deadlines this year. It is now time those major players closely engaged so they can scope up the sorts of levels of commitment and compromise that are going to be needed to see this deal done. As I indicated, this round is our No. 1 trade policy priority. A successful outcome to this round would mean hundreds of billions of dollars of improved global welfare that Australia could participate in. It is incredibly important for our agricultural industries and obviously Australia’s farmers to get better access to markets, particularly those in the European Union.

We as a government have consistently over the years improved the circumstances in Australia for our exporters. We removed about $3½ billion worth of wholesale sales tax off the back of our exports and we have improved the economic environment in which they are operating in Australia to put them on a stronger platform to launch into markets across the world. This is an opportunity to remove on a multilateral basis many of those barriers in many of those markets across the world. Australia is playing a key role in these negotiations. We call on our major colleagues now to make the political commitment in the coming months to achieve the goals not just for our exporters and our economies but also to help lift millions of people out of poverty in the developing world. Success will create more opportunities for Australian exporters to help them create more jobs in their industries and ultimately to put more dollars into the pockets of working Australian families.

Workplace Relations

Mr STEPHEN SMITH (2.43 pm)—My question is to the Prime Minister. I refer the Prime Minister to a statement by the Minister for Employment and Workplace Relations on Friday of last week in response to the Spotlight 2c an hour AWA:

... the evidence from the Office of Employment Advocate is that the vast majority of agreements...

... continue to contain things like penalty rates and overtime.

I refer to the Senate estimates earlier this week, which revealed that 6,263 AWAs have been lodged with the Office of Employment Advocate since the commencement of the government’s legislation. Of those AWAs sampled, 100 per cent—all of them—excluded at least one protected award condition, 63 per cent removed penalty rates, 52
per cent removed shiftwork loading and 16 per cent removed all award protected conditions. Prime Minister, why did the minister not tell the Australia public the truth last week?

Mr HOWARD—The Deputy Leader of the Opposition did not tell this parliament the truth about that company in South Australia. I therefore do not accept on face value what the member for Perth has claimed my colleague has said. While I am on my feet, what I can inform the member for Perth to be the case is that the sample survey of 250 AWAs in April showed that 84 per cent of the AWAs had higher wage rates than the comparable awards.

Mental Health

Mrs ELSON (2.45 pm)—My question is addressed to the Minister for Health and Ageing. Would the minister advise the House on the government’s commitment to improving mental health services?

Mr ABBOTT—I thank the member for Forde for her question and for her interest in this area. I can inform her and the House that it is estimated that, in any one year, up to one in five Australians can suffer a significant mental health problem but that up to a half of all mental health problems are not effectively treated. We know that mental health problems can be hard to diagnose, difficult to treat and slow to cure, but this is a reason to increase our efforts in mental health care, not to reduce them.

As part of its commitment to the Council of Australian Governments mental health program, the federal government recently announced $1.9 billion in additional mental health spending. Amongst other things, Medicare will be expanded to allow GPs and psychiatrists to refer patients to psychologists. It is estimated that this will mean an additional 400,000 psychologist consultations a year. GP and psychiatric practices will be supported to employ mental health nurses and it is estimated that an additional 36,000 patients a year will be helped through this measure. As well, the government will fund an extra 420 mental health nurse training places and an additional 200 clinical psychology training places, and the government will further expand the Better Outcomes in Mental Health program in regional areas.

More good news from the Howard government: yesterday, thanks to the good work of the Parliamentary Secretary to the Minister for Health and Ageing, who is momentarily absent from this parliament, I can say that an agreement to provide $54 million to the Youth Mental Health Foundation was finalised. Much mental health care in public hospitals or in supported accommodation remains, of course, the responsibility of the states, but I am confident that the federal government doing much more in its area of responsibilities will encourage the states to do what is needed in their area of responsibility.

Workplace Relations

Mr STEPHEN SMITH (2.48 pm)—My question is again to the Prime Minister. Does the Prime Minister recall the Cowra Abattoir case which occurred during the first week of operation of the government’s industrial relations legislation? Is the Prime Minister aware of a May 2006 Office of Workplace Services report entitled ‘Cowra abattoirs: report of an investigation into alleged breaches of the Workplace Relations Act 1996’? Prime Minister, doesn’t that report recommend that no further action be taken and conclude that the employer had operational reasons for terminating employees and their conduct did not constitute a breach of the government’s legislation? When will the Prime Minister and the Minister for Employment and Workplace Relations finally admit this?
Mr HOWARD—The answer to the first part of the question is yes. The answer to the second part of the question is that I have seen reports of a report by the Office of Workplace Services. I have also seen a press statement released today by the Office of Workplace Services which states ‘that, despite media reports today to the contrary, the investigation into Cowra Abattoir Pty Ltd is yet to be finalised’. Now that the member for Perth, with his customary searching analysis, has raised the question of the Cowra Abattoir, let me say something about this company and let me say something about the campaign that is being waged by the Leader of the Opposition and the Labor Party, who apparently believe it is better for potentially 200 people to lose their jobs entirely because a firm goes out of business than it is for a firm to adjust its workforce down, retain the majority of them and keep the business going.

Mr Stephen Smith—Admit it.

The SPEAKER—Order! The member for Perth has asked his question.

Mr HOWARD—The truth is that what has happened at Cowra Abattoir reflects a situation that obtained before Work Choices was introduced and will obtain irrespective of what industrial relations system this country has. The reality is that Cowra Abattoir has been suffering financial difficulties for some time. I table a letter dated 16 February 2006 from Cowra Abattoir to all its employees which outlines the reasons the company came to the conclusion that it had to get by with a lesser number of employees.

The truth is that, no matter what industrial relations system you have, there comes a time with many firms when either an adjustment in the size of the workforce or some adjustment in the conditions under which some of the workforce are employed is necessary in order to keep a firm going. I might remind the member for Perth that when his beloved industrial relations system governed this country in the early 1990s it did not stop a million Australians being thrown out of work because of the recession we had to have. The truth is that the attitude of the Labor Party is that it is better that everybody lose their job because the firm goes broke than there be some adjustment to the workforce to keep a firm going.

No matter what generality of strong economic conditions we may have obtained in this country, there will always be some firms, through some combination of reasons, that are doing poorly. To suggest that when a firm is operating uneconomically it has no right to alter the structure of its workforce, it has no right to ask its workforce to accept a changed operation and it has no right in the end, regrettable though it might be, to retrench some of its workforce, but that it has to maintain all of its workforce at the same level of remuneration with the inevitable consequence that the firm is going to go out of business, defies rationality. It is that kind of thinking that helped throw a million people out of work when the Leader of the Opposition was the employment minister of this country.

Avian Influenza

Dr WASHER (2.53 pm)—My question is addressed to the Minister for Foreign Affairs. Would the minister update the House on action the government has taken to combat avian influenza in our region? Are there any alternative policies?

Mr DOWNER—I thank the honourable member. Being a medical doctor, I know he is very interested in the issue. Since December 2003, there have been 224 cases of avian flu and 127 deaths from it. Last week the WHO importantly confirmed seven cases leading to six deaths in the northern part of Sumatra and it was suspected by the WHO
that these deaths were caused by human-to-human infections among people living in very cramped conditions, although the WHO has gone on to say there is no evidence that this case indicates the virus can be spread easily between humans. Nevertheless, that incident is a salutary warning that this is still a very live and serious issue. Two days ago, the Indonesian government confirmed six more infections, including three deaths, elsewhere in Indonesia.

Australia is taking a leading role in dealing with this issue in the region. We spent $140 million over four years to combat pandemics and emerging infectious diseases. We have been working with APEC since 2001 on assisting the region to prepare for this problem. On 7 and 8 June, Australia will lead and fund the APEC pandemic response exercise, which will test regional coordination and preparedness and identify where we can significantly improve emergency communications in the region. Eight economies are going to participate: China, Indonesia, Japan, Korea, Malaysia, Taiwan—or Chinese Taipei, as we say in APEC—Vietnam and also Chile.

Finally, the honourable member asked if there were any alternative views. As was pointed out by the Minister for Agriculture, Fisheries and Forestry the other day, I am delighted to report there are not any alternative views. The member for Griffith is in lockstep with the government on this issue, so much so that, as the Minister for Agriculture, Fisheries and Forestry pointed out, he published on Labor’s web site, interestingly enough on 11 September last year, words which are simply lifted in slabs from the World Health Organisation, the American Centres for Disease Control and Prevention and, I think, very flatteringly, from our own health minister’s documents as well. On the face of it, you would expect us to welcome the opposition simply plagiarising the work of the government and other institutions, but it does remind me to remind the House that some 10 years ago the Labor Party made allegations against a Liberal MP—I think he was the member for Cowan at the time—of plagiarism. Let me remind the Labor Party that they dubbed it shameful and a massive deceit. They even went so far as to move a motion in the House to have that member and the plagiarised work referred to a parliamentary committee. I wonder if the House remembers that. It begs the question whether the Labor Party takes the same view today about members plagiarising the work of others, as the member for Griffith has done, and whether the Leader of the Opposition will this time have the courage to move a motion to refer the member for Griffith and his plagiarism to a parliamentary committee.

Wheat Exports

Mr GAVAN O’CONNOR (2.57 pm)—My question is to the Minister for Agriculture, Fisheries and Forestry. I refer the minister to his personal explanation—

Mr McGauran interjecting—

Mr GAVAN O’CONNOR—You just watch it there, Macca!

The SPEAKER—Order! The member for Corio has the call.

Mr GAVAN O’CONNOR—I refer the minister to his personal explanation to the House yesterday concerning his endorsement of work on alternatives to the single desk for wheat by industry body Single Vision. Did the minister meet with directors or officers of Single Vision prior to the commencement of its single desk review in March this year? Was he informed of the organisation’s plan to commission this work?
Mr McGauran—I thank the honourable member for his question. Of course, the government welcomes the views of stakeholders. There are a great many opinions and views being expressed, from within the industry especially, with regard to future arrangements for the single desk. The government has not endorsed anybody’s view; we have heard many people. I am stopped often as I walk around the countryside, as my colleagues are. A lot of people come up to us; a lot of views are put to us officially and unofficially. We have said on any number of occasions that the government endorses the single desk so long as it is of benefit to wheat growers and is in the national interest.

Mr Tanner interjecting—

The Speaker—the member for Melbourne is warned.

Mr McGauran—It is not productive to speculate on what the changes might be in the future. We are waiting for the Cole report before doing so. In regard to Single Vision, can I remind the honourable member that it is an entity associated with the Grains Research and Development Corporation, it is funded out of levies and it is an industry body. Just as members of the Grains Council of Australia and the Grains Research and Development Corporation put views to me, so has Single Vision. I am not going to close my door to anybody. Instead, I will respect industry views, but the government has not concluded its own views.

Whaling

Mrs Gash (3.00 pm)—My question is addressed to the Minister for Transport and Regional Services. Would the minister inform the House of recent steps the government has taken to strengthen the protection of whales? Are there any alternative approaches?

Mr Truss—I thank the honourable member for Gilmore for her question. She and I, as representatives of electorates which have significant whale-watching industries, are very interested in the preservation of whales and in ensuring their wellbeing. This government has taken a world lead in promoting the conservation of whales. We have been very active in progressing whale conservation domestically and through international fora, particularly the International Whaling Commission. The Minister for the Environment and Heritage, Senator Ian Campbell, is currently visiting a range of Pacific nations seeking support for the conservation of whales in the run-up to the next meeting of the IWC, to be held in a couple of weeks time.

There is a very real possibility that pro-whaling nations will have the majority at the upcoming IWC meeting and will seek resolutions to ultimately bring about a return to commercial whaling. We have to take this upcoming round of meetings very seriously. There is a risk that we could slip back on what has been achieved to date. So Senator Campbell’s current mission is a very important one—to seek to shore up support for what has been achieved to date and, hopefully, take the matter further.

The honourable member asked whether there were any alternative policies. In this instance the Labor Party do have some alternative views. They took little interest in whaling when they were in government. In fact, no Labor minister ever bothered to attend the International Whaling Commission meetings. Now their only solution to these problems is to take legal action—or similar responses. I was interested to note, however, that not all—

Mr Albanese—Mr Speaker, I take a point of order. As amusing as it is to have a
Queensland Nat ask about endangered species—

The SPEAKER—Order! The member will come to his point of order.

Mr Albanese—I would draw the minister back to standing order 104, on relevance.

The SPEAKER—Order! The member for Grayndler will resume his seat. The question was phrased in two parts. I believe the minister is in order. I call the minister.

Mr TRUSS—Mr Speaker, I am responding to the element of the question that asked about alternative policies. I was referring to the fact that not all members of the Labor parties around the world follow the views of the opposition in relation to the value of legal action to endeavour to prevent the exploitation of whales. Indeed, New Zealand’s delegate to the International Whaling Commission is a former New Zealand Labour Prime Minister, Sir Geoffrey Palmer. He also spent some time on the International Court of Justice. He was quoted recently as saying: We’ve been looking at the legal theories that are available against the Japanese for some months. There is no legal theory that is available that can prevent, in our view, the Japanese from doing what—

Mr Albanese—Mr Speaker, I take a point of order. He may not know whether he is a Queensland Nat or a Queensland New Liberal, but we know who we are, Mr Speaker.

The SPEAKER—Order! The member will resume his seat. That is not a point of order.

Mr TRUSS—It is clear that the Labor Party are barren when it comes to dealing with issues such as the conservation of whales. Their only policy has been rebutted conclusively by their colleagues in other parts of the world. It is time they got on and backed Senator Ian Campbell and the Australian government in its actions before the International Whaling Commission to try to preserve and protect this wonderful species.

Indigenous Communities

Mr KATTER (3.04 pm)—Is the Minister for Families, Community Services and Indigenous Affairs aware that in 1989 the Queensland Auditor-General effectively had no problems with any of the 28 Aboriginal community councils? At the time all were receiving back-up from a full government department, an Aboriginal coordination council and an ‘on location’ information and advisory officer carrying out continuous audit on service delivery and expenditures. Is the minister aware that incoming Labor governments abolished all three of these essential support services? Is the minister further aware that 1980s Queensland legislation provided the mechanism by which Aboriginal community residents could own their own homes, shops, farms and businesses? Is the minister aware that this was also abolished, reducing every one of the three million hectares of DOGIT lands to collective ownership, now owned by trustees appointed by, and at the convenience of, the Queensland minister?

Mr Hardgrave—That’s communism.

Mr KATTER—That’s a very good comment.

The SPEAKER—Order!

Mr KATTER—Finally, is the minister aware—

The SPEAKER—The member will come to his question.

Mr KATTER—I have been interrupted continuously, Mr Speaker.

The SPEAKER—The member will come to his question.

Government members interjecting—

The SPEAKER—Order! Members on my right!
Government members—That’s a good question.

The SPEAKER—The member for Kennedy has the call.

Mr KATTER—I doubt it, Mr Speaker. Finally, is the minister aware that escalating group violence has precipitated the reintroduction of the old racially discriminatory legislation banning alcohol? Since parents have no rights to force their children to go to school, education levels have sunk to their lowest levels in 10 years. Essential services have failed to such an extent that house building in one community has fallen from 13 houses per year to two per year and occupancy rates are soaring to over 15 people per home. Could the minister seriously look at intervening in Queensland and protecting communities such as Mornington Island from Queensland’s continuing maladministration?

Mr BROUGH—I thank the member for his question and his obvious clear understanding of the issues, dating back a long time. I wonder who the minister was at the time, back in the 1980s, in Queensland. The issues that the honourable member raises are serious. They go to the heart of the frustration of Indigenous Australians when they cannot own their own homes or businesses. They see very little future for themselves under the DOGIT system that operates in Queensland and under the current native title laws that operate in the Northern Territory.

I am very aware of the situation on Mornington Island. I went there recently and was saddened to learn from the mayor of the council in Queensland that they have inadequate bureaucracy supporting those councils. The Auditor-General has found that they have in fact been dealing outside their financial capabilities. In fact, the Queensland government is looking at what it will do with the council. The reality is that no council is going to succeed if it does not have adequate bureaucracy supporting it. This government now has legislation before the House which provides that CEOs of organisations will be held responsible and will no longer be able to move from one council or one Aboriginal corporation to another and get away with maladministration.

The situation on Mornington Island is deplorable. We have already moved with the state government, and I applaud the Queensland Minister for Energy and Aboriginal and Torres Strait Islander Policy, John Mickel, for his interest in trying to rectify the situation. But the fact is that children on Mornington Island do not go to school and the parents have said to me—as I am sure they have said to the honourable member for Kennedy—that they want the law to apply equally to them as it would to white children anywhere else. That is, if their children do not go to school, the state government should act to ensure that they get them to school so they have an education and a real future. There is an intervention program in place, but we have to ensure that Indigenous people have the right to run their own property, that businesses can operate openly in the market economy, that children are forced to go to school, that they get an education and that the deplorable level of violence and gambling to great excess, which is putting children at risk, is dealt with. That is a commitment that we have in working with the state governments. The summit that we have notified everyone of will be carried out shortly, and it will go a long way to addressing many of the concerns that the honourable member for Kennedy has raised today.

Education

Mr BARTLETT (3.09 pm)—My question is addressed to the Minister for Education, Science and Training. Would the minister inform the House of the steps the go-
government is taking to uphold academic standards in Australian schools? Are there any alternative policies?

**Ms JULIE BISHOP**—I thank the member for Macquarie for his interest in this matter. The Howard government is determined to ensure that all students across Australia receive quality schooling and nationally consistent standards. That is why we are focusing on literacy and numeracy testing across Australia on statements of learning in years 3, 5, 7 and 9 and a certificate of education for year 12. That is why we have invested a record $33 billion in schooling—a $12 billion increase over the last funding period.

I am asked about alternative policies. Just when you thought that Labor could not get any lazier on policy development, I can announce to the House that, after a five-year absence, Knowledge Nation is back. Remember the noodle nation? In reannouncing this policy over the weekend, the Leader of the Opposition said:

"I see no good reason why the best bits of my Knowledge Nation can’t have new life breathed into them."

While the Leader of the Opposition is reheating his instant noodles, we on this side of the House want to know which bits are the best bits. Which bits is he going to leave out? Is he going to leave out schools, the environment or tourism? While members opposite cringe at the memory of Knowledge Nation the noodle nation—they were not so polite when it was first introduced. I recall the member for Hotham—always very polite—in the understatement of the year, saying, ‘I think we need to simplify it.’ The member for Grayndler, in a confessional mode, said, ‘I know some of you were really disappointed with the Knowledge Nation package.’ Disappointed? The member for Melbourne said, ‘The Knowledge Nation policy taken to the 2001 election was a prime example of what not to do next time.’ But we had to hand it to Alan Ramsey from the Sydney Morning Herald to tell it as it is. He said:

In one mad moment, with his incomprehensible bird’s nest sketch of 23 circles and 40 train lines, Barry Jones made Kim Beazley’s Knowledge Nation an instant national joke …

Why would Labor bring back a discredited policy? Because, unlike the Howard government, they refuse to do the hard yards in policy development. They do not come up with any new ideas to take Australia forward, and that is why they have brought back from the ashes a failed and discredited policy.

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

**FORMER SENATOR KEN WRIEDT**

**Mr HOWARD** (Bennelong—Prime Minister) (3.12 pm)—Mr Speaker, I seek your indulgence to extend an apology to a former member of the Senate and a former minister in the Whitlam government, Senator Ken Wriedt. Yesterday, I mistakenly referred to him as the ‘late’ Senator Ken Wriedt. I apologise for that and I acknowledge his entitlement to invoke the Mark Twain defence.

**PARLIAMENTARY BEHAVIOUR**

**The SPEAKER** (3.13 pm)—Earlier today the House suspended the Manager of Opposition Business for 24 hours for defying the chair. The circumstances were that the opposition manager moved a motion including unparliamentary terms that had been included in a motion on 25 May moved by the Leader of the House when I was not in the chair. As the official record shows, last week the House resolved that the motion put to the House was in order by negativing a motion of dissent from the Deputy Speaker’s ruling to that effect. I also note that, when I resumed the chair on 25 May, the Leader of the House withdrew the offensive expressions unconditionally.
This morning I requested, as Speaker, that the same unparliamentary expressions be withdrawn without reservation. The Manager of Opposition Business declined to do so. This constitutes defiance of the chair which, in the interests of orderly proceedings, cannot be tolerated. I would expect all occupants of the chair to act as I did this morning. In the interests of the way in which the House is perceived, I would request all members to ensure that the language they use in the House is characterised by good temper and moderation and that the directions given by the chair are complied with. I would also like to take this opportunity to reiterate that unparliamentary expressions should be withdrawn without reservation.

QUESTIONS TO THE SPEAKER

Parliamentary Behaviour

Mr BEAZLEY (3.14 pm)—I have a question to you, Mr Speaker, in relation to the statement you have just made. Do I understand, from your statement, that that is in effect a rebuke of the Leader of the House for the terminology that he used at the time in the chamber, a rebuke for moving the motion in the terms in which he did and a rebuke to the Deputy Speaker at the time for the way in which that matter was handled?

The SPEAKER—I thank the Leader of the Opposition for his question. I believe that the statement that I have just given to the House covers all the points relevant to his question. I do not intend to add to my statement.

Mr BEAZLEY—That is a bit of a problem because I think the honourable member for Lalor has effectively been held to a different standard in her suspension from this chamber today. It may be the case that, after your admonitions to the Leader of the House, he withdrew the terms that he used in describing one of our members on this side of the House, but that does not get over the problem of the particular resolution that was put and carried in this place. It would be a very unfortunate thing if the member for Lalor, our manager of business, was treated in a different manner than the gentleman opposite.

The SPEAKER—I thank the Leader of the Opposition. If I could just clarify again: the point the Manager of Opposition Business was named for was defying the chair.

Parliamentary Behaviour

Mr ALBANESE (3.16 pm)—Mr Speaker, I just draw your attention to the fact that page 33 of the Hansard of last Thursday does still record that motion as being carried by this House: ‘That that snivelling grub over there be not further heard.’ I draw your attention to page 294 of House of Representatives Practice, which makes it very clear that ‘a motion may not be brought forward which ... contains offensive or disorderly words’. The question to you, Mr Speaker, is: what action do you intend to take to ensure that that motion is rescinded and that that reflection on the entire dignity of this House does not remain as a permanent record of this parliament?

The SPEAKER—I refer the member for Grayndler back to the statement I have just made and remind him that there was no refusal last week to withdraw any term, and the Votes and Proceedings record accordingly.

Mr ALBANESE—Page 33 of Hansard records, in fact, that on a number of occasions, both prior to the Deputy Speaker putting the motion and indeed during that division, members on this side of the House—including myself, the Manager of Opposition Business, the member for Fraser and others—all made very clear the fact that we wanted that reference withdrawn. It was not done. In fact, the manager of government...
business compounded the original problem by withdrawing it under the terms:
If I have offended grubs, I withdraw unconditionally.
I note these were the exact words used by the member for Lalor this morning, for which she was suspended.

The SPEAKER—I thank the member for Grayndler and I understand the point he is raising, but I refer him back to my statement, which, I believe, covers all the points that he has raised.

Parliamentary Behaviour
Parliament House: Airconditioning
Mr SECKER (3.19 pm)—Reluctantly, Mr Speaker, I ask you two questions. Firstly, I hope I did not mishear what happened today, but early on in question time I think the member for Bass said something along the lines of ‘Tell the truth’ and was asked to withdraw that comment. Yet the member for Perth, in the seventh question by the opposition today, used the comment, ‘Why did the such-and-such member not tell the truth?’ I just wondered why there might be a difference in treatment for that. I would ask you to check the Hansard on that.

Secondly, on a completely different matter, I have noticed this chamber being quite warm and I wondered whether there is something about the—

Mr Ripoll—Can’t stand the heat in the kitchen!

Mr SECKER—Okay, have your fun.

Mr Albanese—It’s the National Party melting down!

The SPEAKER—Order! The member for Barker has the call.

Mr SECKER—I say that because I think we could save a lot of energy in this House if we did not have the place so unnecessarily warm.

The SPEAKER—I thank the member for Barker. On the second point, I will make further inquiries on the temperature and see what action can be taken. In response to the first point that the member for Barker raises, I refer him to page 499 of House of Representatives Practice. The words that I think are appropriate are:

The determination as to whether words used in the House are offensive or disorderly rests with the Chair, and the Chair’s judgment depends on the nature of the word and the context in which it is used.

Parliamentary Behaviour
Mr RANDALL (3.21 pm)—Can I seek further clarification on the same topic, because in this House—and the member for Hunter will probably agree with me on this—people have often called out, ‘Tell the truth.’ If that is disorderly, you are going to have to knock a lot of people out of this place.

The SPEAKER—I thank the member for Canning. I think I have answered that point.

PERSONAL EXPLANATIONS
Ms MACKLIN (Jagajaga) (3.21 pm)—Mr Speaker, I wish to make a personal explanation.

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

Ms MACKLIN—I do, Mr Speaker—

The SPEAKER—Please proceed.

Ms MACKLIN—by the Prime Minister in question time. The Prime Minister should go down to Naracoorte and talk to the local workers who are being stood down, losing pay, when foreign workers are getting work the locals should be doing.

The SPEAKER—Order! The member will resume her seat. The Deputy Leader of the Opposition is well aware that in seeking the indulgence of the chair she is expected to
show where she personally has been misrepresented.

Ms PLIBERSEK (Sydney) (3.22 pm)—Mr Speaker, I wish to make a personal explanation.

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

Ms PLIBERSEK—Yes.

The SPEAKER—Please proceed.

Ms PLIBERSEK—I claim to have been misrepresented today by the Attorney-General and I seek leave to table the letter that he mentioned in the parliament today. I believe that he intentionally imputed a wrong purpose and intent to the letter that he mentioned. He implied that it is unusual for a member of the parliament to write on behalf of constituents asking for the expedition of business visas. We do it all the time, because skills have declined so badly in this country. We believe Australians should be trained first and trained——

The SPEAKER—The member for Sydney has made her point. Is leave granted for the member to table the letter?

Leave granted.

QUESTIONS TO THE SPEAKER

Hansard

Mr MELHAM (3.23 pm)—Mr Speaker, I refer to the earlier discussion relating to the motion that is currently on the books in Hansard and refer you to House of Representatives Practice, page 588, where it says:

Although only the House itself can exercise control over the content of the Hansard reports, in practice this responsibility has devolved to the Speaker. Rulings of the Chair form the guidelines for what is to be deleted from the debates and what is to be incorporated.

Further down it says:

The Chair has a responsibility to ensure that no objectionable material is included in the debates. Mr Speaker, I put it to you that you have the power, as Speaker of the House, to order that the Hansard be corrected and that the offensive words be removed from the final form of Hansard—this is not the daily Hansard. There is ample precedent for that. Indeed, there was an occasion where a constituent of mine was inadvertently named in question time and the Speaker subsequently allowed the deletion of the constituent’s name from the permanent record of Hansard. So I would suggest to you that there is ample power contained in there. Now you can rule that those words are objectionable and that they be deleted from the final Hansard record.

The SPEAKER—I thank the member for Banks. Could I ask him which edition of the Practice he is quoting?

Mr MELHAM—This is House of Representatives Practice, fourth edition.

The SPEAKER—There is a new edition.

Mr MELHAM—Yes, but it is the same principle. I am sorry I do not have the latest, but it does occur on that particular page. The principle is that you have the discretion to remove those offensive words from the subsequent Official Hansard. It has not been
altered. I am happy to hand you the fourth edition.

The SPEAKER— I thank the member for Banks, I think the fifth edition has taken over. The member for Banks would be aware that it is not normal practice for the Speaker to have words deleted when they are integral to the debate that is in the Hansard.

Mr Tuckey—Mr Speaker, on a point of order in response to that: could I suggest therefore that the member might give you a list of some of the more famous quotes still in Hansard from the one-time Treasurer and Prime Minister Keating, because I can remember—

The SPEAKER—The member for O'Connor will resume his seat. He will not debate the points of order.

PARLIAMENTARY BEHAVIOUR

Mr BEAZLEY (Brand—Leader of the Opposition) (3.26 pm)—Mr Speaker, I do not think your position on this is unreasonable. Therefore, other action needs to be taken. Accordingly, I move:

That so much of the standing and sessional orders be suspended as would allow the Leader of the Opposition to move the following motion:

This Parliament recognises the responsibility we have to the people we are elected to represent, to improve parliamentary standards through the consistent application and enforcement of standing orders and use of language which is appropriate for the National Parliament.

This House reaffirms our support for standing order 89, concerning that “a Member must not use offensive words against...a Member of Parliament”, standing order 90, that “all personal reflections on other Members shall be considered highly disorderly”, standing order 91b, concerning the withdrawal of “objectionable words”, and that House of Representatives Practice on page 294 makes it clear that “a motion may not be brought forward which...contains offensive or disorderly words”.

This House therefore notes that the resolution moved by the Leader of the House on Thursday 25 May 2006, shown at page 33 of Hansard, that “that snivelling grub over there be not further heard” was not altered by the statement that “if I have offended grubs, I withdraw unconditionally”, was therefore subsequently put to the House and carried at page 34 of Hansard, and is an out of order resolution and therefore must be rescinded.

A very substantial injustice has been done here. I do not put you at the centre of that injustice, Mr Speaker, but it is an injustice that has occurred nevertheless. What those injustices oblige you to do, or the course you have chosen to take, is effectively to have the chair treat one member of this chamber on the government side of the House in one form and the Manager of Opposition Business in another form. The Manager of Opposition Business was suspended from the service of this parliament today for doing exactly what was done and what was permitted to stand for a substantial period of time in this parliament by the Leader of the House, including a motion moved in identical terms and followed up by a refusal to withdraw an imputation against a member of the House in exactly identical terms. There is no difference between what the member for Lalor had to say today and what the Leader of the House had to say the other day on the dates that I mentioned here.

The motion that was then moved by the Leader of the House was of course massively disorderly. When we go to House of Representatives Practice we see, as this motion indicates, a very clear statement that ‘a motion may not be brought forward which contains offensive or disorderly words’. ‘That that snivelling grub over there be not further heard’ is quite clearly in absolute breach of that section of standing orders and ought to have been ruled out instantly by the Deputy Speaker at the time. As I said, I am discuss-
ing here the chair, not your personal behaviour, Mr Speaker. You were not there at the time these events took place. Nevertheless, you live with the consequences of the events which occurred. Quite clearly, the Deputy Speaker should have done two things on that occasion. The Deputy Speaker should have firstly ruled the motion which had been moved out of order and in clear breach of House of Representatives Practice. The second thing which should have occurred is that the Deputy Speaker on that occasion should have asked for, as was requested by those on this side of the House, an absolute withdrawal, an unconditional withdrawal, of the expression ‘grub’ as it applied to a member of this side of this House. Neither of those things happened at the time.

Subsequently, when you came back to the chair—some considerable number of pages of Hansard later—an unconditional withdrawal was sought and obtained. However, the record stands: that motion was carried by this chamber and it is a very difficult situation to correct. When that motion and the behaviour associated with it were tested by this side of the House, the experience of the Manager of Opposition Business was very different from the experience of the Leader of the House. In fact, she has been obliged to leave the chamber. I think that is an unfortunate thing. She is not one of them. So she has now found herself in a situation where simply pursuing to a point of clarity what ought to have been normal behaviour in this place has caused her to be suspended from the service of this House. That is not good, Mr Speaker. That should simply not have happened and the matter should simply not conclude at the point at which we find ourselves right now; admirable though your subsequent rulings may have been and in accordance with standing orders as your subsequent insistence on particular behaviours might have been, requesting that these sorts of words ought to be withdrawn and these motions ought to be moved as the normal thing for a chair to have done. So, as I have said, I am not reflecting on you, your rulings or the chair, at least not on your handling of the chair. I am reflecting big time on the handling of the chair on that particular day, but that is a matter that was dealt with in argument in this place at that point of time.

So how do we correct this? That is the position that we are now in. We have had the situation where the member for Lalor has been suspended from the service of the House. That motion has been passed and that is a very difficult thing in itself to rescind. We have a situation where the different treatment accorded, for whatever set of reasons, to the manager of government business has been permitted to stand. Somehow we
have to right that and I cannot think of any way of righting that other than by this motion which I am proposing to the chamber and for which I have sought a suspension of standing orders in order to do that. The relevant part of this motion is the last part of it. It says this:

This House therefore notes that the resolution moved by the—

manager of government business—

... on Thursday 25 May 2006, shown at page 33 of Hansard, that “that snivelling grub over there be not further heard” was not altered by the statement that “if I have offended grubs, I withdraw unconditionally”, was therefore subsequently put to the House and carried at page 34 of Hansard, and is an out of order resolution and therefore must be rescinded.

Should a suspension motion be carried, then all that would happen would be that this motion that I propose would then be debated. Should that motion then be passed, I think it would be incumbent upon the manager of government business to give notice that a motion rescinding that particular motion should be moved. It is appropriate that the manager of government business, not those on this side of the House, move that motion. But if the House were to accept the motion that I have put forward, that would be a very clear indication to the manager of government business that we expect such a motion to be moved. So, Mr Speaker, in order to—

and you cannot alter Hansard—in order to secure a situation where a rescission motion produces the sort of outcome that you have effectively said ought to be there in the way in which you have ruled on this, I would hope that, firstly, the parliament would agree to this suspension and then agree to the motion and that subsequently the manager of government business would move the appropriate rescission.
and that was the question that was voted upon.

Mr Ripoll—He’s making it up.

The SPEAKER—The member for Oxley is on very thin ice.

Mr Abbott—I am not making it up. On page 33 of the Hansard the Deputy Speaker said:

For the benefit of members, the question before the House is ‘That the member be no longer heard’.

On page 34 the Deputy Speaker said:

The motion is ‘That the member be no longer heard’.

And again on page 34:

I am putting the motion. The motion is ‘That the member be no longer heard’.

On three separate occasions—

Ms Plibersek—that’s not what you said.

The SPEAKER—Order! The member for Sydney is on very thin ice too.

Mr Abbott—On three separate—

Mr McMullan—Because he got it wrong three times!

The SPEAKER—Order! The member for Fraser.

Mr Abbott—Mr Speaker, on three separate occasions the Deputy Speaker stated the question before the House—

Opposition members interjecting—

The SPEAKER—Order! The Leader of the Opposition was heard in silence. The Leader of the House will be heard.

Mr Abbott—and the question before the House, as stated by the Deputy Speaker, was that ‘the member be no longer heard’. That was the question that the House voted upon. The comments by the Leader of the Opposition were quite frankly mendacious. He did not accurately represent to this House what the Hansard recorded and what the House—

Mr Kerr—Mr Speaker, I raise a point of order. ‘Mendacious’ is simply another way of saying ‘lies’, and it should be withdrawn. It is entirely offensive.

The SPEAKER—The member for Denison will resume his seat. I think the word ‘mendacious’ is not unparliamentary. It may be undesirable but I do not believe it is unparliamentary. It has been used before.

Mr Abbott—I am happy to withdraw.

Opposition members interjecting—

The SPEAKER—Order! The Leader of the House has withdrawn.

Mr Abbott—Let me go back to the events of last Thursday because they have plainly excited members opposite. It would have been better if the Deputy Speaker had sought a rephrasing of the motion; there is no doubt about that.

Mr Hatton interjecting—

The SPEAKER—Order! The member for Blaxland!

Mr Abbott—It would have been better if I had not moved the motion in the terms that I originally did. But, Mr Speaker, it would also have been better if the member for Wills had not, in my opinion, abused the forms of the House by making a speech in the guise of a motion. It would have been better if the Leader of the Opposition had not sicked the member for Wills on this baseless vendetta against an honourable man, the member for Gwydir. It would have been better if the member for Wills had accepted the repeated public statements of the member for Gwydir on this issue. So there are many things that could have been done differently. Of course things would have been better if things had happened differently, but the fact of the matter is that both of the premises on
which the Leader of the Opposition based his remarks are false. Mr Speaker, you have conducted the House with an exemplary level of even-handedness and no improper motion was put and carried by this House. All of us are in favour of higher parliamentary standards.

The kind of barracking that we are currently hearing from members opposite indicates, shall I say, some want of good faith in the question that has been moved. But the truth is that, in our better moments as our best selves, all of us would like this place to be better conducted. Sometimes in the heat of the moment and sometimes in pursuit of political argument all of us go too far. I am certainly prepared to accept that, from time to time, I do, but there would not be a member of either frontbench who has not sometimes done more and said more than should have been said. Mr Speaker, I certainly think that, as far as I am concerned, amends were made as best I could, unprompted and unadmonished by you, by my complete withdrawal subsequent to the votes on Thursday.

Mr ALBANESE (Grayndler) (3.43 pm)—We have just heard the confession but without the contrition. The Leader of the House is not just a member of the frontbench; he has a particular role in this House in terms of promoting parliamentary standards. Indeed, the Leader of the House said on 19 March 2002:

I am very proud to serve in this government—a government which has upheld the highest parliamentary standards, a government which supports the great institutions of this country.

And on a number of other occasions the manager of government business, the Leader of the House, has stood in this place and in the media and spoken about the need for us to be kinder and gentler to each other and has spoken to us about the need to lift up the parliamentary standards in this place. But this motion goes beyond the interests of the Leader of the House or the interests of any of us. It goes to the dignity of this parliament itself as an institution. The fact is that page 33 of the *Hansard* of Thursday, 25 May 2006 records in perpetuity that this House carried a motion, ‘That the snivelling grub over there be not further heard.’

Mr Abbott—Mr Speaker, I rise on a point of order. The member for Grayndler is making an assertion which is simply untrue. Three times, the question was stated from the chair and it was not as he said.

The SPEAKER—This is a debate on this particular issue and both sides have the opportunity to state their case.

Mr ALBANESE—That is what *Hansard* records in black and white. It also records the fact that, on a number of occasions, the Leader of the House was asked to withdraw and, to be perfectly accurate, the Leader of the House did withdraw. He withdrew on page 39—six pages of *Hansard* later, an hour later, after totally unnecessary divisions and conflict in this House. Why should this suspension be carried? It should be carried because the dignity of this House will be damaged if it is not. If that motion remains in the book then standing orders 89, 90 and 91(b), which were breached, will be in question. This motion deliberately does not condemn the Leader of the House and it takes no offence against any individual; it is aimed at the collective dignity of this House. What should have occurred last Thursday is that the Leader of the House should have stood up immediately and said, ‘You’re right.’ He should have used the words, ‘I was wrong.’ That did not occur last Thursday, it did not occur yesterday and it did not occur this morning. It should happen right now. But we have not heard that today. AAP story No. 3015, reporting on a press conference, says:
Mr Abbott today conceded Mr Lindsay could have handled last Thursday’s debate better.
The poor bloke was doing his best—
“Strictly speaking, the chair probably should have required me to rephrase the motion,” Mr Abbott told AAP.
Why doesn’t the Leader of the House know that it was within his power to do that? The Leader of the House should accept this suspension—should vote for this motion—and then give seven days notice, in accordance with standing order 220, that the motion be rescinded. Unless that occurs, the motion stays. My colleague the member for Lalor took the action she took this morning to draw attention to that. What we have seen is the difference in standards between the member for Lalor, who has standards, and the Leader of the House, who simply does not. He will not accept responsibility for his actions and he always goes a yard too far. He should vote for this suspension and get rid of this stain on the parliament.

Question put:
That the motion (Mr Beazley’s) be agreed to.
The House divided. [3.53 pm]
(The Speaker—Hon. David Hawker)

Ayes............ 58
Noes............ 80
Majority........ 22

AYES
Adams, D.G.H. Albanese, A.N.
Andren, P.J. Beazley, K.C.
Bevis, A.R. Bird, S.
Bowen, C. Burke, A.E.
Burke, A.S. Byrne, A.M.
Corcoran, A.K. Crean, S.F.
Danby, M. * Edwards, G.J.
Elliot, J. Ellis, A.L.
Ellis, K. Emerson, C.A.
Ferguson, L.D.T. Ferguson, M.J.
Fitzgibbon, J.A. Garrett, P.
Georganas, S. George, J.
Gibbons, S.W. Grierson, S.J.

Griffin, A.P. Hall, J.G.
Hatton, M.J. Hayes, C.P.
Hoare, K.J. Irwin, J.
Kerr, D.J.C. King, C.F.
Lawrence, C.M. Macklin, J.L.
McClelland, R.B. McMullan, R.F.
Melham, D. Murphy, J.P.
O’Connor, B.P. O’Connor, G.M.
Owens, J. Plibersek, T.
Price, L.R.S. * Ripoll, B.F.
Roxon, N.L. Rudd, K.M.
Sawford, R.W. Sercombe, R.C.G.
Smith, S.F. Snowdon, W.E.
Swan, W.M. Tanner, L.
Thomson, K.J. Vamvakinos, M.
Wilkie, K. Windsor, A.H.C.

NOES
Abbott, A.J. Anderson, J.D.
Andrews, K.J. Bailey, F.E.
Baird, B.G. Baker, M.
Baldwin, R.C. Billson, B.F.
Bartlett, K.J. Bishop, J.I.
Bishop, B.K. Brough, M.T.
Broadbent, R. Causer, I.R.
Cadman, A.G. Cobb, J.K.
Ciobo, S.M. Draper, P.
Downer, A.J.G. Elson, K.S.
Dutton, P.C. Entsch, W.G.
Everts, G.D. Ferguson, M.D.
Gambaro, T. Gash, J.
Georgiou, P. Haase, B.W.
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, J.M. Laming, A.
Ley, S.P. Lindsay, P.J.
Lloyd, J.E. Macfarlane, I.E.
Markus, L. May, M.A.
McArthur, S. * McGauran, P.J.
Moylan, J.E. Nairn, G.R.
Nelson, B.J. Neville, P.C.
Pearce, C.J. Prosser, G.D.
Pyne, C. Randall, D.J.
Richardson, K. Robb, A.
Ruddock, P.M. Schultz, A.
Scott, B.C. Secker, P.D.
Sliper, P.N. Smith, A.D.H.
Southcott, A.J. Stone, S.N.

Question negatived.

DOCUMENTS
Mr ABBOTT (Warringah—Leader of the House) (3.59 pm)—A document is tabled as listed in the schedule circulated to honourable members. Details of the document will be recorded in the Votes and Proceedings.

PERSONAL EXPLANATIONS
Mr RUDD (Griffith) (3.59 pm)—Mr Speaker, I wish to make a personal explanation.

The SPEAKER—Does the honourable member claim to have been misrepresented?
Mr RUDD—Yes.

The SPEAKER—Please proceed.

Mr RUDD—In question time today the Minister for Foreign Affairs made an accusation of plagiarism in relation to me concerning a 600-word article carried in the Labor Herald on avian influenza. My office prepared an 11,200-word policy document on avian influenza in September last year. This policy document was drawn upon in extracts, which were then produced by the Labor Herald. Of the 11,200 words, there was a lack of citations in a total of seven paragraphs—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 health agencies. None of the paragraphs in question dealt with the policy section of the document. The foreign minister’s statement is incorrect.

AUDITOR-GENERAL’S REPORTS
Report No. 43 of 2005-06

The SPEAKER (4.00 pm)—I present the Auditor-General’s Audit report No. 43 of 2005-06 entitled Performance audit: assuring Centrelink payments—the role of the random sample survey program: Department of Families, Community Services and Indigenous Affairs, Department of Employment and Workplace Relations, Department of Education, Science and Training, and Centrelink.

Ordered that the report be made a parliamentary paper.

MATTERS OF PUBLIC IMPORTANCE
Political Instability

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

The effect of political instability within the Government on Australia’s national reputation and export performance

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 RUDD (Griffith) (4.01 pm)—Mark it down in your diaries: Monday, 29 May 2006, the day that the once great Australian Country Party simply curled up into a shell and died. The only thing that has happened is that the friends and relatives are now having a dispute over what should be in the formal content of the funeral notice. But let us make no bones about it: this party is no more. Despite all the hollering and hooting from all
those up there in cocky corner, there has been a death in the Australian political family: ‘RIP Australian Country Party. Born 22 January 1920. Died 29 May 2006. Aged 86 years. Sadly missed by Mark and the kids.’

This is what has happened to the once great Australian Country Party. The party of Black Jack McEwen is reduced to what we have seen today—this pathetic, squabbling, comatose cadaver, twitching quietly in the corner before it finally shuffles off its mortal coil. The only one with any dispute about this is, of course, the Deputy Prime Minister himself. The Deputy Prime Minister reminds me so much of that bloke in *Monty Python* who says, ‘But I’m not dead yet!’ Remember that? The problem, Mark, is this: Doug Anthony says you are dead.

**The DEPUTY SPEAKER (Hon. IR Causley)**—The member will refer to members by their seat or by their title.

**Mr Rudd**—The Federal President of the National Party says you are dead. The Queensland President of the National Party says you are dead. The Queensland Leader of the National Party says you are dead. John Bjelke-Petersen, son of Joh, says you are dead. Even Senator Julian McGauran said you were dead some time ago. And who would have thought that Julian McGauran would be a market leader in anything?

That leaves us with the Deputy Prime Minister himself protesting to the parliament at large, to the country at large and to his party at large that this is a mere flesh wound. In fact, this is a dead parrot. This parrot is completely dead. This party is a dead parrot. But today it was like a voice channelling from the past. In answer to a question from the Leader of the Opposition, what was the initial response from the Deputy Prime Minister? ‘Don’t you worry about that.’ I hear the voice of distant years. It was Joh Bjelke-Petersen down the time tunnel of politics and into the House of Representatives—a place to which he wished to come once, did he not?—wreaking parallel havoc on this mob opposite. Well, the ghost of Joh is back in a different form, channelling through the Deputy Prime Minister today—‘Don’t you worry about that.’ I have to say, though, Deputy Prime Minister, most of your colleagues are very much worried about that. Peter Beattie got it right: Joh Bjelke-Petersen today would be rolling in his grave at the thought of the once great, proud Australian Country Party turning into what we have seen today—a subset of a minor branch of something now called the New Liberals in Queensland.

All students of political history have a bit of an interest in this, and I have a bit of an interest in it too. I make the confession here, in the parliament, that my father was a member of the Country Party.

**Opposition members interjecting**—

**Mr Rudd**—My father was once a member of the Country Party!

**Mr Beazley**—Billy Hughes sent him through the line and back.

**Mr Rudd**—He did not follow the Billy Hughes dictum; he actually joined the Country Party. But that was back in the days when I grew up on a farm in rural Queensland and when the Country Party stood for something. That was when the Country Party stood for standing up for the country against the city based Liberals. They stood up for rural Australia in those days. This was the party of Black Jack McEwen. My father always told me as a kid that, at the end of the day, you could depend on the Country Party to go out there and argue your case. That was back in the sixties. That was before they sided with the city based Liberals—to do what? Sell off Telstra. They sided with the city based Liberals to simply become a subset of city based
Liberal politics and philosophy right across the board.

None of the spirit of Black Jack McEwen is alive in this mob today. None of the spirit of even Doug Anthony is alive in this mob today. That is why Doug has basically said that the show is over as well. But the rot really set in in the eyes of all rural and regional Australia when the Country Party, later called the National Party, said, ‘We’re going to roll over on Telstra.’ Can you imagine any previous leader of the National Party or the Country Party ever saying to his constituency out there, right across this great, vast country of ours, that we are going to support the privatisation of Telstra, Telecom or the Postmaster General? Could you ever believe that any previous National Party leader would simply roll over and say, ‘Tickle my tummy’? That is exactly what happened—‘Tickle my tummy.’

When you unpack it all and look at how many times the Nats have folded to the Libs, the pattern of behaviour is simply consistent. There is a fundamental schism at work here. When you stack it up on a piece of paper, the National Party is supposed to stand for opposing unbridled free market principles as it impacts on rural working families. If you unpack it all, that is what they are supposed to stand for. Yet they have somehow teamed up with this mob—Peter Costello’s Liberal Party or the Liberal Party which Peter Costello would like to have—a party whose philosophy is this: there shall be no break on the market, there shall be no intervention on the market, and when it comes to any part of the country, city or country, let the principles of the market rule. There is such a deep philosophical chasm between what the Country Party used to stand for and what the Liberal Party still stands for. But what has the Country Party, now the National Party, done instead? Instead of arguments of political principle and basic principle, it has simply hauled up the white flag and said, ‘Over to you, Pete.’

The DEPUTY SPEAKER—The member will refer to members by their seat or by their title.

Mr Rudd—That is why Nationals in Queensland, Nationals including their federal president, have simply said, ‘The game is up; it is time to roll in to this new entity called the New Liberals.’ Could you imagine, by the way, Bob Katter going back into the National Party as the federal member for Kennedy—

The DEPUTY SPEAKER—The member for Griffith will refer to members by their seat or their title.

Mr Rudd—and saying he was running on a platform of ‘Bob Katter, New Liberal candidate for Kennedy’? Can you just imagine the impact across rural Australia? We are having this debate because the National Party itself as an institution is collapsing before our eyes and the political authority of the Deputy Prime Minister, as a consequence, is collapsing before our eyes. He got some advice today from Senator Boswell in the Senate. Senator Boswell’s advice was this: ‘Mark, resign.’ That was the advice.

If you have look at the trade figures over which the Minister for Trade has presided in his period since the year 2000, the trade figures of themselves suggest he do nothing else other than resign. Since he has been trade minister of the Commonwealth of Australia, we have registered 49 consecutive monthly trade deficits, contributing to a $20 billion annual trade deficit, contributing to a $55 billion current account deficit and contributing to a record half trillion dollar foreign debt. And this trade minister thinks there is no case to answer.
Dig down into the detail of what our Minister for Trade and Deputy Prime Minister has presided over. This is where, colleagues, it gets interesting—comparing the basic export data during this minister’s custodianship of the trade portfolio and those who have preceded him. Let us look at total exports. Between 1983 and 1996 total exports from Australia grew annually on average by 8.1 per cent. That was our period in government. In the first four years after we lost government and the other mob took over—that is, between 1996 and 2000—that slowed to four per cent annual growth. Guess what has happened since 2000. Since this trade minister has occupied the portfolio, which is now six years, growth in exports is now just over 1.6 per cent per annum. Let me frame it for you again: 8.1 per cent per annum under us, four per cent per annum under his predecessors and now 1.6 per cent per annum during his six years in the job.

When you go through the individual parts of the export profile of this country the data is just as disastrous. Elaborately transformed manufactures achieved 12.9 per cent annual average growth under us and 5.3 per cent growth between 1996 and 2000. But since the year 2000 elaborately transformed manufactures exports have slowed further to only 3.6 per cent per annum. Go to rural exports. You would think that in this area the Deputy Prime Minister would excel. Average annual export growth from 1983 to 1996 was 4.8 per cent, slowing to 1.9 per cent between 1996 and 2000. But guess what has happened since 2000. They have actually gone south. They have gone into negative, recording an average annual decline in growth of 2.4 per cent per annum.

Let us go on to minerals and metals exports, and remember that this government has had the happy happenstance of being in office when we have had record terms of trade, for which they can claim no credit—that is just a function of the international market. Between 1983 and 1996 minerals and metals exports had an average annual growth of 6.5 per cent per annum, slowing to 3.6 per cent per annum in 1996-2000. But since 2000 and this minister’s six years at the table, it has gone down to 1.3 per cent annual growth. Again, it is a collapse. You see it across each category of exports.

Let us go finally to services. This is the great long-term hope of the Australian economy: how do we boost services exports? Services exports when we were in office between 1983 and 1996 grew by nine per cent per year. Between 1996-2000, before this minister took over, they grew by just two per cent per year. In the six years since this minister has taken over, they have declined at an average rate of 0.3 per cent per year.

Across the categories—not just exports as a whole but across rural exports, mining exports, elaborately transformed manufactures and across services exports—the pattern is the same: robust export growth under us, where a government believed it had a job to do in encouraging exports by concrete things in industry policy and elsewhere, and decline under a government which has now taken its hands off the policy levers altogether, resulting in a performance against all categories of exports that is sad and sorry indeed.

This minister says that his other great policy achievement, before he exits the portfolio and takes Bos’s suggestion in the Senate, is the free trade agreement with the United States. Let us have a quick look at how that one has gone. In the first 12 months of the operation of the Australia-US Free Trade Agreement exports to the US fell by $280 million in year average terms while imports from the United States—what?—grew by close to $870 million in year average terms, with the net result that Australia’s trade defi-
cit with United States increased by $1.1 billion or 11 per cent to a total of $12 billion. This is the US free trade agreement.

How many times have we heard this Minister for Trade, the Minister for Foreign Affairs or the Prime Minister stand at that dispatch box and say, ‘This is the greatest thing since sliced bread’? Yet in the first year that the numbers flow through, Australian exports to the US are down, imports from United States are up and going through the roof, the result being that our bilateral trade deficit has got worse. This is the USFTA, where here we have a National Party Minister for Trade, a National Party Deputy Prime Minister, who could not even get our American cousins to let in one extra bit of sugar. Sugar was completely off the table. How can you be a self-respecting National Party Minister for Trade and front up to the Americans and say, ‘Okay, roll over, tickle my tummy, there will be no sugar additionally exported to the United States.’ I have to say on that one as well that it is pretty pathetic.

The trade minister’s other boast a year or two into his occupancy of this portfolio was particularly interesting. It was that the trade minister was going to do what, Mark? What were you going to do for the number of exporters in Australia?

The DEPUTY SPEAKER—The member for Griffith will address his remarks through the chair.

Mr RUDD—Was the Deputy Prime Minister going to increase the number of exporters by 25 per cent. No. By 50 per cent? No. Could it have been by 75 per cent? No. The Deputy Prime Minister said, I think it was four years ago, that he was going to double the number of exporting firms in Australia. How has that one gone since then? How is it going? According to the ABS data in 2004, there were 43,452 exporting firms. In 2005 that went down to 40,797 exporting firms. They are going south rather than north, according to the ABS data on that year on year. I would be interested to see the rest of strategy that you propose to unfold.

Whether it is in export numbers across rural, mining or services manufacturing, whether it is your performance on the whole question of the USFTA and what that has delivered additionally to Australian exporters or whether it is in boosting the numbers of exporting firms, the pattern is the same. Deputy Prime Minister, you should not just consider leaving the portfolio. The national interest demands right now, on the back of the AWB and on the back of everything else, that you leave politics altogether. You stand condemned.

Mr VAILE (Lyne—Deputy Prime Minister) (4.16 pm)—You still have a bit of time left, mate. In your dreams—the Milky Bar kid is dreaming again. This discussion on a matter of public importance is about political instability and export performance. Let us have a look at the political instability that exists in the Labor Party ranks. We have the Leader of the Opposition who only has an approval rating of 25 per cent and who is only one caucus meeting away from sitting back on the backbench. The member for Griffith—and this is why he is running this MPI; the member for Griffith is going to run out and have a Milky Bar now—is on 27 per cent. He wants to try to get past the member for Lalor, the Manager of Opposition Business, who is on 31 per cent. She has not helped herself today as she has been put out of the House for 24 hours. That is the opposition. That is the sort of political stability they are putting forward.

Since we have been in government, look at the form on the front bench in the leadership of the Australian Labor Party. When we won office in 1996 we had Mr Beazley, then we had Mr Crean, then we had Mr Latham—
we can all read about Mr Latham’s escapades—and now we have Mr Beazley back again. When we look at the research about Mr Beazley, we see the member for Lalor breathing down the neck of the member for Brand, we have the member for Griffith breathing down the neck of the member for Brand and we have the incoming member for Maribyrnong who is going to breathe down the neck of the lot of them. So, if you want to have a look at some political instability, you need go no further than the Australian Labor Party.

We all remember the former Leader of the Opposition, the then member for Werriwa, when he described the sickness that infects every level of the parliamentary Labor Party. He has written about it in his book and he has put it out there for all to read. It is a description of political instability and it exists from top to bottom in the Australian Labor Party. He pointed out that more than 30 of the Labor MPs and senators in this parliament think of themselves as factional power-brokers. Their only interest is in securing factional advantage, not in making policies that would benefit the Australian people. That is his view, not my view; I am just repeating it. He has written that about all of the front bench and all of those involved in the recent warfare that has taken place in Victoria that has seen two frontbenchers lose their preselection. The member for Hotham only just, by the skin of his teeth, salvaged his. The Labor Party ought to be the last group of people in this place to talk about political instability.

The rest of this discussion is about export performance. The member for Griffith can come in, spin his wheels and talk about all sorts of statistics and percentages, but the reality is that, in 1996, the value of Australia’s exports was $99 billion. In 2005, their value was $177.5 billion. When you reconcile those figures with the percentages and statistics that the member for Griffith was spinning, if you have a look at today’s statistics, there is an improvement in the balance of trade. Our exports rose in the month of April by five per cent or increased by $799 million to $16.9 billion in April this year. This was the highest April level on record. This was the second highest level of monthly exports on record. So we are continuing to set higher standards in the value of our exports going out of Australia.

What did that consist of? It consisted of an increase in resource exports, yes. On the one hand, the Labor Party like to slag off at the government about taking the benefits of the resource boom, yet, on the other hand, they ask us to protect Australia against the competitive advantages that other countries have, such as cheaper labour markets. But one of the competitive advantages that Australia has is that we are well endowed with resources and energy and we have a perfect right to take advantage of them when there is an up-swing or boom in the resources cycle across the world. Of course we are going to factor that into our figures. Of course we are going to work hard to ensure that we capitalise on that for the benefit of the entire nation.

The Labor Party like to rail against what they see happening to manufactured exports. In the month of April, manufacturing exports rose by three per cent to $3.4 billion. We have continued to see an increase in the growth of exports of fully built-up motor cars and automotive parts that have taken place under the programs that this government has put in place since the late 1990s to help restructure the automotive manufacturing industry in this country and launch them into export markets across the world and into opening up markets. The classic example of that is Toyota. Toyota Australia is one of the best exporting components of the Toyota
network into the Middle East particularly. That cannot be ignored. The growth in the volume of exports of Toyota product out of Australia, as with all automotive products out of Australia during recent years, took place after this government put in an industry policy. The member for Griffith was bragging about the industry policy implementation of the Australian Labor Party and what they did when they were in office. This is an industry policy that this government put in place that has helped put the automotive manufacturing sector where it is. We put that in place in the late 1990s.

I spoke about the political instability that exists in the current Australian Labor Party in this place. Let us cast our minds back to the economic instability that they wreaked on this nation when they were in office for 13 years that saw massive unemployment of 10.9 per cent. These are undeniable statistics. Under Labor, unemployment peaked at 10.9 per cent in 1992. In contrast, the coalition has reduced unemployment to 5.1 per cent. That is a statistic that the Labor Party could only dream about in their term in office. That is about the lowest level of unemployment in 30 years.

Going to management of the budget, we all recall the last budget that the then Labor government brought down. When we came to office in 1995-96 there was a $10.3 billion budget deficit compared to a surplus of $10.8 billion that we are forecasting in 2006-07. We have continued to deliver budget surpluses to help strengthen the Australian economy, to lift our international credit rating and to assist Australian companies that borrow offshore to compete internationally. We have improved the economy in Australia. For 10 years we have been reminding the Labor Party and the people of Australia about the debt that was left by the Labor government when they left office in 1996—a debt of $96 billion that the taxpayers of Australia have had to pay off over that period. The Labor Party love to rabbit on about the national debt that the private sector owes. The debt that is the most important to Australian taxpayers is the public sector debt that they have to service, and they have been servicing it for years as a result of mismanagement by the Australian Labor Party. We have eliminated that debt. We have retired that debt to the point that we are now saving roughly $8 billion a year in interest that we were paying to service that debt.

Of course, one of the great legacies that the Labor Party left this country was how they wrecked small business and farming businesses with their high interest rate policy. They believed that the economy was heating up too much, so the then Treasurer and later Prime Minister Keating decided he would slow it down. He slowed it down all right—he slowed it down with a sledgehammer. He said, ‘I’ve got the levers in control of this.’ He was controlling interest rates at the time and saw them peak at 17 per cent—interest rates that are undreamt of today. There is a generation of Australians now who cannot recall how personally damaging those interest rates were during the period of the Labor government. It is our responsibility to continue to remind them.

We should not just be talking about the political instability that exists in the Labor Party today; we should be talking about the economic instability that was their legacy for this nation of Australia when we came into office in 1996. Importantly, we have worked very hard since then to strengthen the Australian economy, to improve the circumstances, to introduce reforms and reform the taxation system. As you would well remember, Mr Deputy Speaker, we removed $3.5 billion worth of taxes off the back of Australia’s exports. Just imagine if they were still trying
to carry that burden and compete in the international marketplace.

If I can just reiterate: along with those statistics, which were the legacy of the Australian Labor Party when we came into office in 1996, their legacy was $99 billion worth of trade exports and today we have $177 billion worth of exports. Of the 1.7 million jobs that have been created in the Australian economy since 1996, about 320,000 of those have been generated through our strong export performance. So our exporting industries are also contributing to jobs growth in this country. The Labor Party in office could have only dreamt about that level of jobs growth—the creation of 1.7 million new jobs—in the Australian economy. Over that period we have strengthened the domestic economic circumstances to give strength to Australia’s exporters to compete in global markets. We have not been lazy on trade policy by putting all our eggs in one basket and just thinking about the multilateral system. We have continued to put our energy into improving the circumstances in the multilateral system and we are on the verge of doing that at the moment, I believe.

We also embarked, as the member for Griffith indicated, on a series of bilateral trade negotiations, which not only opened up new opportunities but also consolidated our position. He referred to the US free trade agreement. That is fine because I will respond to his comments about the US free trade agreement. There are two key statistics that resulted in those figures for last year, and they had nothing to do with the negotiated agreement we put in place at the beginning of 2005. One key point was the shift in exports of beef from the United States to Japan. We dominate the Japanese imports of beef today. Almost 100,000 tonnes of beef went out of the American market into the Japanese market because it was a higher value market. That is what business does. It is not the responsibility of the government; it is the responsibility of business to look for the best market across the world. There was a big drop in exports of oil from Australia to Hawaii that are part of those statistics.

Make no mistake: our businesses, particularly our service providers getting into the US market and being treated the same as American companies in that market, getting access to the massive government procurement programs in the United States, will continue over time to deliver benefits—as will our negotiated outcomes with Singapore and Thailand, those that we are working on with the other ASEAN countries and indeed China. Just remember that there are two aspects to this policy. One is consolidation in our key markets and opening up new opportunities in those key markets. But there is also the effect that bilateral negotiations have on energising the multilateral system. Competitive liberalisation has been needed to drive and create a stronger focus to deliver an ambitious outcome in the multilateral system, something that I know the Australian Labor Party support. They supported the Uruguay Round of negotiations. Both sides of politics agreed on that.

We have experienced strong economic circumstances in Australia, recognised globally, that have given us a strong exchange rate—an exchange rate that has been well above the 72c range for quite some time. I am not using that as an excuse, but we do know that that makes it a little bit more difficult for exporters and more attractive for importers. But that is the result of a strong economy and the view of the world about the Australian economy that has been created by this government’s economic management over the last 10 years.

In responding to this matter of public importance raised by the member for Griffith,
talking about political instability, I ask everybody to look at the political instability that exists in the ranks of the alternative government of Australia, today and into the future—because it is going to keep on going; they are going to keep on recycling leaders, unless the member for Griffith can get his polling up a little bit higher. He may get a guernsey yet, but he has to get past the member for Lalor first. And that is what this is all about. That is the challenge for the member for Griffith. If I can have the last word on export performance: in 1996, $99 billion by the Australian Labor Party; in 2005, $177 billion by the coalition government.

Mr RIPOLL (Oxley) (4.31 pm)—I have to concur with the member for Griffith when he started his contribution to the debate in a very sombre tone, for what we are seeing is a funeral procession. It is the end. It is the death of the National Party. As they leave this chamber they should mark the days off on the wall, those last few days that they actually have in existence when they can call themselves the National Party. Whether it is days, weeks, months or years, their end has already been struck.

There are two big issues around right now, amongst the many important political issues affecting Australia’s national reputation—our reputation as an exporter, our credibility and the sort of impact it has on our national performance. One of those is our trade deficit: the way we trade, the problems we have had—our trade deficit is literally the worst in history—and all the associated problems.

The other of course is the deficit in the National Party itself. This is also the worst on record, and one that is continuing to slide. We do not need to look very far to see the evidence of either: our trade performance, our trade figures; or the deficit within the National Party. The big question, the question that is on everyone’s lips, including those of the National Party members and probably a few of the Liberal Party members, is: to merge or not to merge? What should they do? This is going to be a big question for them. I do not think they actually know the answer. Big questions; no real answers—to merge or not to merge.

The other big question is: what are they going to call themselves? What new name will they go by? They are going to play around with a few names—the Old Nationals, the New Liberals, the whatever you want to call them. But I might suggest at least one name to them. We should call them the Libirrationals. That is exactly what they are. These guys have no sense of which direction they are actually walking in. If you have ever seen footage of somebody trying to herd cats, you can imagine what it is like in the party room for the National Party on this issue. I think it is an apt name that we can start using right away. I encourage people to refer to them not as The Nationals in Queensland anymore but as the Libirrationals, because it perfectly reflects the collective, confused state of mind of the Queensland Nationals and the Queensland Nationals. Under this new name they will be well regarded.

For those of you who are not as familiar with Queensland politics and the particular nuances as I and the member for Griffith, the Libirrationals are supposed to be looking after country people. That is what they were set up to do. That is supposed to be their charter: country people, people living in the bush, regional Queensland and regional Australia. That is supposed to be what they do. But if you actually look at their record, who looks after people in the bush? It is the Labor Party. As is often said in this place, the best friend the people in the bush have ever had is the Labor Party. It is the Labor Party that looks after the interests of the bush. It is the
Labor Party that stood up to this government, and this National Party in here, on the full sale of Telstra. That is something they have no answer for.

We heard a moment ago from the Deputy Prime Minister and Leader of the National Party—soon to be the Libirrationals—on a whole range of issues, defending his party and a whole heap of things. But he would not mention the ‘T’ word: Telstra. He will not mention it because he is ashamed. He has disgraced himself, disgraced his own party, because he did not stand up to his Liberal Party masters on the issue of Telstra. There are many big issues for country people, people in the bush, but you would have to say that one of the biggest for them in recent times has been telecommunications—the full sale of Telstra. There may be confusion in the minds of the National Party, but there is certainly no confusion in the minds of people who live in the bush. They know that, if they are going to prosper, if they are going to be productive, if they are going to be able to survive out in the bush, in tougher and tougher environments, then they will need world-class telecommunications. They simply will not get that from this government, and they certainly will not get it from their so-called friends, the National Party.

What we see in this place time after time is The Nationals capitulating to their Liberal masters, their political masters who stand over them. For too long the National Party have put the Liberal Party first and their constituents in the bush last. They have no clear answer on any of the issues that affect the bush. They have no clear ambition on any big issues in the bush. They just have clear ambitions for themselves, clear ambitions like those of the Deputy Prime Minister, who knows that the end of the National Party coallition spells the end of his deputy prime ministership. He knows that, were he to have to compete for his office and title against every other member in the Liberal Party, he might not succeed. That is the reality. They are in here debating all sorts of issues—protecting themselves, protecting their jobs, protecting their titles, protecting the benefits they enjoy from office. But I have not heard one of them yet—and we still have one more opportunity, from the member for Casey—

Mr Bevis—He’s a Liberal!

Mr RIPOLL—He is a Liberal; that is right, because they cannot get the National Party to come in and defend themselves. There is one opportunity left in this sitting period for at least a Liberal member to come in here and defend the National Party. But I have not heard one defence yet—I have not heard one argument yet—from any of them about protecting people in the bush. They will talk about protecting themselves. They will talk about protecting a whole range of things. But they will not talk about protecting people in the bush. I would have loved to have sat here in the chamber and heard the Deputy Prime Minister talk about what he is going to do for people in the bush, talk about the future of telecommunications and talk about what the important issues are—but you will not hear those.

I want to draw a couple of analogies, because there are a couple of clear ones, between the state of the National Party and the Liberal Party in Queensland and the state of our trade performance and our overall performance. Both clearly come under the control of the government and the Prime Minister. He actually controls what the National Party do. Not only does he control his own party; he controls what the National Party do. He will not put up with—not for one minute, not for one second—or entertain the thought that the Queensland Nationals or Liberals could actually determine their own futures. No, he will not have that, because
the Prime Minister controls the levers of power. He will be telling them what to do, just as he tells them what to do on the big issues, just as he told them what to do on Telstra. They pretended for a little while that they were all so concerned about Telstra. They were going to cut some special deals, and they were going to do all these things. But, if you boil all that away, what do you have left in the pot? Just a whole heap of bones. There is not much left, nothing for country people and nothing on the big issues. So, if you want to draw any analogies about our trade performance and how poorly we are doing, just turn to the Prime Minister and have a look at how he is running this government. Have a look at how he is riding roughshod over the National Party.

Also, while the Prime Minister is telling them what to do, he does not exactly step in, help them out and give them a bit of a hand up. They need a leg up, because these guys are suffering. Anybody who comes from Queensland or who reads the national media will understand that these guys are in a whole heap of pain, a whole heap of hurt, because they really do not know where they are going. They are like a bunch of old Brown’s cows, milling around the bottom paddock. The farmer has been away for years. They are just feeding on whatever is left. If a drought comes along, they are in a lot of trouble. If you have seen Queensland lately, you know what I am talking about.

So all that you see in here—the feigned indignation, the attacks on us and everything else that you see and hear in here—is not about the future of the country. It is not about the future of where we are going. It is not about the future of the bush. It is not about the future of Telstra. All the frenetic activity you see is about saving their own hides. It is about saving their own skins. But the reality is that it is not going to matter what they do; they are already dead. I think the point that the member for Griffith led on is that they are already dead. They are the proverbial dead parrot: ‘He’s not dead; he’s just having a rest.’ It is a long rest. It is going to be a long sleep. They are going to fall off the perch at any moment. They are dangling upside down. But we all know that they are already dead.

Funnily enough, they do not know they are dead, but their constituents do. Their constituents already know they are dead, and they will not be voting for dead parties or dead members. Doug Anthony can spell it out and say: ‘Look, guys, I don’t want to make too much of an issue, but I think you actually might have a point here in Queensland. You guys are dead; you’re finished. Do something now, get on with the job; otherwise you’re all gone.’ The national president of the National Party had to be sacked yesterday because he actually told it how it was. That is what happens to you in the National Party if you speak out.

But my favourite comment of all—and I have to hand this one to the member for Brisbane—was from the member for Brisbane. He said, ‘Who would have ever thought that Julian McGauran would have been ahead of the game?’ Poor old Julian. No-one in their wildest dreams could have ever thought that—

Mr Martin Ferguson—Even the member for Dickson thought that was funny!

Mr RIPOLL—And I will take the laughing interjection from the member for Dickson on his views. Just like the long drought we are having in Queensland, we are not just having a drought on the land; we are having a drought in the National Party caucus room as well. It has been a long time between drinks for them, so much so that they are calling for last drinks—farewell, adios, sayonara, arrivederci, adieu, good night and
good luck. I am not quite finished, though. Mind you, the National Party is, but I am not quite finished. This ship of rats has just started sinking. A few of them—the well heeled, the fatter rats, the fatter Nationals—can smell the rising damp. They know what is happening to the ship. It is sinking, and they are starting to run like the rats they are.

(Time expired)

Mr ANTHONY SMITH (Casey) (4.42 pm)—It is yet another MPI from the opposition, yet another substance-free performance, almost an hour of debate at the pinnacle of the parliamentary day, following question time, when you would expect the opposition to be putting forward detailed policy positions, putting forward their alternative view for Australia. But instead what you get is this gaggle opposite—the member for Griffith moving a motion about alleged political instability and about Australia’s export performance.

The member for Griffith might have many things. The member for Griffith is obviously very hard working. He is obviously very ambitious. We know, as the Deputy Prime Minister said, that the member for Griffith is in a perpetual leadership parade. But one thing the member for Griffith does not have—and his colleagues would attest to this—is a sense of irony. He has absolutely no sense of irony, to put in an MPI on export performance on the day Australia’s exports rose yet again and to talk about political instability at the time when those on the opposition front bench are two frontbenchers—who are there by virtue of the fact that they are supposed to be alternative ministers—who have been rammed out of their own party in Victoria in the most despicable way as a result of branch stacking? And he sees no irony in that at all.

If we go down the front bench, we can start with the member for Hotham. He managed to survive by taking time off from this House and, accompanied by an interpreter, doorknocking his electorate—this is the modern Labor Party—apparently informing branch members that they were members of the Labor Party and then, through the interpreter, begging them to support him in preselection. The member for Corio and the member for Maribyrnong were not so lucky. But they are still there on the front bench and are supposed to be alternative ministers. How do they do their job?

The member for Corio is the shadow minister for agriculture and fisheries. What does he say when he meets groups in his portfolio? What is the opening line in his speech? ‘I’m the alternative minister, except for one problem: my party found an alternative to me.’ Is that his opening paragraph? What about the member for Maribyrnong, who is the shadow minister for Pacific island affairs, who presumably is travelling around the Pacific islands, drawing up a policy that he will not be around to implement? But only the member for Griffith could talk about political instability and not see the irony in that.

Mr Deputy Speaker, if you had read the MPI and listened to the member for Griffith
and the previous speaker, the member for Oxley, you would think that Australia’s exports were plummeting month by month. But, as the Deputy Prime Minister has said, here are some of the facts. Today—and it would have been before the member for Griffith put in his MPI—Australia’s export figures were released, which recorded our second highest level for monthly exports. We have exports growing in key sectors. Exports have grown 17 per cent in the 10 months to April. In the last 12 months, we have had a 40 per cent increase in merchandised exports to China and a 26 per cent increase in merchandised exports to Japan.

However, the other feature of the MPI, like so many brought on for debate by those opposite, is its utter hypocrisy. In a policy sense, if those opposite think Australia’s export performance should be better, what are their responses? We do not know, because all we have heard is a juvenile political attack by the member for Griffith and the member for Oxley, showing their obsession with Monty Python movies. But we do know, in a sense, what members of the opposition did in the 1980s and 1990s and we know how they have acted in this parliament when it has come to policy positions on exports. If those opposite cared so much about Australia’s export performance, they would not oppose legislation to remove all taxes from exports.

In the year 2000, when the tax reform package was passed through this parliament, those opposite voted against the abolition of all taxes on exports, which is what the GST brought in. On top of that, if you go back a couple of years earlier, they very vigorously opposed measures to reform Australia’s ports. Seven or eight years on, Australia’s ports are now the most efficient in the world. But, if those opposite had had their way, we would be stuck with world’s worst performance. So how can they come into this House and argue for a better export performance, when every action they have ever taken has been to make it more difficult and costly to export and, when the exports get to the ports, more difficult to get out of Australia?

The contribution of the member for Griffith lacked substance, evidenced by what he failed to mention. I do not recall him mentioning interest rates, the level of government debt or the employment situation that existed back in 1996. If you wanted to start a business in Australia, would it be easier to do it with business interest rates of 12 or 13 per cent or with business rates of seven or eight per cent? The answer is obvious. This government—on the tax front, on the reform front and through wider economic management—has made it easier for businesses to employ people. As the Deputy Prime Minister has said, there have been 1.7 million new jobs. Businesses are merging and growing and adding to our export performance.

In the brief time left, I would like to address the free trade agreement with the United States, which has been mentioned by the member for Griffith and by the member for Oxley. They asked what was in it for country people. The fact is that the Australia-US Free Trade Agreement, one of the most important ever negotiated, has opened up opportunities for our exporters, particularly in country Australia, for generations to come. If you look at some of the early figures, you will see that lamb and dairy exports to the US are now at record levels as a result of that agreement—a clear-cut example. It is well known in this place that our lamb market was effectively shut out of the US for many years. That is now open and that market is growing. Services exports have also increased by four per cent.

The sorts of changes we are seeing as a result of those agreements that have been negotiated by the Deputy Prime Minister will
lift Australia’s export performance in the years ahead. The speeches of the member for Griffith and the member for Oxley on this MPI, introduced by the member for Griffith, lack substance. This MPI has wasted the time of this parliament and has illustrated again the total lack of ability of those opposite to develop, let alone communicate, an alternative policy of seriousness for Australia.

The DEPUTY SPEAKER (Mr McMullan)—The discussion is concluded.

SUPERANNUATION LEGISLATION AMENDMENT BILL (No. 1) 2006

Assent

Message from the Governor-General reported informing the House of assent to the bill.

FISHERIES LEGISLATION AMENDMENT (FOREIGN FISHING OFFENCES) BILL 2006

Second Reading

Debate resumed.

Mr TUCKEY (O’Connor) (4.52 pm)—Prior to question time, I addressed the purposes of the Fisheries Legislation Amendment (Foreign Fishing Offences) Bill 2006 in detail and made reference to some of my concerns with the provisions which relate to an extension of the rules for incarceration of people found in our fishing zones illegally catching fish.

I support the legislation which will prevent higher-level people from operating in the illegal fishing industry. There are parts of Australia, other than our northern areas, where very small vessels are frequently found to have illegal fishers and the policy for them is good policy. I mentioned other areas where I thought improvement could be achieved. On the other hand, I did congratulate the government for the decisions made on the assets that will be available to inspect and prevent the incursion of illegal fishing vessels.

Obviously prevention is better than cure. I am sure members would agree that we have two issues arising from illegal fishing: first, the economic difficulties it creates for our own fishing fleet and, second, and more importantly, the conservation aspects involved. Australia has never been recognised as a very large and robust fishery and it does not take a lot to destroy the balance. Therefore, this legislation is very important.

Mr Deputy Speaker, you would remember something I am very proud of—to the extent that it applies in my electorate—that is, the longstanding Western Australian state government limited-entry fishing concept. Using that concept, the government looks very cautiously at new fisheries or new catching equipment, and usually license a limited number of vessels until it can establish what it is. Ten thousand tonnes is the typical catch of crayfish or rock lobster in my electorate. Some years ago the fishermen campaigned to have their catching equipment—the ‘pots’, as they call them, which they trade on a licensed basis—reduced by 25 per cent; they had got too clever at catching fish. Their many instruments were much more accurate in catching fish.

The fishermen campaigned on the subject. A coalition government of my persuasion decided, after a bit of lobbying that some get on the wheat industry, that 18 per cent would do—notwithstanding that it was the fishermen that thought they should give back 25 per cent of their catching capacity. Industry recognises the word ‘conservation’. Environmentalists just say, ‘Lock it up.’ Conservationists ask, ‘What is a reasonable catch?’ We should recognise that human beings have fished the sea for as long as recorded history. We are a predator in the ocean; we have just got too smart at it.
The measures in the bill implement actions to prevent people wanting to come into our fishing zones and threaten them with jail. The Southern Ocean, admittedly, comes into part of the provisions of this bill. I can go down on the record as the fisheries minister who caught the South Tommy. It got easier thereafter, but I had to negotiate with the defence forces and the South Africans—everyone—while urging our vessel to keep chasing it right across to South Africa. Of course, other arrests have been made since.

To my mind, we need deeming legislation for both north and south—if that is at all legal under the law of the sea—which says that, if you are caught in our zones with fish and you have failed to seek right of passage through our economic zone or wherever, where we have control, then the catch that you have on your vessel is deemed to have been caught in our waters. There is a big gap through which people are starting to escape. When you catch them, unless they have virtually got the lines over the side or the nets in the water, it is very hard in our courts, which are fair, to prove that the fish were caught in our zone. I hope the government will take note of my comments. I might get the support of the shadow minister at the table to look into how we can nail these people through legislation. In the Southern Ocean it is not unusual for illegal fishermen to have on board $1 million worth of the patagonian toothfish, a very fragile species. Like other fish, it is quite old before it even breeds. We cannot afford to have that species destroyed by foreign pilots. We really do need to have something that says, 'Unless you have rung us up and said, “I propose to have passage through your economic zone, and you can come and inspect the fish I’ve got on board already”'—and I do not know how they would do that in the Southern Ocean, but that would not worry me—we could state that the fish have been caught there. And if we need to make some changes to international treaties we should do so, because we should not let these people out of those circumstances.

All in all, I welcome this legislation because it is a step in the right direction. It puts pressure on a certain level of officers. The better solution in the case of indigenous fishermen is, while you have them on the boat and they are in the vicinity, to take them to the nearest Indonesian island and tell them to get off. I am not sure that putting them in jail or even carting them into Darwin necessarily does much. If we could catch the organisers, who frequently do not even live in their district—they come from Hong Kong or somewhere else—that would be a big help. That would require an international response.

The $300 million that the government has laid down is going into border protection and apprehension. There will also be a message that you could end up in jail. All of those measures—and this is specific to that last point—are welcomed. I hope our new surveillance, our new assets—smaller boats to do certain jobs—will help us to get the message out there that, as I read or saw on television, if you are a burglar you will get caught. That is a message we have to deliver. I encourage our foreign minister and others to do as much as possible, diplomatically, to get the support of the Indonesians and others, to say, 'If you sail out of Indonesian waters it is assumed you are going somewhere where you are not supposed to be,' and they will deal with it themselves.'

Mr GAVAN O’CONNOR (Corio) (5.00 pm)—I acknowledge the contribution of the member for O’Connor to this debate, and I do apologise for the hurried circumstances that brought him into the chamber early to deliver his speech. We all know the uncompromising manner in which he undertook
that pursuit of the vessel. We only wish that that sort of political will remained because, since the member for O’Connor vacated the ministerial post, we have had a succession of ministers who have talked big but have not delivered the goods.

The Fisheries Legislation Amendment (Foreign Fishing Offences) Bill 2006, which we are considering in this place today, makes a number of amendments to the Fisheries Management Act 1991 and the Torres Strait Fisheries Act 1984. The amendments provide for increased fines and for custodial sentences of up to three years imprisonment for persons caught illegally fishing in those parts of Australia’s territorial sea that are subject to Commonwealth fisheries jurisdiction. The area covered by this legislation is the zone beyond a line three nautical miles from the coast, which represents the state or territory boundary, up to a line 12 nautical miles from the coast, which represents the rest of Australia’s territorial sea. Importantly, this legislation does not and cannot apply to areas of the Australian fishing zone that lie beyond the 12 nautical mile boundary of Australia’s territorial sea.

This legislation therefore will not apply to persons caught fishing illegally in the zone between the 12 nautical mile and the 200 nautical mile limit of our fishing zone. This is because Australia, as a signatory to the United Nations Convention on the Law of the Sea, is prohibited from imposing custodial penalties for foreign fishing offences beyond the 12 nautical mile territorial sea limit. This is not the first time that custodial sentences have been included in Australia’s fishing legislation; however, in the Fisheries Management Act and the Torres Strait Fisheries Act, custodial sentences are generally provided only for non-fishing offences such as obstructing a fisheries officer or providing false information.

Labor will support this legislation. We recognise that it is a very small step in the right direction. It will put in place additional deterrents for those foreign fishers who are caught fishing in our waters. We recognise that the vast bulk of sightings by Coastwatch of illegal foreign fishers operating in Australia’s fishing zone are in waters beyond our 12 nautical mile territorial limit and therefore will not be subject to the new custodial provisions contained in the legislation.

The bill before us today is not likely to make a major dent in a problem that has basically been spiralling out of control for many years under successive Howard government ministers. The previous fisheries minister, Senator Ian Macdonald, issued press releases proclaiming victory in the battle against illegal foreign fishers when the situation on the water was getting worse by the day. Senator Macdonald in fact issued 150 press releases claiming success in curbing illegal foreign fishing. Members of the House, who could forget that memorable press release of 24 October 2002 headed ‘We are winning the war against illegal foreign fishing’? While Senator Macdonald was winning the war against illegal fishers in his own mind, Australian fishers operating legally in our northern waters were seeing more and more boats from Indonesia and elsewhere fishing illegally in our waters. Like other Howard government ministers, Senator Macdonald seemed to believe that if he put enough spin on a bad situation he could fool the Australian fishing industry and the Australian public into believing that he had this situation under control and that the minister’s spin alone would be a deterrent to foreign fishers.

As the paper pile mounted, the problem got worse and the illegal fishers got more audacious. I am reminded of that great saying of former Prime Minister Keating’s,
when he was challenged in debate by members of the National Party, that listening to them was like getting mauled by a dead sheep. As far as the illegal foreign fishers are concerned, as the paper mounted declaring success in the war against illegal fishers, I guess they were sitting on their boats basically saying that the minister’s words were like getting mauled by the proverbial dead prawn. Quite frankly, this was a disgraceful situation that was allowed to spin out of control by an incompetent minister and a government that lacked the political will to defend our borders.

Here we have a government prepared to spend in the region of $1.6 billion on a useless war in Iraq and yet our northern borders were leaking like a sieve. The danger that that posed not only to our economic interests but to our agricultural interests and other areas was quite substantial. The fact of the matter is that Senator Ian Macdonald did not have the situation under control at all. He was not winning the war against illegal fishing, and his failures eventually grew to the extent that he was becoming a liability for the government and he had to pay the ultimate political price—that is, he was removed.

I am quite proud of the fact that, on my watch, two fisheries ministers bit the dust. They had to be removed. The opposition put intolerable pressure on an issue that should have been front and centre of the government’s consideration but, while it was distracted elsewhere in a useless war costing billions of dollars, Australia’s northern borders were leaking like a sieve. One tactic often used by Senator Macdonald, in an attempt to distract attention from his own policy failures, was to blame the states. Where have we heard all that before? If you get into trouble for a hopeless policy failure, you blame the Labor states. In a situation that demanded the highest level of cooperation between state and federal authorities, Senator Macdonald did the opposite and fought with his state and territory counterparts.

Perhaps, though, we could see this as an improvement on the performance of his predecessor, the member for O’Connor, who preceded me in this debate, who, at one stage when fisheries minister, wanted to carry the fight to Tasmanian fishermen out the back of the forum, according to a little birdie who whispered in my ear. I know the member for O’Connor is quite formidable in this regard, but I think he bit off a bit more than he could chew on that particular occasion with the Tasmanian fishermen.

I give the new Minister for Fisheries, Forestry and Conservation, Senator Abetz, credit for at least trying to develop a better working relationship with his state and territory counterparts than either of his two predecessors did. Labor will support him in any measure that is designed to lift genuine cooperation between the Commonwealth and the states and territories on this issue of importance to the Australian fishing industry and the Australian public.

Such cooperation will be absolutely vital if we are to make major inroads in getting on top of this very difficult and serious problem. There has to be a high level of sharing of intelligence, equipment and personnel between the Commonwealth and the states and territories if we are to be successful in this fight against illegal fishing. I caution the new minister, however, about getting into the bad habits of his predecessors in mistaking spin for success. In a recent press release, Senator Abetz used the words ‘highly successful’ in his description of a one-off exercise. A one-off exercise, even if it is highly successful, will not solve this problem. Only concerted, cooperative action with the states and territo-
ries in the long term will bring us ultimate success.

We really need to understand the real dimensions of this problem. In answer to a question on notice the Attorney-General advised that between 1 January 2003 and 31 March 2004 there were 1,588 sightings of vessels in Australia’s exclusive economic zone suspected of breaching fisheries laws. Over a 15-month period, beginning in January 2003, there were 1,588 sightings of possible illegal foreign fishing vessels in our waters. Last year, during supplementary estimates, Coastwatch reported that in the 2004 calendar year there were 8,108 sightings of possible illegal foreign fishing vessels in Australia’s fishing zone. Coastwatch now says that in the 2005 calendar year there were 13,018 sightings. Even if this particular figure has been inflated as a result of multiple sightings of the same vessel—and I am including vessels that have been legally transiting through our waters—it is clear that incursions by foreign fishing boats operating illegally in our waters are increasing at a rate that should be setting off alarm bells in the cabinet room.

I acknowledge that over time there has been an increase in interceptions but, unfortunately, apprehensions have only been a drop in the bucket, compared to sightings. Last year, only about three per cent of those boats sighted by Coastwatch were actually apprehended. Until recently, there was an increasing tendency to deal with those foreign fishers, who were unlucky enough to be intercepted, by the so-called legislative forfeiture method rather than by taking them into custody. There is ample evidence that many of the foreign fishers, who have had their fishing gear and catch seized under the legislative forfeiture provisions, have headed straight back to the Australian mainland where they had previously secreted caches of fishing gear, stocked up and immediately started fishing again in our waters.

In 2000 there were 101 interceptions, of which 23 per cent were dealt with under what we have termed the ‘tag and release’ provisions. In 2001, 33 per cent of the 119 illegal foreign fishers intercepted were tagged and then released. The corresponding figure for 2002 was 24 per cent of the 1,444 intercepted; for 2003, it was 29 per cent of the 196 interceptions; for 2004, it was 43 per cent of the 289 interceptions; and, for 2005, it was a massive 53 per cent of the 607 illegal foreign fishers intercepted.

A cursory look at these statistics indicates that we have a tag and release policy in place that is not getting on top of the problem. Last year, over half the illegal foreign fishers who were caught had their catch and gear confiscated and then they were set free to re-equip their boats and start fishing again. During estimates hearings last week, we were told that a higher percentage of those boats intercepted this year have actually been towed in and their crews charged. It seems that someone has finally acknowledged what I have been saying for a long time: tag and release simply does not effectively deter illegal foreign fishers from plundering our fishing stocks in our waters. This is particularly the case where it seems that they can easily re-stock from bases set up in remote creeks on the Australian mainland—and they can do that, apparently, with impunity.

The dimensions of the problem were clearly elaborated on by Australia’s most senior fisheries bureaucrat in a presentation to the Indonesian government last year. Mr Daryl Quinlivan is now Deputy Secretary of the Department of Agriculture, Fisheries and Forestry and was previously manager of the fisheries and forestry division of that department. Mr Quinlivan told the Indonesians:
Not only are we seeing a greater rate of incursions but also a significant shift east and into the Torres Strait Protected Zone, penetrating deep into the Gulf of Carpentaria, often landing on mainland Australia, and further south-west, targeting Rowley Shoals.

So there we have it: a very honest admission and appraisal by a senior fisheries bureaucrat of the real situation of illegal fishing in Australia’s waters. Thank goodness for that—at least we have someone with a degree of honesty prepared to front up and tell it how it is. It is a very important issue for the Australian fishing industry. That is in direct contradiction to the then minister’s claims that we were winning the war on illegal fishing. We had Australia’s most senior fisheries bureaucrat speaking with candour and admitting that the number of incursions is increasing and that illegal foreign fishers are penetrating deeper and deeper into Australia’s waters and territorial zone.

But it was not the only issue that was dealt with in Mr Quinlivan’s speech. He dealt with another issue that I have raised a number of times in this place and in the public arena. That issue is the considerable quarantine risk imposed on Australia as a result of these incursions. Mr Quinlivan said in the course of his presentation:

Another significant concern to Australia are the quarantine risks posed by the possible introduction of marine and terrestrial pests as well as human and animal diseases.

Many vessels have been sighted along river beds and mangroves on the Australian mainland. Some have been known to establish hidden storage sites on land where additional storage of fishing equipment and resupply are kept.

From the quarantine and national security perspective, this is obviously not acceptable and the Australian Government is gravely concerned about this activity and the potential for this activity to be used for other activities such as people smuggling, foreign terrorism and the trafficking of weapons and narcotics.

Mr Quinlivan said things in that speech that I have heard many times over the years in the course of my discussions with fishers, fishing representatives, industry representatives, state and territory officials and Commonwealth fisheries officials all around Australia. We have seen reports of illegal foreign fishers bringing with them birds, dogs and other animals, and we know that these animals are sometimes brought to camps on the Australian mainland. We know that many of these fishers themselves carry diseases such as tuberculosis and that their animals have the potential to be carrying bird flu, rabies and even foot and mouth disease. Australian fishers have told me that they often come into contact with illegal fishers and they are concerned about the possible health consequences of that contact. It is clear that these incursions pose a serious quarantine risk to Australia’s plant and animal industries and to our native flora and fauna. They also pose a serious human quarantine risk.

But it is not only the quarantine risk that Australian fishers worry about. I have spoken many times to fishers from right across Northern Australia. I have also spoken to front-line state, territory and federal fisheries officials and ministers. These fishers, officials and ministers tell me that they are concerned that the illegal foreign fishers are becoming increasingly aggressive in the way they operate. Fishers have told me about waking up in the night out at sea and finding foreign fishers on their boats searching for food and water. I have been told about instances of boats being rammed. I have been told about suspected links between some illegal fishers, drug importers and people smugglers. There is also evidence that these fishers are becoming better organised. The minister himself has pointed to links between
the foreign fishers and organised crime figures from Indonesia and countries further to our north. Australian fishers and officials have told me that they are seeing more boats from more distant areas in Indonesia, as well as those from the closer islands, such as Roti, who have been fishing in our waters for a very long time. As well as this, we are seeing bigger boats, iceboats and even mother ships and factory boats.

The changing nature of this problem can be seen in microcosm in the changing nature of the fishers being encountered in the so-called MOU box. When the sea boundary with Indonesia was originally negotiated, the MOU box, which lies within Australian waters, was set aside as an area where traditional fishers, principally from the island of Roti, could fish in the traditional way, as they had for generations. These days it is not only traditional boats from that island that are encountered in the MOU box; today we see powerful boats with very sophisticated fishing equipment using the MOU box. I am told by Australian fishers that fish stocks in that area have become severely depleted and we are on the verge of an ecological disaster.

This highlights the need for better cooperation between the Australian and Indonesian governments, especially on issues such as who may fish in the MOU box and other border related issues. The simple fact is that when we entered into that particular agreement it was on the basis that traditional fishers would have access to Australia’s fishing zone, and from Australia’s point of view we felt that that was an important compromise and a necessary one to ensure a good relationship between Australia and Indonesia on these matters. But it is clear we have to revisit this issue, because the boats that are fishing there now have plundered the resource to the point where it is ecologically and economically unsustainable. Of course, those boats are now moving closer to the Australian coastline in search of fish.

It is clear that illegal incursions into our waters by foreign fishers are simply out of control. The measures in this bill alone will do little to alter this alarming situation. It is for this reason that I now move:

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

“whilst not declining to give the bill a second reading, the House condemns the Government for its failure to properly police Australia’s northern coastline and its failure to deter foreign fishers from illegally plundering fish stocks in the Australian fishing zone”.

This is a national problem demanding a coordinated national response, but I am not convinced that we are getting the coordinated response that is needed. State and territory officers who are on the front line have told me that information sharing among the various authorities dealing with this problem is not always what it should be. They say there is a particular problem with some Commonwealth agencies that are very reluctant to share vital information. This is a situation that ought not to be tolerated by any Commonwealth or state minister. It is absolutely vital that Australia’s territorial integrity be protected, and we demand of those bureaucrats from the state and the Commonwealth level the highest level of cooperation to get on top of this particular problem. Officers tell me that coordination is not always as good as is needed and that the best, most efficient use is not always made of existing available equipment and human resources. Better coordination and cooperation between authorities is vital if we are going to successfully get on top of this problem.

I note that the minister has at last acknowledged the importance of this and that some funds for this purpose were made available in this year’s budget. But acknowledg-
edging the problem is simply not enough. This alone will not ensure better coordination and cooperation between Commonwealth agencies. Labor has long advocated bringing the federal agencies and equipment together in a well-equipped Australian coast-guard as the best, most effective way of ensuring a well-resourced and well-coordinated response.

In addition, there needs to be a renewed spirit of trust and cooperation between federal and state and territory authorities. On the ground, I have been told in many places that such cooperation between state and Commonwealth officers is the norm at the local level. The problems that we are encountering in that cooperation occur higher up the command chain. Ministers in particular have been far too fond of blame shifting and pointing the finger at one another. The previous federal fisheries minister blamed the states and territories. It has become a way of political life for coalition ministers.

We also need to utilise the local knowledge and long experience that lies in local communities, particularly Aboriginal communities, right across Northern Australia. I have been advocating this measure for years and finally the government has seen fit to put some resources into this area. The government has finally come around to at least acknowledging that in many Aboriginal communities lies a wealth of experience that can be better used in surveillance and other activities associated with curbing illegal foreign fishing. But it is a very tentative start. From my discussions with local officials and with communities, it has become clear that to make the best use of Indigenous expertise a well-funded, well-structured and well-coordinated program is needed.

Aboriginal rangers should have training opportunities available to them that will equip them with skill sets roughly equivalent to those possessed by state or territory fisheries or national parks service officers. It is not beyond our wit to achieve that over time, and we would improve the surveillance and apprehension effort to boot. I believe that appropriately qualified Indigenous sea rangers should be made officers of the relevant state or territory parks and wildlife and fisheries services with the same support, career and further training options as other officers. They should also be provided with all the specialised equipment they need to do the job. Better use should be made of the resources and expertise of the Australian fishing industry. Again, the government has made some noises in this area, but we have yet to see what, if anything, will happen in practice.

The legislation before us today has the support of the opposition, but nobody should pretend to believe that it will do more than scratch the surface in deterring illegal fishers from fishing in our waters. What is needed is a better focused effort from the Commonwealth, and Labor believes that this will best be done with an Australian coastguard. There needs to be better coordination across all levels of government and with the Indigenous community and Australian fishers. Much work still needs to be done with the Republic of Indonesia on issues such as the MOU box and the border and on finding viable alternatives for Indonesian fishers who have been operating in our waters.

This is a serious matter. We have seen for 10 long years the continued plundering of Australia’s fishing resources by illegal fishers. While this government has issued press releases, the problem has got worse. We have seen Commonwealth ministers removed from their portfolios because of the heat generated by this issue for them, and we have yet to see the level of political will and cooperation necessary from the government to get
a response that is going to drive the illegal fishers out of Australia’s territorial waters.

As shadow minister for agriculture, I appreciate how dangerous these incursions are to our great beef industry and other industries in rural Australia. We know that these illegal incursions can be associated with the carriage of very serious diseases that could decimate key industries in regional Australia and key export earners for this country. It ought to be a matter of the highest priority for any national government to secure the borders of its nation. If that alone is the criterion by which to judge this government, then this government has failed.

The Speaker—Is the motion seconded?

Ms Burke (Chisholm) (5.30 pm)—I second the motion, Mr Speaker. I am pleased to stand here today to welcome the Fisheries Legislation Amendment (Foreign Fishing Offences) Bill 2006. This bill, belatedly introduced by the government, represents a very mild step but I welcome it and will recommend it in the right direction. I also happily endorse the amendment moved by the member for Corio and all the remarks that he has just put on the record.

This is the fourth time this year that I have risen in this parliament to speak on illegal fishing, which is quite extraordinary given that I come from a metropolitan Melbourne seat. Nevertheless, late last year the Labor caucus determined that this government was neglecting serious issues of grave concern, one of them being transport and maritime security. This government is ignoring homeland security. They have neglected it wilfully—and I mean that. They have sent our troops to fight in a meaningless war off our shores while neglecting the situation here. They are neglecting to protect our own borders. This has become most alarmingly evident in this area of illegal fishing but the bill before us today, whilst finally a step in the right direction, recognising that there is a serious issue out there, does not go near enough to resolving this enormous problem. The other indication that the government is wilfully neglecting our borders is the situation currently unfolding in Timor. We are rapidly not having enough troops to deploy in our own region. This is going to be a crisis situation. I have just heard of an individual who is just back from three months in Iraq but has been told that he is off to Timor any day now because they simply do not have the troops on the ground to protect our borders and our homeland security.

Whilst I will allow the new Minister for Fisheries, Forestry and Conservation some excuse as he has only recently taken over the portfolio from the poor, hapless Senator Ian Macdonald, who was hounded from his portfolio by numerous individuals, I will not allow Senator Abetz to get away with having spoken only twice on an issue of grave concern to this country, an issue of such importance to our northern waters that the people up north are absolutely bleating. You only need to pick up the West Australian newspaper on any day of the week to see that illegal fishing is their No. 1 issue. You only need to pick up the Northern Territory newspaper to see that illegal fishing is their No. 1 issue. Then you go to the top of Queensland and again illegal fishing is the No. 1 issue. And what have we had in this place today? One government member speaking on this bill!

Mr Bevis—And that was Wilson Tuckey.

Ms Burke—Yes, one brave government member, Wilson Tuckey—at least he was from WA—had the gumption to speak on the bill. The other reason I am slightly amazed that no other government member has got up to speak is that this is a law and order bill. I would have thought government members’ stock in trade was talking on a law and order
bill, to move something in respect of law and order.

As I said, the minister in charge of solving the problem of illegal fishing, which has grown to a crisis point since the Howard government came to office, has bothered to talk on the issue only twice. That is not very impressive, nor is the Howard government’s record on illegal fishing. Some columnists say national security is the coalition’s strength. I would ask them to stop looking at the spin and start looking at the facts, because the facts on illegal fishing say it all. Last year there were 13,018 sightings of illegal vessels in Australian waters, so 13,000 boats managed to get into our waters. Some of them may have been subject to double counting, but Coastwatch actually said in a written supplementary estimates answer that they thought maybe they had underestimated, not overestimated, the number of sightings.

Of those 13,000 boats sighted last year, only 214 of the vessels were apprehended, which means that somebody had a 1.5 per cent chance of actually being picked up. Having travelled the countryside on behalf of the Labor Party task force on transport and maritime security, I have heard countless stories from individuals to the effect that when you come into contact with Indonesian fishermen, who have been apprehended or have landed on the shore to get supplies, they say they have a one in 10 chance of being apprehended, so if they make 10 trips they may get caught once, but that is very rare. So the Indonesian fishermen have this mentality that there is no deterrence, there is no way of stopping them, so they may as well risk their lives coming down from their waters. Bear in mind that coming down from Indonesia into our waters is a fairly dangerous pursuit, but they are prepared to risk it because they know there is no deterrence at our borders. If they are caught once they get here, as the member for Corio pointed out, up until recently the government has had this great system—I think they have finally seen the light and said, ‘This doesn’t work’—of illegal forfeiture which meant that, when they apprehended the boat, they did not actually take the crew and charge them with illegal fishing or take the boat and destroy it; they just took the equipment and said to the crew, ‘Terribly sorry, but we’re taking your nets and your fish and we’re going to send you on your way.’

It reminds you of Rex Hunt taking the fish, kissing it and chucking it back in the water. It actually made the situation far worse because the illegal fishing crews, who are predominantly Indonesian, knew that if they were apprehended all they had to do was hand over their stock, their fishing gear and then head around the corner to a little inlet where they had dug a nice big hole and had whacked in another load of nets. So it was making the situation worse because it was actually forcing these crews to risk coming onto our shores, with all the associated quarantine risks. They would actually come onto our shores and hide their nets, knowing that if they were caught they would have to restock.

The other thing is that this situation has resulted in a lot of theft at sea. If the nets of illegal fishermen are confiscated they often steal the nets off Australian boats. Throughout Australia I have met with many fishermen—they were predominantly men—and one brave fisherwoman. I do not know if that is what she is called but she is a woman who earns her living on the sea; there are probably more but I have met only one. They are becoming fairly apprehensive about going to their workplace, which is in a boat on the ocean. Yes, it is a fairly dangerous livelihood, but now they are scared for their per-
sonal safety. Time and time again we were told during our task force visits that people did not think about ‘if’ a dangerous situation were to happen at sea on one of our boats but ‘when’ that situation would happen.

I would like to quote from a report on illegal fishing in Australian waters by Professor James Fox, who is at the Research School of Pacific and Asian Studies at the ANU. I had the pleasure of meeting with Professor Fox recently, and I was fascinated by the things that he had to say. In his report of January this year he said:

There are no indications that the number of eastern Indonesia fisherman coming into Australian waters will decrease. In fact, there is every indication that these numbers will continue to increase. The value of shark fin is creating a kind of ‘gold-rush’ mentality among the poorest socio-economic group in Indonesia. The fishermen’s own fishing areas are now heavily over-fished and largely depleted of valuable shark. Hence there are few alternatives available to these fishermen. Despite the intentions and rhetoric in the new Fisheries Law, only the development of managed fishing zones with recognised and strictly enforced quotas on catch is likely to improve the present combination of legal and illegal overfishing.

As Professor Fox has said, this gold rush mentality has now happened. The Indonesian fishermen who are put into the terrible situation of coming down and plying our shores for our fish are willing to risk their lives because of the gold rush mentality and the notion that there is no deterrence, that there is nothing to stop them. As I say, up until now, if they were caught their equipment was taken and they were sent on their way.

This bill goes at least part of the way to address that situation, which came to our attention over and over during our task force visits. We went to the major fishing towns throughout Australia. We went from Perth up to Broome, across to Darwin, down to Cairns and back to Brisbane. I have met with people all over and have been to quite a few remote Indigenous communities, and we spoke to people over phones when we could not get out to some of the very remote places. Having spoken to them and spoken at length to the state fisheries officers and the relevant state fishery ministers, we find that one of the No. 1 complaints about tackling the problem of illegal fishing is the sheer lack of coordination and cooperation between the states and the federal government. The current situation is that there are various laws, dependent upon where the fisherman is apprehended and by which authority. If they are apprehended in WA waters by state fisheries officers they are predominantly apprehended, taken to shore and charged under that state’s laws.

Given the issue of where sea boundaries begin and end in state waters, federal waters, the economic zone and international waters, things do become a bit blurred. But there is this constant mismatch between which laws apply on the ground. So in Western Australia they are actually apprehending quite a large number of these Indonesian illegal fishermen and putting them in jail, and then fining them under their laws. There are different laws and different rules with regard to captains and crew. These laws are in conflict with what is happening on the Commonwealth side.

The Commonwealth seems to be using either forfeiture or deportation. They are taking the crews and deeming them to be illegal migrants and deporting them straightaway, as opposed to dealing with them through the legal system and saying, ‘This is an illegal activity on our soil and you should suffer some consequences. You should suffer some fine. You should suffer some deterrent.’ There should be an indication that there is a deterrent to taking the fish stocks out of our waters.
This bill, which will introduce legislation, give greater coordination and cooperation between some of those laws across the state and federal boundaries and improve the fines and custodial sentencing, is a move in the right direction. But it is only a drop in the ocean. As was also mentioned by the member for Corio, there was a statement by the Treasurer in the budget. There is increased money in the budget to go towards fixing this illegal fishing issue. Again, it is only a drop in the ocean. The Treasurer’s great statement was, ‘We’ll double the number of boats apprehended.’ That is great! That is three per cent, by my calculation. That will be 400 boats, and there were 13,000 sighted last year. The estimations from everybody who is studying this is that that number will increase this year. In talking to the individuals on the ground, or more importantly those who go out on the water, they say they noticed a huge drop in coastal surveillance for illegal fishing at about the time the government decided that it would concentrate on people-smuggling. It did seem from their perspective that there was a huge drop-off in deterrence to illegal fishing, and that is when the issue spiked, because there was nobody out there caring about our fish stocks.

At the same time, our fishing industry, particularly those who fish on the Great Barrier Reef, have taken a cut to what they can catch. They have taken hits about where they can catch so that we can have an ecologically sustainable stock within our waters. They are saying, ‘Why are we taking the hit about how much we can take and where we can take it from when nobody seems to give a hoot about where these illegal fishing boats are going?’ When we met with the commercial fishers, recreational fishers and charter boat operators in Cairns, they were absolutely outraged; they had begrudgingly accepted locking up the reef. They understood the importance of locking up the reef and they were prepared to deal with that. But, at the same time, they are sitting there and seeing illegal fishing boats coming into our pristine waters and emptying bilge water over the side, which can be as damaging as catching the fish in those pristine environments, and nobody is doing anything about it.

The No. 1 message from everybody we have spoken to on this issue is that we need to deter people. We need to give an indication that, if you come into our waters, you will be apprehended and suffer the consequences. The measures in this bill go some way towards sending the signal that you will be locked up, jailed and fined and that there will be some penalty. The problem is that it is a double-edged sword. Some of the individuals who get locked up will earn more in jail in Australia than they earn out on the water. This is one of the double-edged swords in what is happening. I want to quote again from James Fox’s report. Talking about the repatriation of fishermen to Indonesia, he says:

The present practice is to repatriate fishermen as expeditiously as possible once court proceedings have been concluded. Without exception, all the fishermen, with whom I spoke, preferred to be able to sail back to their home port—either on their own boat, if the bond had been paid or on another boat from the same port that was set to return. All these fishermen, even the sole fisherman who was born in Kupang, expressed reluctance and, in some cases, outright apprehension about being returned to Kupang … Kupang represents a different and unfamiliar, almost threatening, world for many of the fishermen, particularly the younger fishermen. There is only one ship a month that sails from Kupang in an eastern direction and this ship takes a long time to get the fishermen as far as Ambon. In Ambon, they still have a long way to travel to reach their homes.

… … … …

Many of the sailors had stories, either their own or those of their friends, about the woes and mis-
fortunes of those who were sent back to Kupang. In fact, the fishermen had more worries about being sent to Kupang than being sent to jail.

There is a mishmash happening. It does not seem that we are gathering any of the information available through the good work of Professor Fox, from the on-the-ground intelligence that the Indigenous rangers and communities are picking up from speaking to the Indonesian communities that are coming down, from the state fisheries departments that are intercepting these people or from some of the fairly ambitious projects in which Indigenous communities and state authorities have gone to Indonesia to speak to fishing communities to find out what is going on. It seems that nobody from the Australian government cares enough to collate the data and ask these Indonesian fishermen, ‘What will stop you taking fish from our waters?’

You have to remember that it is a fairly lucrative trade, even though most of the people on the boats are in an indentured arrangement. These activities are being funded predominantly by some fairly shady types. Indonesian fisherman spoken to by Professor Fox report that they are predominantly of Chinese background. We do not seem to be looking at any of that intelligence and using it to stop this trade. We are not looking at how we can influence these fishermen so that they are not risking their lives by coming into our waters.

It is estimated that, since the beginning of last year, at least 40 Indonesian fishermen have lost their lives at sea. The numbers could be far greater than that, because nobody is collating the data, nobody is coordinating and people are not discussing it with others. There is all this information out there that just goes begging, that nobody deals with. On average, a kilo of shark fin will net these individuals $170. On average, the trip down in one of the little boats takes about five days and there are about three crew on board. They try to get 10 sharks. It is a hideous situation. They take the shark’s fins off—there are about eight fins on a shark—and chuck the shark back in the water. Nine times out of 10, the shark is still alive and it drowns, which is horrendous. They also take dolphins as bait for the sharks. We have no idea of the number of dolphins, turtles and sharks that are taken in these exercises. They get 10 shark per trip and they do roughly 24 trips into our waters per year. One rough calculation by Professor Fox is that the trade in shark fin which these fishermen take out of our waters is worth $23 million per year. This is big business and these individuals are making big money out of our fish stocks.

Our commercial fishing industry has now been told that the situation is so dire that the federal government is prepared to buy back licences and pay for them to go out of the industry. We are exploiting Indonesian fishermen who are risking their lives to come down here. We are exploiting Indigenous communities whose livelihoods, stock and culture are being polluted by this and we are doing very little about it. This bill goes a little way to address that by talking about deterrence and offences, but it does not go far enough. We need a far greater coordinated response by everyone. We need a cop on the beat 24 hours a day, seven days a week, to ensure the Indonesians know that, if they come here, they will be caught.

Mr BEVIS (Brisbane) (5.50 pm)—The Fisheries Legislation Amendment (Foreign Fishing Offences) Bill 2006 imposes penalties on illegal fishing boats and on those responsible for the illegal fishing boats being in Australian waters when they are apprehended. This is a positive move and it is supported by the Labor Party. Unfortunately, there is a catch-22, which is that you have to
catch the vessels. This government’s record in that fundamental task has been appalling. This bill will be of no consequence at all unless the government lifts its game and improves its performance in apprehending the thousands of illegal boats that come into our waters in Northern Australia each year. Few people who do not live in Northern Australia, or who are not involved in the fishing industry in Northern Australia or national security matters, comprehend how big this problem has become and, indeed, how it has grown. A year ago, 8,000 illegal vessels were sighted. Last year, that had grown to 13,000. That is an increase of 5,000 additional illegal boat sightings in one year.

In the past, government members and ministers have sought to diminish the significance of that frightening number of 13,000 illegal boats in a year by saying, ‘But they’re just the boats that are sighted,’ and pretending that it somehow overstates the number of illegal vessels because there is the potential for double counting. It is true: there is a potential for double counting, but what is equally undeniable is that, in fact, we do not sight all of the illegal vessels that come into our waters. The most probable assessment is that that figure of 13,000 boats a year ago understates the actual number of illegal vessels coming into our waters. The fact that it has grown in one year from 8,000 to 13,000 is an enormous indictment of the Howard government’s approach and its absolutely disgraceful neglect of the need for improved border security in our north. Against that figure of 13,000 illegal boats, the government last year managed to apprehend 200. The odds are in favour of the illegal fishing vessels.

I have received briefings and seen films of these boats from the authorities apprehending these vessels, from media outlets and from fishing vessels. We now have the ridiculous situation where Australian fishing boats going out from Darwin will regularly take video cameras with them to take footage of the illegal vessels to give to authorities as proof of the problem—not that any further proof was required, I might add. From that information one concludes that most of these boats have about six or seven crew. Some have more and some have less, but most have about six or seven crew, who are typically Indonesian. We are talking, therefore, about 80,000 or 90,000 people unlawfully coming into Australia’s territorial waters.

Most of that activity involves illegal fishing, and this bill deals specifically with it, but I want to draw the attention of this parliament and the people of Australia to a related and, I think, far more serious threat. When you have 13,000 illegal boats and nearly 100,000 people illegally entering our waters, you invite a whole raft of other problems. Yes, our natural resources are plundered by the fishing, but in addition there is no process of quarantine involved here. We have already recorded cases of avian flu not far from the areas where those illegal boats depart. The boats that come to undertake illegal fishing are known to bring with them their own stock. They have had chickens on board; one even went up a river in Australia to get fresh water and had a monkey on board. The danger of the spread of virus or disease, whether it is avian flu or something contagious to other flora or fauna or to humans, is obvious. The threat is significant.

Equally worrying is the increasing information that some of the boats illegally traversing those waters have been involved in the illegal drug trade. Also worrying—to not as great an extent but nonetheless worrying—is the evidence that some boats plying the waters to our north have also been involved in arms running. This is a major concern for national security. Yet the Howard govern-
ment, which prides itself on being tough on defence and security matters and which at every opportunity cloaks itself in the flag and basks in the reflected glory of the great deeds of the men and women in the Australian services—the government loves a photo opportunity with the men and women of the Australian defence forces—has patently neglected and shown a complete lack of interest in ensuring that our northern borders are anything but porous.

A small group of people in Customs, Defence, Coastwatch and other related agencies are doing a very good job in Northern Australia with very few resources to deal with this. The fashion that has become characteristic of this government is to rely on political spin rather than substance. The government tried to paint a different picture of this problem during the recent budget. Yes, there are funds allocated in the budget, but let’s not get carried away with that. Let me rely on no greater authority than the Treasurer himself. In typical Costello fashion, the Treasurer announced in his budget speech:

We expect to double the number of fishing vessels apprehended in Australia’s northern waters each year.

That sounds impressive to those who know nothing about what is going on in Northern Australia—we are going to double the number of boats we catch. At the moment we catch 200 out of more than 13,000. We are going to double that if the government reaches its target—and that is only if. The government plans to catch 400 boats next year and let the other 12,600 go free.

There is an interesting question about whether the government is confident that it can actually catch 400 and let 12,600 go scot-free. Either way the odds are still pretty heavily in favour of the illegal boats—whether they are there for fishing, for drug running or to replenish supplies on our coast-line. To boast as the Treasurer did and as this government has that they will double the number they catch and that that is a great achievement is an insult to the men and women of Northern Australia and, in particular, the people whose livelihoods depend on securing our borders there.

After the budget, the Australian Fisheries Management Authority estimated that, with the additional funds made available, they would now be able to catch on average two illegal boats a day. The problem is that, on average, there are known to be 35 boats a day in those waters. So, even after the budget, the government’s own fisheries authority estimates they will now catch two—and 33 will go scot-free. That is one of the greatest disgraces of national security and border protection this government faces. It is amazing that members of this government have had the temerity—though not in this debate; no-one from the government side other than the member for O’Connor wanted to speak on the bill—to try to defend their performance in these matters.

A couple of days after the budget, the new Minister for Agriculture, Fisheries and Forestry, either through ignorance or bravado, persisted with the same line. In answer to a question on 11 May in this parliament he said the government’s approach to illegal fishing in the north was ‘full-on’. If the government’s full-on effort is to catch two boats a day and let 33 go scot-free, heaven help us if they decide to take their foot off the pedal. If that is the full-on performance that this government can manage, then people in Northern Australia truly do have a lot to be concerned about.

In fact, they do have a lot to be concerned about because the government’s approach to this important issue has been one of complete indifference. The government has been keen to issue press releases. We have had
three ministers in the portfolio in recent years and, in that time, the government kept claiming victory, that it had turned the tide and was winning the battle. There is a folio of press releases from government ministers claiming to have got on top of this problem and every year the problem has got worse. Last year it just ballooned out of control. Last year, when it grew from 8,000 to 13,000, I think even the Howard government understood that it could not get by with the flim-flam and the political spin.

Only recently did the government decide that it should actually catch these people. Until recently, when a vessel was apprehended, the government’s approach was not to take the people into custody, it was not to take the boat and it was not to sink it. Rather, it was to take the fishing gear off, to take the catch off, to tell the sailors they were naughty people and to send them on their way. Next week the sailors were back with new nets catching fish again. They knew the odds were in their favour second time round. They knew that, on the odds, roughly only one in 10 boats were going to get caught, and they had already been caught once. I suppose, to their way of thinking, that meant that the odds were looking pretty good for them second time with one in 10 boats being caught. So they were happy to come back.

As I said, until very recently the government’s approach was simply to apprehend these boats, take the fishing nets, take the fishing catch and send the boat and illegal crew on their way. What an absurd situation. Is it any wonder that the word spread throughout the fishing community to our north that we were a soft touch? Is it any wonder that those involved in drug-running decided that the easy way to get drugs into Northern Australia was just to put them on a boat and sail all the way over to the Australian coastline, down to the river and hop off?

We have had cases where illegal fishing boats, with people camped beside them, have been photographed upstream in rivers. Not only did these people go through our territorial waters, not only did they get to the Australian coastline, but they actually went upstream and had a bit of a picnic. What an absurd situation.

Last week in parliament the Minister for Defence decided that he would buy into this and announced that the government was going to now send minehunters to Northern Australia to chase the illegal fishing boats. There is a whole big issue in the Defence portfolio about this, which time will not allow me to go into. These are highly specialised vessels. They are designed with special materials. They are constructed in a special way so that the boat does not vibrate—for obvious reasons—as most boats do. When you go hunting mines you do not want to make too much noise and bump into things that are unexpected. These boats have a low magnetic signature, because you do not want to set off magnetic mines, and they have a different propulsion system. They have special manoeuvrability so that they can turn on a dime, to coin a phrase. And, by the way, they do not go very fast. The minehunters are not designed to go chasing fishing boats. The minehunters are designed to tread their way very carefully through treacherous waters and to remove mines from them. The government have announced they are going to take these highly specialised, very expensive minehunters from Sydney and Newcastle and send them all the way up to the Northern Territory, to do what, I am not quite sure—other than to assist with another photo opportunity and press release.

I have no doubt that when those first minehunters arrive in Northern Australia we are going to see the Minister for Defence and/or the minister for the Northern Territory...
and a couple of the backbenchers from the Liberal and National parties up there in Darwin taking a photo opportunity with them, trying to con everybody, trying to put the political spin out there, that they are now increasing the resources and doing something to catch the illegal boats.

The minehunters have a top speed of about 14 knots, and that is not going to be sustained for long. I do not know whether the Department of Defence will be too keen on having their minehunters used in that role, I might add. I am not sure what they are like as tugboats either, because when you apprehend these illegal fishing vessels one of the jobs that you have to do is bring them back. I do not know whether the minehunter is fast enough to catch them. It is probably fast enough to tow them back, although I am not sure it is designed for that. No doubt the Minister for Defence will explain all of that when he fronts the cameras with his grin in Darwin, some time in the future, to try and milk this as a media opportunity. What will it do to solve the problem? Very little. How many of the 13,000 illegal boats will they catch? Not many.

That is not a solution to the problem. But it is a classic example of the way in which the Howard government deal with problems like this. First they ignore it and then they say they are on top of it. When facts make it obvious to all that the government have not told the truth up to that point, they then try to confuse the issue and out comes the wallpaper to cover the cracks. The Minister for Defence says, ‘We’ll send minehunters to catch these illegal fishing boats.’

The bill before us is not going to be used that often, unless the government starts catching a few boats. The government is not going to catch them by continuing to do what it has done in the past. That is patently obvious. The problem has got worse, not better. It is also not going to catch them by pretending that sending a couple of minehunters up north is going to fix the problem, it will not—although I suspect it will create some problems for the through-life maintenance and support of the minehunters that were never intended to be used in this role. That is if indeed they are sent up there for anything other than a photo opportunity. I would not put it past this government to send them there just for the photo opportunity.

There is only one clear-cut solution to this problem, and that is we need more resources on the water, we need to improve our surveillance, but above all we need to have an interdiction capability. We need to be able to intercept and apprehend those vessels. That is not going to be done by anything that the government has announced to date.

In addition, we need to ensure the command and control structures between the various agencies are improved. It is precisely for those reasons that the Labor Party has argued for four or five years now that we need to have in Australia a department of homeland security to coordinate the various agencies. At the moment there are two or three different ministers and two or three different departments all with their fingers in this pie of border protection in the north. You do not have to be a masters student in business management to comprehend the simple fact that, when you have three or four ministers, their departments and about seven or eight agencies under those ministers all involved in this, there is overlap and there are cracks. That is what has been happening throughout this government’s period in office in dealing with this issue. It is why it is so easy for mistakes to be made and things to be overlooked. It is why it is so easy for nine out of 10 boats to come and go as they please. It is why people in the region know that, if you want to get illegal goods here, if
you want to fish illegally in our waters, if you want to run weapons through the waters to our north, you can do it with impunity—you are unlikely to get caught.

Labor has long argued that we need a department of homeland security with one minister, one department and one clear chain of command. That is an essential policy change that the Howard government needs to adopt if we are ever going to get on top of this problem and, I might say, wider issues. But there is a second thing that is also important: we need an Australian coastguard. I have been to speak to people in Northern Australia about this and I have heard their comments. They know that we need an Australian coastguard. They have no doubt about that. But it is not just a change of badge and it is not just a paint job on boats; it is the additional resources that that Australian coastguard needs. If the Liberal and National parties had adopted Labor’s view about a coastguard years ago when we advocated it we would now have extra patrol boats on the water actually apprehending these illegal vessels—not taking their fishing nets and slapping them on the wrist and sending them away but actually apprehending the vessels. The boats would be there if the government had done what Labor said four years ago.

Even at the last election Labor made clear its ongoing commitment to the creation of a coastguard. At the last election we committed to the acquisition of eight new vessels, three new helicopters and another 250 personnel. That is what is going to make a difference. That is what is going to determine whether this law is ever used. It is all good and well for the parliament to pass laws about punishing those involved in illegal activities. If you do not actually have on the ground the practical measures to catch them, this law will not be doing much at all. The practical measures are a homeland security department and a coastguard. Labor is committed to both.

It is about time the government recognised the necessity of that, swallowed its pride and conceded that in 2002 it got it wrong and in 2003, 2004, 2005 and 2006 it has got it wrong. It needs to now accept the need for a coordinated homeland security department and actually put some real resources into funding an Australian coastguard and not the mickey mouse changes that the Treasurer announced, catching 400 boats a year instead of 200 and still letting 12,600 go. That is not a solution. The people in Northern Australia understand that. It is about time the Howard government did too.

Mr SNOWDON (Lingiari) (6.10 pm)—As my colleagues have observed, the government seems absolutely disinterested in the Fisheries Legislation Amendment (Foreign Fishing Offences) Bill 2006, at least insofar as the backbench members of the government. I wonder what that says about them, frankly. I wonder why the member for Solomon has chosen not to speak on this legislation, I wonder why the member for Leichhardt has chosen not to speak on this legislation and I wonder why the member for Kalgoorlie has chosen not to speak on this legislation. After all, whilst the member for Solomon’s electorate does not have any coastal water—that is all in my electorate—he is always someone who seems to opine on every other issue to do with Northern Australia, regardless of whether or not it has got anything to do with his electorate; yet he is nowhere to be seen on this piece of legislation. We do not see the member for Kalgoorlie, who has a huge coastline and has had large numbers of foreign incursions in terms of foreign fishing vessels caught off the Western Australian coast. We know the member for Leichhardt has a great deal of knowledge about Cape York and the gulf, but
again he is not here to advocate the government’s position on this legislation either. I wonder why that is. I commend the member for O’Connor, who did have the foresight to get up and make a contribution and, from what I heard of it, in parts a very worthy contribution—and I would not say that often about the member for O’Connor’s contributions.

This bill will provide for the first time detention and fines as penalties for people caught fishing illegally between three and 12 nautical miles from Australia. These, of course, are the waters in Australia’s fishing zone between the state and territory jurisdictional boundaries and the 12-mile limit of the federal boundary. Given the scale of the problem of illegal foreign fishing in Australia’s northern waters, this is only a tiny contribution to fighting the problem of illegal fishing. What it does do—and I note the contributions from my colleagues on this side of the chamber—is highlight the government’s abysmal failure to properly police Australia’s northern coastline and to deter foreign fishers from illegally plundering fish stocks. It is not—as I have had cause to talk about it in this chamber on a number of different occasions—as if these foreign fishers are just swanning around Australia’s northern waters, throwing their nets or lines out, taking the catch and then nicking off. That is not the case at all. What we know to be the case is that foreign fishers are using Australian shores, landing their vessels and in some cases setting up caches of food and even going so far as sinking wells for fresh water.

We know from observations made by Indigenous rangers and by Customs, Quarantine and, indeed, Defence that they are using sites across the coastline to deposit their catch, principally shark fin. We know from observations made on Groote Eylandt that they actually use the land to deal with the catch. We know from observations made by other Indigenous people across Northern Australia that these people may spend some considerable amount of time on Australian soil. Not only does foreign fishing raise major problems and concerns for us but clearly quarantine issues are of great importance to us all and, potentially, defence issues which go to the heart of the so-called war on terrorism.

We have heard a lot said by the government over the years since 2001 about the need to protect Australia’s borders. What they have demonstrated by their lacklustre performance and failure in the area of prevention, detention and deterrence of foreign fishing vessels is how porous Australia’s northern borders are. It is almost as if any Tom, Dick and Harry could get in a canoe or an outboard and just make landfall. That is about the sum of it.

Mr Price—What if they are bringing drugs in?

Mr Snowdon—As my friend has pointed out: what else could they be bringing in? They could be bringing all sorts of contraband onto Australian soil. We do not know. Hypothetically, we do not know whether they have not deposited a sleeper somewhere in the Australian population as the result of landing on Australia’s northern shores. We do not know that, but surely it is possible. The Australian community would be wise to remember the breast-beating that goes on on behalf of the government in its ability to protect Australian borders when they contemplate these salient facts.

Even if you assume—and I do not—that these proposals will make a substantial change to the way in which we are able to apprehend foreign fishers, the deterrent value of the offences proposed in this bill are indeed very questionable. It is an economic proposition for impoverished Indonesian
fishermen to return again and again to Australia despite the threat of being caught and losing vessels. I ask: will a prison sentence make a difference? Already we know that many of the fishermen are making multiple visits to Australia. There was notably one who was finally caught in Arnhem Land in the Northern Territory. He had not made his first, second, third or fourth visit. He had not made even his 10th, 20th, 50th, 60th or 100th visit. This person, before being caught, had made 103 voyages to Australia. What does that tell us? If you are an Indonesian fisherman, you would say, ‘Mate, what are the odds of being caught here?’

We also know that there is an economic imperative, apart from the fact that the fishermen, on just the odds, are not going to be caught in the first instance. We also know that the economic imperative driving this, at least so far as the Indonesian fishers are concerned, is the fact that the Chinese fishing fleets have overfished and denuded Indonesia’s own waters. So the economic value of the catch has increased as a result of the depletion of fish stocks in Indonesia. The opportunity—it is clearly not a challenge—for these Indonesian fishers is to say: ‘Hang on, we’ve got no fish stocks. We know that there is a real and ready market, a profitable market, for these fish we might catch illegally in Australian waters. Let’s give it a punt; let’s have a go.’ Of course we now know from the observations made by Customs, Quarantine and indeed the Australian defence forces as well as others, such as the Australian fishing industry—commercial and recreational—that we are now getting these mother ships coming to Australia, freezer vessels carrying large stocks of illegally caught fish.

Mr Price—Like the Chen Long.

Mr Snowdon—Like the Chen Long. You wonder, in those circumstances, why it is that the government pretends that this piece of legislation is going to make a material difference. I go back to the point about the potential for profit at very little risk by these illegal fishers. I recall the member for Chisholm’s mention of Dr Jim Fox, from ANU, who said:

... poor Indonesian fishermen will not easily be turned away from the lucrative shark fin trade because they receive exorbitant prices in China for their catch.

I know Professor Fox. If anyone knows this subject as to what is happening in Indonesia, it is him. He went on to say:

... the level of over-fishing in Indonesian waters by Chinese crews is so great that Indonesians are being forced to fish in Australian waters.

We know that to be the case. As I said, one fisherman caught in Arnhem Land had made 103 trips prior to being caught. Of the 4,122 recorded sightings—those are just the recorded sightings—of foreign fishing vessels in the Australian fishing zone between January 2004 and January 2005, how many do you think were actually apprehended—one per cent, 10 per cent or 15 per cent? You would hope so, wouldn’t you? No, less than 0.25 per cent were apprehended. We have a problem of huge magnitude here which we all acknowledge, but I am not certain that prison sentences and fines should be the front line of our response.

In estimates last week, the Managing Director of the Australian Fisheries Management Authority, Mr Richard McLoughlin, told the Senate Rural and Regional Affairs and Transport Legislation Committee:

There are many more vessels apprehended outside the three- to 12-mile zone than are apprehended inside of it.

Of course, as a signatory to the United Nations Convention on the Law of the Sea, we cannot impose custodial penalties on illegal fishers beyond the 12 nautical mile zone. However, it is interesting to note that Coast-
watch reports that in 2005 there were more than 13,000 sightings—

Mr Price—There were 78,000 illegal fishermen.

Mr SNOWDON—There were 78,000 illegal fishermen and 13,000 sightings of possible illegal fishing vessels operating beyond this 12-mile mark. We know, for the reasons I pointed out earlier, that the number of illegal fishing vessels coming to Australia’s northern coastline is growing at an ever-increasing rate.

This bill is, in my view, an admission of failure by the government—and it is there in the budget for all to see. We note that $320 million was provided for in the budget to address this issue, but what is the money being used for? $47.9 million is for quarantine risk management and boat destruction. Once we have caught the small number of vessels we are able to apprehend, we will go out and destroy them. There is $16.5 million in capital expenses as an after-catch expense; $70.3 million for the transfer of apprehended fishermen to Darwin; $18.5 million for charting and surveying northern waters, which includes the Torres Strait and Barrier Reef but not the places where illegal fishermen are coming into Australian waters; $49.6 million for detention services for immigration; another catch expense of $2.7 million over two years for improved office space for the Joint Offshore Protection Command headquarters; and a further $20-odd million for office space for other relevant agencies.

What are the preventative measures? On the assertive side, we have had another $34 million for increased aerial surveillance for Customs and Coastwatch. Without denigrating the professionalism and commitment of the crews involved, this has proved to be of little use against Indonesian fishermen. There is another $31.7 million for the use of the Southern Ocean patrol vessel in northern waters, which of course must leave the patagonian toothfish fleets from Russia applauding. Who is doing the job of patrolling them? It is an admission of failure. Of course, the minister proudly boasts that we will be able to double the apprehension rate as a result of these budget measures. Will it double? That is pretty good. It will go from 0.25 percent to 0.5 per cent. It makes you wonder, doesn’t it? How could you boast that you are doubling something which is almost infinitesimally small? We know that if this were an Aboriginal organisation—and I am aware of many Aboriginal organisations—and they had put in this sort of performance, they would be defunded. That is the truth of it.

Mr Price—Slam-dunked.

Mr SNOWDON—That is right. We know that, on the funding for the Aboriginal ranger program for Indigenous engagement, the Northern Territory government did not ask for a large amount of money but suggested in a program submission from Kon Vatskalis, who is the Minister for Primary Industry and Fisheries, that they could do with $12 million. If they got $12 million they could employ a significant number of people across the Northern Territory to act as eyes and ears. He said in a press release on 5 January: It will provide more jobs ... with the creation of 29 full-time and 14 part-time positions for Indigenous people living in remote areas of the Territory.

We know we have $12 million; that is for the whole coastline. There is 10,000 kilometres of coastline in the Northern Territory alone. Leave aside the Cape York area, the Eastern Cape, the Pilbara and the Kimberley coast—they are not included in that assessment—and $12 million over four years is all that is being provided for Indigenous engagement to assist the Commonwealth in doing the work of observing and then potentially apprehending foreign fishers.
My friend the member for Brisbane has already spoken about the use of defence resources in this effort. I want to emphasise that, if we are fair dinkum about preventing and apprehending illegal fishers and being far more successful, we need to use all of the resources available to us. Frankly, that is not what this bill will do. Not only are the budget measures for Indigenous rangers insufficient but also it has yet to be learnt how they in fact hope to expend them. What we were hoping is that they would engage Indigenous rangers across the coastline and provide them with some resources and training so that they could operate effectively in a coordinated fashion with AFMA, Quarantine, Customs and indeed the Australian Defence Force. That appears not to be the case. We have largely chosen not to provide these community members with much needed employment. Nor have we used their intelligence about their country and their seas. That is a grave disappointment. As the member for Brisbane said, not only do we need our eyes and ears on the land—and I mentioned earlier the issue of people making landfall—but also we need to have a far more extensive deployment at sea. Belatedly, I have come to the view that Coastwatch is the only answer. That is not to say that the Australian Defence Force personnel who are involved in the current mission do not do a good job—they do—but they are severely under-resourced, as are the Customs people and the Coastwatch people generally. Labor will support this legislation, but I think it is flawed and the government will not do anything of great substance as a result of it.

Mr PRICE (Chifley) (6.30 pm)—It is a privilege to follow the honourable member for Lingiari in this debate. I want to place on record my appreciation of the efforts of the honourable member for Lingiari and Senator Crossin, from the Northern Territory, who arranged for me and other colleagues on the maritime task force to meet a range of people in Darwin who are concerned about illegal fishing, including the Northern Territory Minister for Primary Industry and Fisheries and his officers. They also arranged for us to go out to Maningrida to meet the Indigenous community there so we could listen to and share their concerns about the current situation. I do thank the honourable member for Lingiari. My understanding of the problem has been increased immeasurably.

The Fisheries Legislation Amendment (Foreign Fishing Offences) Bill 2006 amends the Fisheries Management Act 1991, the FMA, and the Torres Strait Fisheries Act 1984, the TSFA, to provide for increased fines and custodial sentences of up to three years imprisonment for persons caught fishing illegally in those parts of Australia's territorial sea that are subject to Commonwealth fisheries jurisdiction. Currently there are custodial penalties in both acts but they generally apply only to non-fishing offences such as obstruction and providing false information.

The new penalties will apply to fault based indictable offences and not to the strict liability offences. The area covered by this legislation is a zone beyond the three nautical mile state and territory jurisdictional limit and the 12 nautical mile federal jurisdictional limit. Australia's exclusive economic zone, which extends from 12 nautical miles to 200 nautical miles, has been excluded from these new penalties because Australia is a signatory to the United Nations Convention on the Law of the Sea and, as such, is prohibited from imposing custodial penalties on foreign fishing offences beyond the 12 nautical miles territorial sea limit.

As the honourable member for Lingiari and other speakers on this side have indicated, Labor supports this bill. It is a step
forward but it is a minuscule one. I am very pleased to see the Parliamentary Secretary to the Minister for the Environment and Heritage, the member for Flinders, at the table for this reason: when I was speaking on the Fisheries Legislation Amendment (Cooperative Fisheries Arrangements and Other Matters) Bill 2005 [2006] the honourable member for Flinders sought to intervene and asked me a question. I was happy to take it. He said to me:

I ask whether the member for Chifley endorses the agreement that the foreign minister has just come back with from Jakarta this very day in relation to joint cooperation between the militaries and joint cooperation between the two countries.

In other words, there was an agreement for joint patrols between Indonesia and Australia. Parliamentary Secretary, where is that at? Why have we no projections in the budget about the effectiveness of these joint patrols? Why can’t we be told—if not me, the people of Australia—when they will commence? How many vessels will be involved? Will we use the now unmothballed minehunters—the slowest of any naval ship; a vessel completely unsuitable for this task because of its slowness—as a joint patrol? Whilst I would welcome joint patrols by Indonesia and Australia, I think the parliamentary secretary knows, as I know, that that is years away and it is no solution.

The honourable member for Lingiari mentioned that in 2005 there were more than 13,000 sightings of possible illegal foreign fishers operating within Australia’s fishing zone. I will repeat that: 13,000.

Ms George—It is shocking.

Mr PRICE—It is shocking. On a very conservative estimate, that means some 78,000 illegal fishermen are coming here and fishing illegally. We, as the opposition, and the people of Australia—particularly Northern Australia—are supposed to congratulate this government because it wants to intercept some 4.62 per cent of the boats that are coming here illegally. We are supposed to congratulate the government because in 2005 there were 78,000 illegal fishermen coming here and now, as a result of this magnificent budget, there will be only 74,300 coming here—and that this is some huge improvement on the situation. These illegal fishermen are violating our sovereign territory, and it is an absolute disgrace.

It is true that our defence forces are very stretched. I will have an opportunity to talk about the redeployment of troops to East Timor, the additional troops that have already been redeployed to Iraq and the redeployment of troops to Afghanistan. I have nothing but admiration for our defence forces, particularly the serving men and women in those forces who do us so proud. But this is a responsibility that they cannot currently manage, and I cannot see any prospect in the near future that they will have any increased capacity to manage it. Again, as the member for Brisbane, the shadow minister for homeland security, has pointed out, deploying minehunters is singularly inappropriate.

Let us understand the character of the problem. Firstly, the government have what I and people in Northern Australia call a ‘catch, kiss and release’ policy. When they catch these vessels—and these are vessels that are catching our sharks and fish, raiding our reefs for trochus shells—they confiscate their equipment, the least expensive element on those boats, let them go free and say: ‘You naughty boys. Bye-bye; don’t you dare do it again.’ And, as the member for Lingiari has pointed out, one person has recently been caught who has made 103 trips to this country—has violated our sovereignty 103 times—and the government just do not care.
They do not see it as a problem. It is a monumental problem.

The honourable member for Lingiari knows that only too well when talking about quarantine problems. The black stripe mussel infested Darwin Harbour. It cost $3 million just to rectify that problem. These vessels are landing on our coast. It is not as though they are being intercepted at sea or within the three-mile limit—they are landing. I will tell the House how these vessels operate as they get close to the coastline. They go up the tidal streams—which are largely uncharted—where our naval boats are not permitted to go. There are so many areas on our northern borders and the coast of Western Australia that are uncharted. They go up those tidal streams and they get into the mangroves. They stay there during the day, then they do their fishing at night.

I put a question on the Notice Paper: ‘How do you detect these 13,000 illegal fishing boats—wooden vessels—when they come at night-time? The government do not say, ‘We’ve got coastal surveillance.’ They say, ‘We have aeroplanes up there and at night-time they can pick them up.’ They cannot. Our normal radar and other detection devices will not pick up wood. So the very basis of the way we are operating allows these 78,000 illegal fishermen to remain undetected.

We are outraged on this side of the House about the problem. I notice the honourable member for Kennedy is in the chamber. He will be concerned about the pearling industry. Australia has the last wildlife pearling industry and it is performing superbly over in Western Australia. What will happen if it gets an infestation of black stripe mussel or any other matter brought in by these illegal fishers? It will be wiped out. We will not only wipe out something of great economic value and beauty in Australia, which provides for the livelihoods of many Australians, but we will wipe it out for the world, and this government does not seem to care.

On these boats they have chickens and birds. The biggest threat to Australia from avian flu comes from these 13,000 illegal fishing boats that are landing—not all of them but heaps of them—on our coast in uncharted waters where the Navy is not permitted to go. You cannot send a patrol boat up tidal creeks and rivers—that is where these vessels hide, that is where they camp and that is where they eat—because they cannot get there, nor can the minehunters. We all know that these illegal fishermen are getting on our reefs. They are taking trochus shells. Not only are they taking sized trochus shells but also they are taking all trochus shells and any other shells on the reef.

The Aboriginal communities that are spending their own money to reseed these reefs get not one dollar out of the environmental budget for the work they are doing, and shame on you, Parliamentary Secretary, and your government, for that. But what are we supposed to do—land a minehunter on top of the reef and blow it up and then ensure that the Indonesians cannot rip the reefs bare? Is this the operational theology behind having minehunters? You are grossly deceiving the people of Northern Australia and you are not doing enough. We have a significant problem. The only solution is not to place greater burdens on our already stretched defence forces who are performing so magnificently, but we do need a separate coastguard.

The people of Australia were outraged when the Chen Long was discovered—a Chinese mother ship with a huge amount of fish on board. What did the government do? It spent $348,000 of taxpayers’ money on the detention of Chen Long, ensuring that the refrigeration system did not collapse and that the 630 tonnes of reef fish found inside was
not spoilt. Then what did we do with the Chen Long? We said: ‘Bye-bye. Take that valuable 630 tonnes of cargo and off you go.’

Now we have had another Chinese mother ship discovered in our northern waters. What are we going to do? Are we going to spend half a million dollars preserving that cargo and then say, ‘Bye bye, ta-ta, it doesn’t matter’? When the state fisheries departments have to close down fisheries because of the way they are being pillaged by these 78,000 illegal fishermen, I think it is a disgrace. Ordinary Australian fishermen who want to have a sustainable, long-term viable industry are being punished when they are doing the right thing. I say to the government: why won’t you stand up for Australian fishermen? Why won’t you stand up for the people of Northern Australia? Why won’t you do something to seriously tackle this absolute breach of our sovereignty? Well might the parliamentary secretary at the table smile, because, if there were this many illegal fishermen being sighted off Melbourne or Sydney, it would be a matter of utter outrage. The saddest and most distressing thing I find is that, when you speak to the people of Northern Australia—whether in Queensland, the Northern Territory or Western Australia—they think that the people of the eastern coast of Australia do not care.

I just want to finish on this note: these illegal shark boats usually trail two- or three-kilometre long-lines. I ask the parliamentary secretary: do you know what bait they are using? They are catching dolphins and cutting them up and using them as bait. You will often find that these fishing boats have a harpoon at the front. It is to catch and kill the dolphins. Mr Deputy Speaker, can you imagine how much dolphin bait goes on one long-line of three kilometres? I have seen these long-lines at Maningrida. The hooks are very long and very sturdy, and at about every metre there is another hook. Maybe I have got that wrong; maybe it is a bit more than a metre. But that is a lot of dolphins. And I think that people in Melbourne, in Sydney, in my electorate, in the electorate of Throsby and even in the electorate of Flinders would be very upset when they learn that this government is doing nothing to stop the slaughter of Australian dolphins in our northern waters, which are being used by these shark boats to catch sharks. If you like sharks—and I am not a great fan of sharks—they are being caught at such a rate that there is real concern about the ecosystem that sharks form a vital part of.

Whilst the opposition is supporting this bill, we believe that there is a problem in Northern Australia that requires a concerted, multidisciplined, multidepartmental approach. Just embedding in the Department of Defence a new unit for better cooperation will not provide the manpower, the resources or the vessels. Yes, I do support diplomatic efforts, but do not come back here trumpeting that a joint patrol between Indonesia and Australia is going to solve the problem when you know that any patrol is some years away and may in fact never happen. If you are so confident about how joint patrols are going to nip this problem in the bud, just share with us, in summing up this bill, when they are going to commence; how many Australian vessels will be involved; whether they will be patrol boats, minehunters—or destroyers, for goodness sake; what the Indonesian component will be; how many vessels they will be putting into these joint patrols; and how long they will patrol for and in what area. You cannot fool the people of Northern Australia. They know they have a major problem and they want much more action—(Time expired)
Mr KATTER (Kennedy) (6.50 pm)—I would like to commence by thanking Gary Ward and the fishermen of Karumba who were instrumental in securing 60 Minutes, and I would like to thank 60 Minutes staff on the wonderful expose they did on the appalling failure of the federal government. I am very much in sympathy with the opposition on the issue of a coastguard service, but I am not in agreement with the opposition on how to go about it. I always feel that I am a minority of one here on the issue of defence. I do not know whether that is a northern perspective, because we were to be handed over to the Japanese in the last war—we that were north of the infamous Brisbane Line were to be sacrificed. I have news for the Western Australians, because the Brisbane Line included them. The Brisbane Line actually only recommended the defence of the golden boomerang from Brisbane through Sydney and Melbourne and around to Adelaide. The rest of it could not be defended, to quote General Mackay.

Gary Ward and other fishermen at Karumba have been saying for ages that these people have been coming in. I needed something substantial to go forward with and we could not get people to come forward with photographs or anything of that nature, but 60 Minutes were alerted by the fishermen at Karumba and other people and they came in and exposed fully and completely exactly what was going on. If ever one has seen an absolute farce, it was this Australian boat—and I think the poor old commander of that patrol boat is probably rowing a patrol boat out at Boula or Bedourie at the present moment for allowing 60 Minutes on the boat.

But they assailed this Indonesian fishing vessel and they called out in English for it to heave to, that they were in Australian waters. The Indonesian vessel gave the Indonesian equivalent of two to the valley and took off. So they again hailed them on the loud-speaker—in English, and none of them spoke English—and they just kept taking off. Then they put out a rubber dinghy as a boarding party. This Indonesian boat had sharp poles that were poking off, and if the dinghy got close, of course, they would have punctured a hole in the dinghy. They kept going and eventually crossed into international waters, again waving the Indonesian equivalent of the two-up signal to the Australians. Anything more farcical would be hard to imagine.

I want the House to know what exactly takes place here. Most of these sightings are not by Coastwatch at all. In fact, I suspect very few of the sightings are by Coastwatch. They are by fishermen. But whether it is fishermen or whether it is the Coastwatch aeroplanes that fly over, they then communicate back to the Coastwatch base, which is in Brisbane or somewhere down south where people have no understanding of what actually takes place in North Queensland or how North Queensland works—but, anyway, that is the way it works.

They then contact a patrol boat in Cairns or in Darwin, and sometimes they have some of these new boats which are available to Customs, Quarantine and Coastwatch. These boats are not equipped with armament or anything of that nature. They are just a big fast boat. They have a very big draught, so they cannot go into any shallow waters, and the area near and dear to my heart, of course, is the Great Barrier Reef and its surrounding waters and also the Gulf of Carpentaria, where my own family comes from. There is so much shallow water in those places that a small typical dory fishing vessel out of Indonesia can go in any of these places and none of these boats that are sent out to assail them can. In addition to that, they simply wait for nightfall. Also, as the previous speaker, the
member for Chifley, pointed out, these are wooden vessels, so they cannot be sighted by radar at night—not that sighting by radar is a very efficient method of picking up boats of an evening. They simply slip away into international waters.

In the days not so very long ago territorial waters went to 23 kilometres out. Why 23 kilometres was chosen was that that was the range of a cannon. The concept was that you could control the waters the distance that you could fire a cannon over. That is pretty effective today. You own what you can control. In the most disgusting and appalling piece of insensitivity and stupidity, this government has limited the number of our fishermen to 6,000. That is all that are licensed between the five-kilometre and 200-kilometre distance. Only 6,000 Australian fishermen are allowed into our waters, but we find out now that in 2004 we sighted 9,639 foreign fishing vessels—and we do not sight all of those that come here. So we authorise 6,000 Australians to go in the water but we allow 9,639 foreign fishing vessels to fish in our water. That is bad enough, but in 2005 that had leapt up to 13,018.

My problem here is that we do not have anything that remotely resembles an efficient system for picking these people up, because the patrol boats are only based at Darwin and Cairns. For those people who are ignorant of seagoing, you cannot really average a speed of more than about 15 or, at the very most, 20 knots. So you are going at about 30 kilometres an hour, and for those who do not know their geography it is about 1,000 kilometres from Cairns up to the Torres Strait, where you can turn west and then come back down into the Gulf of Carpentaria. So, if you are waiting for a boat to arrive from Cairns, I think we can all rest assured that the Indonesians will long since have gone by the time it arrives. Night falls in the meantime—probably twice before the patrol boat gets there—and of course no-one knows where they are. They have gone; they have vanished.

If you ask what should be happening here, the first thing you need is for boats to be properly based at Karumba permanently. I am not saying that they should live there permanently, but you can have a crew there and they can be rotated out to Darwin or to Cairns. They are hardly in a position to be living at Cairns, one of the great tourist destinations of the world. But you cannot base boats of any size or capacity at Karumba because it is not a proper port. It is made for small fishing vessels and we have enormous difficulty getting boats to take even 1,000 head of cattle on them—and that is a very small boat—up the river at Karumba.

It does not take a lot of time, money or effort to build a port in the gulf. At the very most you are probably looking at about $25 million to build an adequate port that can house two, three or four patrol boats. If you are saying we should adequately patrol with these boats, then you are going to need a lot of boats. The coastline of Australia is greater than that of any other nation on earth, with the exception of Canada and Russia but there is hardly any necessity for them to patrol their northern coastlines, being all ice running to the North Pole. But that is not so in Australia’s case.

In 10 years time our two nearest nations, the Philippines and Indonesia, will have a combined population of around 300 million and a lot of those people, probably a third or possibly as many as a half, will go to bed hungry each evening. If you are going to attempt to deprive people who are hungry of this fishery then they are going to get pretty mad. Say we as Australians envisaged the people of Arnhem Land deciding to have a vote on whether they should secede from
Australia. Say they invited the Indonesian army to come in and oversee the elections with the blessing of the world body, the United Nations, who came in and oversaw the decision by the people at the ballot box. If the people decided to secede from Australia and the Indonesians stayed to see that the independence of these people was respected, I think a lot of Australians would be pretty mad. If you put your feet in the shoes of the Indonesians—and a lot of them do not have shoes—you will see that they have a very good reason to be seriously antagonised by us.

As a result of this legislation we are going to have a lot of photographs in the Indonesian press of people going to jail in Australia for trying to catch some fish to feed their families, and the people up there are going to get pretty mad. I am not saying that we should not do these things, but I am pleading with the government not to go racing around the place forcing its own viewpoint upon other people, acting tough and generally having an extremely loud mouth. A person I admire greatly in history is Theodore Roosevelt, whose famous quotable quote was, ‘I speak softly but I carry a big stick.’ Unfortunately, the governments of Australia have had a very loud mouth indeed but we have no stick at all. What our stick amounts to is six frigates; that is what we have to protect Australia with. I do not know if people are familiar with naval warfare but in the Falklands War there were two British destroyers—not frigates; these were big vessels that you could pump a few bombs into and they would keep going. In the Second World War many of the destroyers took something like 40 or 50 hits and were still able to be operated. All that the Argentinians had were five Exocet missiles and two of those five missiles took out those two destroyers. So I leave it to your imagination how fast someone could deal with six frigates, and we are now going to spend what will be, ultimately—I do not think anyone is questioning this—the best part of $2,000 million on two destroyers.

Those of us who had the pleasure of going along and listening to the missile boss from the United States noted he was asked about the danger and the threat of attack from a low-technology country. A few of us laughed and he said, ‘What would you consider to be a low-technology country?’ A few of us laughed again and he said, ‘If you’re thinking of Indonesia, they had contracted to buy the latest generation of Exocet missile.’ One of those destroyers that went down in the Falklands had an interception capacity on it. But the Exocet is a very sophisticated piece of weaponry and it penetrated the interception system of the British Navy—and that was a mark 1 Exocet. He said the Indonesians had contracted to buy mark 3 Exocets and that, as luck would have it, their economy collapsed. If you want to read the book by Joseph Stiglitz, Globalisation, you will find the book mainly concentrates on what the International Monetary Fund, the Anglos—as far as the Indonesians are concerned—did to their economy. When the dust had settled, instead of there being $1,800 in income per person, there was $1,000 in income per person. To put that into perspective, we have $19,000 in income per person and the Japanese have about $30,000 in income per person.

This government seriously thinks that it can go on provoking its neighbour—with a population of 200 million and dominated by Java, a country that has a very strong history of colonialism and expansionism and very aggressive religious beliefs to go along with that—and then protect itself. I see the Parliamentary Secretary to the Minister for the Environment and Heritage sitting at the table...
grinning. There was someone sitting in this
place grinning in 1939 when people got up and
said, ‘Hey, these Japanese could come
down here,’ but the people were told by the
government of the day that we had a wonder-
ful navy and a brilliant army and that the
Japanese were a third-rate Asian power. I
think there were 17 naval engagements be-
tween the Americans and the Japanese in the
Second World War and the Japanese won
every single one of the engagements with the
exception of Midway. In the last engage-
ment, the battle off Guam, the Americans
lost 12 of their 13 vessels and the Japanese
lost none. If you like to read your history
books, read the three books on the Kokoda
Trail and you will find that there were no
American aeroplanes flying around Kokoda
because most of them had been taken out of
the sky by the Japanese at the time. But yet
in this place we have the same smiling, grin-
ning imbeciles, as the parliamentary secre-
tary—

The DEPUTY SPEAKER (Hon. IR
Causley) —Order! The honourable member
for Kennedy will withdraw that.

Mr KATTER—I am not saying that he is
an imbecile, Mr Deputy Speaker. I withdraw
that. I am just saying that he is smiling and
grinning. We had the same people in here
smiling and grinning at that time. But, unfor-
nately for him, people write and read his-
tory books and they remember with very
great bitterness the people who left our coun-
try open to the terrible invasion that was
pending in 1942.

It will cost $73 million to put a patrol boat
out there with five guided missiles. It costs
about a million dollars apiece for a cruise
missile. The interception capability is very
expensive, and I am told it runs to about $32
million. You need a helicopter with radar
equipment so you can see a long way—and
you might be talking about $1 million or $2
million there. So you have a figure of about
$75 million. You would want 100 of those,
and I dare say that is seriously what we need.
If you are serious about denying our coast,
our waters, to these people and you are seri-
ous about being able to defend our country,
instead of throwing $2,000 million away on
two destroyers when five Exocet missiles
were able to take out two in the Falklands
War, I would think that it would be infinitely
more valuable to go down that path.

Mr Deputy Speaker, you might say, ‘How
do you finance this?’ If we have a coastline
of 15,000 kilometres or so to patrol, we are
entitled to charge people a customs charge of
10 per cent on everything that comes into
this country. That just might help some of
our manufacturing and primary industries in
this country to get back on their feet. One
thing is for sure: if you are going to build
100 patrol boats over a 10-year period, you
most certainly will become the leading small
boat builder in the world. You will have great
technologies in this country, and at long last
you will return to having a serious technol-
ogy availability in this country. So there are
enormous side benefits to going down this
particular pathway.

If you do not control your own waters
there will be problems. I have watched
something like 2,000 North Queenslanders
lose their livelihoods because of the actions
of this government in protecting our fisheries
from our Australian fishermen. It would be
very nice if they protected our Australian
fisheries from foreign fishermen instead of
destroying the livelihoods of Australians. I
put on record again that the parliamentary
secretary at the table thinks that it is funny
when 2,000 Australian families lose their
livelihoods—

Mr Hunt—Do not misuse your position
to make false allegations.
The DEPUTY SPEAKER (Hon. IR Causley)—Order! The parliamentary secretary will have a chance to reply.

Mr KATTER—for no purpose whatsoever except to earn some votes in Sydney and Melbourne and then you cannot defend your waters against 13,000 vessels. And you have the hide to come in here and laugh at us!

Mr Hunt—Do not lie.

The DEPUTY SPEAKER—The parliamentary secretary will withdraw.

Mr KATTER—Mr Deputy Speaker, he just called me a liar. I defy him to point out—

The DEPUTY SPEAKER—The parliamentary secretary will withdraw that.

Mr KATTER—where I have told a single lie or anything remotely resembling one.

The DEPUTY SPEAKER—Member for Kennedy—

Mr KATTER—I take his interjection, Mr Deputy Speaker, and I stop and say: where was the lie? (Time expired)

Mr HUNT (Flinders—Parliamentary Secretary to the Minister for the Environment and Heritage) (7.10 pm)—In rising to sum up on behalf of the government the Fisheries Legislation Amendment (Foreign Fishing Offences) Bill 2006 I want to set out three principles that govern the Howard government’s activities in relation to foreign fishing. First, we set out to destroy the practice of foreign fishing in Australia’s northern waters, and we do that with an absolute ferocity of intent. Second, we do that through a clear commitment to destroy the boats and to destroy the livelihoods of those criminals who have no concern for Australia’s territorial boundaries or our marine resources. Third, this bill as a part of that is about jailing offenders. Not only is it about jailing the ring-leaders, the ship’s captain or the organisers who are apprehended but also it carries the potential for penalising the full complement of the ship’s crew, those who would seek to violate our territorial integrity, who would pillage our marine resources and who would put at risk our quarantine protections and our natural resources.

We make no apologies for putting in place one of the toughest, if not the toughest, marine resource protection regimes in the world—the destruction of boats, the destruction of property, and jail not just for the ring-leaders but also for the full complement of a ship’s crew. This is a powerful regime designed to destroy in toto illegal fishing practices, whether they come from Indonesia or other parts of the Asia-Pacific region, and it does that backed by a $390 million package. It is not legislation that is unsupported. It is legislation with the full resources of the Commonwealth of Australia, the Australian government, designed precisely to eradicate the practice of illegal fishing in Australia’s northern waters. It is wrong, it is unacceptable and we will not tolerate it.

In addressing the statements made by various members of the House, and I appreciate all of those statements, I particularly want to run through three items: firstly, the problem; secondly, the overall package and the solution we take; and, thirdly, the particular elements of the Fisheries Legislation Amendment (Foreign Fishing Offences) Bill 2006 and how they will increase jail penalties for illegal fishermen—whether they be organisers, ringleaders or ship captains—with the potential for doing so with the crew so that there is a clear and present threat and practice which can be used against anybody involved in illegal fishing.

The problem is well known. Firstly, there is the pillaging of Australia’s fishing resources, which has been brought to the atten-
tion of this House by the member for Solomon, the member for O' Connor, the member for Kalgoorlie, the member for Leichhardt and other members of the government over the past few months. They have been unre- lenting as representatives of the northern regions in making the case that there is an issue here.

We can see that there is a threat to our fishing resources. There is also a clear and present danger in our quarantine protection of Australia. Whether that danger be due to transportable diseases in the fishing industry, the pearling industry or ancillary marine and maritime industries, it is unacceptable. We take absolute responsibility for the quarantine task on our watch and we are dealing with it.

I pay tribute to the Minister for Agriculture, Fisheries and Forestry, Peter McGau- ran, and in particular to the Minister for Fisheries, Forestry and Conservation, Sena- tor Abetz, who in the few short months since his appointment has traversed the country not once but twice to win the support of the states and territories and to win from the Prime Minister and Treasurer an unprecedented budgetary package. I also thank the Treasurer, Peter Costello, and the Minister for Defence, Brendan Nelson, both of whom have been unstinting in their support of this issue.

So what are the core elements of this package designed to eradicate once and for all the problem of illegal fishing in the north? There is a sea ranger program which draws from the Indigenous residents on the coast of Northern Australia. There is almost $7 million to assist these communities to assist the rest of Australia. It is good policy and a good marine protection measure. It is also great community development. The sec- ond element is the destruction of boats—and we will go to extraordinary measures here. If you are willing to encroach upon our waters, whether it be inside the 12 nautical mile zone or in the 12 to 200 nautical miles of our exclusive economic zone, we will catch and destroy your boat—your most valuable capital asset. That is a powerful disincentive and an appropriate punishment for the crimes carried out by these people who pillage our fishing resources. That is a critical step for- ward.

All up, there is $390 million in funding. There is $11.7 million for joint offshore protection. There is $7.9 million for joint opera- tions with Indonesia. The member for Chifley asked what we are doing with Indo- nesia. We are allocating $8 million to prevent and deter illegal fishing onshore as well as to carry out joint operations. There is $33.8 million to deal with the quarantine risks from illegal fishing. That includes $16 million for vessel disposal facilities in Broome, Darwin, Gove and the Torres Strait where these ves- sels will be destroyed. There is $1½ million for increasing officer training for Customs. Most significantly, there is $233 million for increasing the apprehension of illegal fishing vessels, whether it be between three and 12 nautical miles from our coast or between 12 and 200 nautical miles. That is at the heart of what we are doing. There is funding to deal with foreign fishing vessels on the Great Barrier Reef, particularly in response to the issues raised by the member for Kennedy, and $34 million to conduct aerial surveil- lance. All of this is backed up by another significant layer of funding across a range of activities.

As I said at the outset, the fundamental purpose of this bill is to increase to two to three years the custodial sentences for those who violate our waters. We are talking about jail for fishing captains, jail for ringleaders and jail for the organisers of illegal fishing in Australian waters. We make no apology
whatsoever for taking a measure which is fundamentally about border protection and protecting our marine resources. This measure is uncompromising in terms of jail sentences and it is backed by fines and the destruction of significant capital assets. That is what this bill is about.

I accept and appreciate the views of all who have spoken, including members of the opposition, the member for O’Connor on the government side of the House and the member for Kennedy in his own world as an Independent. I thank all who have made a contribution. This is a strong package and it comes with bipartisan support. I thank the Minister for Fisheries, Forestry and Conservation, Senator Abetz, and all the other ministers who have supported the package. I thank the members for Solomon, O’Connor, Kalgoorlie and Leichhardt, who have fought for this package.

There is funding of $390 million, legislation to jail offenders and a policy which is absolutely clear. We will destroy the practice of illegal fishing and we will not stop until we have achieved that aim. We will do that through the destruction of significant capital assets—the boats—and associated fines for those who breach our territorial boundaries. Through this legislation we will jail not just the ringleaders and the skippers but also the crew. We will be uncompromising in pursuing these goals. This is good legislation. It protects our borders and it protects our marine resources. I commend the bill to the House.

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 Corio 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.

Third Reading

Mr HUNT (Flinders—Parliamentary Secretary to the Minister for the Environment and Heritage) (7.22 pm)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

PLANT HEALTH AUSTRALIA (PLANT INDUSTRIES) FUNDING AMENDMENT BILL 2006

Second Reading

Debate resumed from 25 May, on motion by Mr McGauran:

That this bill be now read a second time.

Mr GAVAN O’CONNOR (Corio) (7.23 pm)—The Plant Health Australia (Plant Industries) Funding Amendment Bill 2006 amends the Plant Health Australia (Plant Industries) Funding Act 2002. This is an important bill that provides a mechanism for plant industries to meet their commitments under the Australian emergency plant pest response deed. The emergency plant pest response deed is a landmark agreement between plant industries and the state, territory and federal governments that came into effect on 26 October 2005 after five years of sometimes difficult negotiations. The deed sets out formal funding and cost-sharing arrangements for dealing with an emergency plant pest outbreak such as occurred in the citrus industry at Emerald a few years ago.

In practice, in an emergency it is expected that the Commonwealth would meet an industry’s share of many of the up-front costs incurred as part of that response. The bill we
are discussing provides a mechanism for an industry to repay the Commonwealth for liabilities incurred in this way. Plant industries may choose to set levies to accumulate funds in advance of any emergency or to only activate levy arrangements to deal with a particular disease outbreak. The legislation provides for the appropriation and application of the new emergency plant pest response levies and charges and authorises Plant Health Australia to hold and manage these funds on behalf of the industry. Plant Health Australia already holds and manages money raised through plant industry levies for other purposes such as research and development. There is also provision for industries to use money raised via these levies for other plants and related purposes if funds are available. All signatories to the deed have agreed to develop a program of plant pest risk reduction measures, including the development and maintenance of biosecurity plans and other measures. This is an important and positive step which will assist industries and governments to be better prepared to meet plant pest and disease emergencies.

We saw in the case of the Emerald citrus canker outbreak the impact that an exotic plant pest can have on the incomes of growers and on others who earn their living in the citrus industry, as well as on the wider community. I believe this outbreak cost the Commonwealth some $13 million and, of course, over $100 million was lost in income to the local community. Citrus growers from a wide area of Queensland were prevented from accessing their normal markets for a considerable period, resulting in a significant loss of income for those farming families. There are many unanswered questions about the role of some individual growers in this outbreak and about the timeliness and the adequacy of the response by the federal government and its agencies. Indeed, the outbreak featured in a report put out in February 2006 by the New South Wales Farmers Association entitled *Crisis of competence in quarantine*.

I am hoping that the report by the Senate Rural and Regional Affairs and Transport Legislation Committee that investigated the Emerald outbreak will throw some light on these matters. I understand that the report will be tabled in the next few weeks. I fear, however, that there will also be much about this incident that will always be shrouded in mystery. I congratulate all involved in negotiating the bill and the emergency plant pest response deed, especially the leaders of Australia’s plant industries, for finally getting these arrangements in place.

Australian plant industries contribute substantially to both the regional and the national economies. Because so many farm families and communities depend so much on these industries, it is important that governments ensure that adequate resources are in place to protect them from exotic pest and disease outbreaks. Australia trades in a global environment and often the standards that we set for our producers and processors are much higher than those set for competitive producers in other parts of the world. Australia has fought hard for decades to ensure its disease-free status as far as many international plant diseases are concerned.

Despite our vigilance and best efforts, from time to time we suffer exotic disease outbreaks that take a heavy financial toll on producers, their families and their communities. I have already mentioned the Emerald outbreak. Another, of course, was the black sigatoka outbreak in the banana industry in the Tully region of Queensland, which at the end of the day cost in excess of $40 million to contain and clean up. Not only is protection an expensive business but so is the clean-up. It is pleasing to see these structures
being put in place by government and industry as a sensible measure to plan for contingencies which may arise.

Australian agriculture has been told it is facing future decades of substantial climate change which will be accompanied by changes in production and disease management environments. It is prudent for government and industry to thrash out arrangements for dealing with these changing circumstances—hence the provisions of this bill. Already the rural sector pays a significant amount to protect crops and agricultural production. Pests and diseases can cause enormous economic damage to the value of crop production, reducing crop yields, compromising quality and causing significant losses post-production in the storage phase as well. According to CropLife, the yields of farmers are increased by around 40 per cent as a result of the application of pesticides to control pests.

Of course, if one is prepared to enlarge this debate, the farm sector is now well advanced in the application of physical and scientific technologies that are aimed at reducing plant diseases in the production phase. I mention here the genetically modified food debate. I will not go into detail in this debate. Suffice to say in the remaining time available to me that the opposition will be supporting this legislation. It is a sensible measure that involves the industry and government in providing a structure and, in the event of an outbreak, resources to ensure that we effectively meet a disease outbreak in our plant industries.

Debate interrupted.

ADJOURNMENT

The SPEAKER—Order! It being 7.30 pm, I propose the question:

That the House do now adjourn.

Cunningham Electorate: Health Services

Ms BIRD (Cunningham) (7.30 pm)—I rise to address the House in the adjournment debate today to report on a very important issue in my local electorate and across the Illawarra region. On 2 May this year, just a few weeks ago, the local Illawarra Combined Pensioners and Superannuants Association, led by Mrs Edna Stevenson, organised a health rally in Wollongong mall to canvass the many concerns that different groups in our area have about the declining delivery of health services and, to use their term, the Americanisation of our system of health funding.

At the rally there were representatives of lobby groups concerned about issues such as the abject failure of dental health services since the Howard government scrapped the Commonwealth dental health scheme. Others were lobbying to get a Medicare licence for the state government provided MRI machine at Wollongong Hospital. Speakers talked about the problems of accessing many other medical services, as the health system struggles under the failure of the government to address medical workforce problems and the provision of services.

My colleague the member for Throsby outlined to the gathering the various problems facing Commonwealth health provision and the frustration that, over many years now, the needs of the community have fallen on deaf ears within the Howard government and, in particular, those of the current Minister for Health and Ageing. I have presented to the health minister a petition of over 17,000 signatures from people living in the Illawarra region, asking for a Medicare licence to be allocated to the MRI machine at the Wollongong regional hospital. The member for Throsby and I have been fighting for this licence for over four years now. Wollon-
gong Hospital is the major referral hospital for local specialists for our region.

People who are being treated for ongoing and chronic, often life-threatening, illnesses are not in-patients of the hospital but need regular MRI scans to assist their specialist in monitoring their condition. An example that was brought to my attention by a local person was the need to monitor the progress of a cancerous tumour. Often there may still be an income earner in the family and the patient may not be entitled to a health concession card. In this case—and many such cases have been brought to my attention by both patients and specialists in my electorate—the family has to regularly find the cost of the gap for a private scanner provider or, as has happened, the patient has to be admitted overnight to the hospital in order to access the hospital machine as an in-patient.

This is a very inefficient use of hospital beds at this time and it is a problem. The government simply will not provide a licence for the hospital machine to allow outpatients to be bulk-billed for this service. There is no joy in the recent budget on this issue, but we will continue to pursue the government for the provision of a Medicare licence for the Wollongong MRI machine.

My colleague the member for Throsby has been working closely with the local dental health group on behalf of both our communities. The Howard government made one of the most short-term and illogical cost-saving decisions in its first year in government when it axed the Commonwealth dental health scheme. An excellent and very active dental health support group in the Illawarra has been bringing many dental and general health problems faced by local people to the attention of the local community. People have to wait ridiculous lengths of time for public dental treatment.

This group have highlighted a disgraceful number of stories where people on pensions or income support have no option but to be on lengthy waiting lists for basic dental services. They have explained that other health complications too often arise because of untreated dental health problems. Many of these associated health problems are very serious, particularly for those, for example, with a heart condition. In the recent budget, despite the significant income windfall the government had to spend, there was no joy for public dental patients. But again, I am confident that the Illawarra dental health group will not be letting up on the fight to have this service reinstated.

I commend the local community activists who invited the member for Throsby and me to their rally earlier this month for maintaining their determination to fight for the dignity and rights of people who are very vulnerable and who rely on fair and affordable access to our health system. Despite this government’s heartless deafness to their pleas, they will never give up and will continue to lobby politicians, rally the community and keep these issues in the public eye. They are great battlers for our community.

(Time expired)

Mrs Edith Swaby

Mr FORREST (Mallee) (7.35 pm)—One of the honours of being a member of this great chamber and one of the responsibilities that it brings is that you get to meet some really wonderful Australians. As the House adjourns tonight, I would like to bring to its attention one of those Australians: Mrs Edith Swaby, who is 108 years old today.

I am very grateful for the interest that has been taken in her. Today she is featured on page 13 in the Victorian Herald Sun, in honour of her contribution over 108 years to the development of this great nation. I am also grateful to the journalist, Terry Brown, who
has written a truly beautiful story about Edith Swaby.

She was born on 31 May in 1898. It is worthwhile thinking about what was happening that far back. Terry Brown sets out clearly in the article that in 1898 the Victorian Football League had only started its second season. Grafter had won the Melbourne Cup. It was before the advent of crayons, tea bags, band-aids or, dare I say it, the brassiere. It was the year before the Boer War. And Carbine was alive and producing horses that went on to become great champions.

I mention those facts because Mrs Swaby has seen so much in 108 years. It is a tremendous tribute to her to have reached the age of 108. Some assistance was sought from my office for tributes to be sent to her, but she organised her own birthday party at the age of 108. Without the assistance of an address book, she did all the invitations herself. She is very spritely for her age.

I am looking forward to spending some time with her to discover the secret of her longevity. She did say to Terry Brown that she did not have a secret on how to beat time. She said:

None whatever. Just keep on living.

She is a delightful Australian. She has had three children, two sons and a daughter, and currently has around 50 grandchildren and great-grandchildren. She still enjoys playing the piano. Over a life of 108 years she lived with her husband in Donald, moved on from there to Horsham and currently resides in the Natimuk Nursing Home, a small community 15 minutes drive west of Horsham. She enjoys a wonderful lifestyle. She enjoys good fellowship with her co-residents at the Natimuk Nursing Home. It just proves how important the Commonwealth’s investment is in aged care through those isolated regions that people like Mrs Swaby can enjoy a prosperous and productive sunset of their life. I remember her 100th birthday, and here she is at the sprightly age of 108 going on from strength to strength.

I would like to pay her a wonderful tribute. I am hoping that she can keep on keeping on. Her contribution to the prosperity that subsequent generations have now enjoyed in this great nation is valued and appreciated. It is important that the federal chamber recognises her contribution and the contribution of so many like her. It is interesting to realise that the number of centenarians in my constituency is growing enormously. It just proves the point again of the advantage of providing good aged care support to people who have earned the right to enjoy their sunset years.

Her husband came home wounded from the First World War but made a good go of it farming in the Donald region. It is sad that she lost him many years ago, as far back as 1968, but she has gone on to enjoy her children and grandchildren. The Nutimuk community today has celebrated greatly with Mrs Swaby. I join her, although geographically distant, and hope her day has been wonderful and enjoyable with her friends and relatives. I wish her even greater longevity.

**South Melbourne Centrelink Office**

**Mr DANBY** (Melbourne Ports) (7.40 pm)—The future of the South Melbourne Centrelink office, the only Centrelink office in my electorate of Melbourne Ports, is a matter of abiding concern to me. Some people at the eastern end of the electorate are served by the Windsor Centrelink office, but that is in the seat of Higgins. The South Melbourne office serves the people of Port Melbourne, South Melbourne, Albert Park, Middle Park and West St Kilda—something in the order of 20,000 people.
The area served by this office has a high level of need for Centrelink services. It includes many elderly people, tenants in public housing and recent migrants, particularly people from the former Soviet Union, many of whom do not speak good English. Many of these residents travel by public transport. In 2001 the area served by South Melbourne included 5,600 disability pensioners, 5,500 age pensioners, 2,200 family pensioners and 1,500 job seekers. Those figures have only slightly decreased. It is a small office compared to other Centrelink offices, but it is a vital office.

In 2001 the then Minister for Family and Community Services, Larry Anthony, tried to close this office down and force everyone in the western end of my electorate to travel to Windsor to access Centrelink services. This caused an enormous community protest led by clergy and church community workers from the South-Port-Parks Inter-Church Council, representing the Christian churches of South Melbourne, Port Melbourne, Albert Park and Middle Park. As a result of this protest and the prospect of a protest rally outside the Centrelink office, Mr Anthony, at a meeting with me, agreed either to find new premises for Centrelink or to keep the existing office open. It in the end kept the existing office open. This was a great victory for the local community.

Five years later Centrelink’s lease on its current premises is expiring and, as a result, many Centrelink clients fear that the service at South Melbourne is to be downgraded or closed. I have been told that staff are being rotated in and out of South Melbourne on a month-to-month basis, which would mean that clients have to deal with people they do not know and who have no familiarity with their cases. It would also mean that inexperienced staff are unable to build links with the community.

This would certainly not be acceptable to the local community or to me. The arguments in favour of retaining a fully staffed and fully functional Centrelink office in South Melbourne are as strong now as they were in 2001. This is an area of high social need. I am particularly concerned about my migrant, elderly and disabled population—people living in poor health or with disabilities. They are familiar with the South Melbourne Centrelink office and can reach it easily. They are not familiar with Windsor and cannot reach it easily by public transport. The Windsor office is six kilometres east of South Melbourne. This may not seem far to members but, because of the radial structure of Melbourne’s public transport system, this is a slow and difficult trip for Centrelink clients, particularly the elderly. It involves catching three trams.

I have a great deal of respect for Centrelink staff and their dedication to their clients. Keith Stevens, Centrelink’s regional manager, has assured me that he is working to provide better services for Centrelink clients at South Melbourne, and I do not doubt that that is true. The problem is not with Centrelink staff but with the continuing suspicion that the government wants to downgrade Centrelink services in electorates like mine.

Yesterday I had a meeting with the Minister for Human Services, Mr Hockey, and his adviser. The minister assured me that, although the lease on its current premises is about to expire, the South Melbourne Centrelink service will not be closed and that it will continue to offer face-to-face services to clients. I, of course, accept the minister’s word on this, but I will remain vigilant in the interests of Centrelink clients in South Melbourne. As Ronald Reagan used to say in relation to the Soviets, ‘Trust, but verify.’
Mr CAUSLEY—(Page) (7.43 pm)—I will delay what I intended to speak about to reply to some comments made by the honourable member for Cunningham. I note that members of the Labor Party continue to peddle misinformation about the dental health scheme and try to say that it is a program of the federal government.

Mr Danby—Should be.

Mr CAUSLEY—‘Should be,’ I hear over here now, so we have a changed position.

Mr Danby—It was.

Mr CAUSLEY—It never was. I was a member of the cabinet of the New South Wales government for seven years and I clearly understand the health agreement between the federal government and the states. It was part of our health program in New South Wales. Admittedly, there was a waiting list at the time. I clearly recall in the 1993 federal election when then Prime Minister Paul Keating looked like he was not going to win the election and in the last little while promised so many millions of dollars for so many procedures over a set period of time. That is the only involvement the federal government has ever had in the dental health scheme. This government completed the program that was promised by the Keating government and it then reverted back to the states. As treasuries often do, I noted in New South Wales, even though we were in government, treasuries diverted the state funds as soon as the federal funds arrived. As usual the cost shifting continued.

I rose to talk about the media. I spoke in the debate last week about the standards of media reporting in Australia. It was brought to my attention early last week that standards are appalling, in this instance in the regional media. A week before I had been asked to represent the Minister for Transport and Regional Services, who is at the table, at an opening of an entertainment centre at Byron Bay. It was actually in the electorate of the member for Richmond but, of course, we all know that the Labor Party say that this is National Party boondoggling. So the minister quite rightly asked whether I would go along to open the entertainment centre. Obviously the member for Richmond did not approve of it because it was only a boondoggle. So I went along to open it and I duly did so. It was a pleasure to be there. There were 300 or 400 people there. The mayor of Byron Bay introduced me, in a sort of a way, to the assembled community, and it was quite a good evening. I congratulate the people who were involved. It was something like a $1.3 million investment to which the federal government made a contribution of $250,000. I think it will be a very good project. The member for Ballina, Don Page, was there as well.

Imagine my surprise when I opened the *Northern Star* on Monday morning. The *Northern Star* is based in Lismore, New South Wales. The headline across, I think, the third page was, ‘High-flying mayor opens entertainment centre’. They even had a lovely photo of her on the trapeze. I remember the camera being there, so obviously they had it all lined up to get this photograph. They had the story written before the place was opened. I rang up the deputy editor of the *Northern Star* and said, ‘What’s this story you’ve got on page 3 today?’ He said, ‘That’s the opening of the entertainment centre.’ I said, ‘Yes, that’s correct, but I opened it.’ He said, ‘What?’ I said, ‘I opened it.’ He said, ‘I’ll check on that.’ He came back about half an hour later and said, ‘We got that information from a publicity agent.’ I said, ‘That’s okay, but the whole story is wrong.’ Mr Speaker, do you know what he said to
me? He said, ‘We can’t be responsible for that.’ Here is a paper that did not even check its facts.

As I was saying last week about the media: they do not check their facts, they go to print, they publish stories that are obviously fiction and yet they will not bother to retract or even correct them. The newspaper still have not corrected that story. It would only take a little note to say, ‘We got it wrong; we apologise.’ But they have not retracted; the story remains. The local paper, the Byron Echo, which is not always on our side, did get it right. So we have two adjoining papers. One says that I opened the entertainment centre and the other says that the high-flying mayor opened the entertainment centre. I have to say to you, Mr Speaker, that if the journalists’ code of ethics means anything then these people have to do their homework a lot better than they do. (Time expired)

Reverse Mortgages

Mr LAURIE FERGUSON (Reid) (7.49 pm)—Two of the previous speakers, the member for Mallee and the member for Melbourne Ports, referred to aspects of older Australia. Of course, that reflects in some degree the ageing demographic of our country. One of the realities is an increasing market for those companies that are less than altruistic, such as Macquarie Bank, St George, ABN AMRO et cetera, with their establishment and penetration of the reverse mortgage market. The truth is that people on fixed incomes will be hit harder by the change in taxation in this country with regard to indirect taxes through the GST.

Historically, ownership of the family home for many generations has been the foundation on which families have built their economic security, in some cases acting as a guarantee for the children’s spread into the home ownership market. Reduced access in this country to essential services such as health is another area where, increasingly, older people who need income see this new reverse mortgage market as attractive. The decline of services in the last decade or so has undermined that notion of security and now the family home is largely seen more as a social security safety net and less as a family asset which generations can rely on to build security and guarantee future prosperity.

With the ageing of the population, and more people keen to remain at home rather than go into residential nursing homes, there is once again a large and expanding market for such a concept—people needing income. That has been the background to the development of reverse mortgages. The Australian Consumers Association defines them as a way in which home owners aged 60 years and older can borrow money against the current value of their home and pay it back, including interest and fees, when they sell—or the estate can pay it back after their death. The advantages are pronounced. They allow a freeing up of money to maintain or increase people’s living standards. The money can be used for going on holiday, urgent repairs to the home or the purchase of a car. It also allows people to keep their financial independence without having to sell their home and move into something smaller.

The disadvantages essentially are far greater, especially if economic realities force people into these mortgages. A common feature is that there are expensive start-up payments of $1,000 to $3,000. Reverse mortgages can limit future access to funds if people wish to move closer to siblings or children or relocate to retirement villages, and they can significantly reduce capital. Research by the Australian Consumers Association shows that reverse mortgage contracts contain many clauses that limit individuals’ rights—for example, many allow the lender...
to make a range of changes without the agreement of the borrower. To this end, borrowers should not leave anything blank in the contract. The Australian Consumers Association found a clause allowing the lender to fill in blanks on behalf of the home owner.

There are also of course wide-ranging default clauses. When you are in default, the lender can stop payments if you are taking the loan as a regular income amount or even require immediate repayment of the whole loan. The person can be in default for minor contract breaches in the payment of council rates, gas, electricity et cetera. Reverse mortgages are targeted at elderly homeowners who will use the product until they die. It is foreseeable that at some point in the future the borrower could forget to pay a bill on time for council rates, strata fees, water or any other utility and so be in default.

Problems can occur if you want to sell your home, especially if at that time the value of the loan is higher than the value of the house. Before the sale, a lender usually requires you to ask for its approval. It will usually do a valuation and check that you are selling the property on the open market and getting market value. The jargon for this is ‘an orderly arms-length sale’. Problems can occur if the original valuation shows the house was worth more than the sale price. In the larger and more established UK market, inadequate reverse mortgage contracts and poorly designed products have caused consumers to be evicted from their homes.

Recent ACA research highlights grave concerns about the broad default clauses and limits to the no-negative equity guarantees in reverse mortgage contracts. Reverse mortgage contract traps have the potential to place elderly consumers in financial danger at a time when they may be frail and vulnerable. They now need to be cleaned up and made crystal clear to prevent excessive risks to borrowers in years to come. Clearly, there is a need for greater protection being offered to reverse mortgage borrowers. The industry requires greater regulatory attention and reform. (Time expired)

Deakin University Medical School

Mr McARTHRU (Corangamite) (7.54 pm)—I am pleased to rise in this place tonight to recognise and commend the government’s decision to provide 120 medical school places to Deakin University’s Waurn Ponds campus within the electorate of Corangamite. I also acknowledge, Mr Speaker, your contribution and support in this particular project. The funding decision represents a colossal investment for Geelong and will break the Victorian monopoly on medical training held by the University of Melbourne and Monash University. The decision will make Deakin University Victoria’s first rural and regional medical school. The establishment of a medical school at Deakin University will be important in attracting some of the best young minds to Geelong and will attract new health and educational sector investment to the Geelong region.

I was pleased to be able to join Deakin University’s Vice-Chancellor, Professor Sally Walker, together with Professor John Catford, Dean of Deakin University’s Faculty of Health and Behavioural Sciences, at the official announcement by the Prime Minister of the medical school funding at the Liberal Party’s Victorian State Council in April. I was delighted that the Prime Minister was kind enough to endorse my contribution and acknowledge my role in the government reaching this decision.

In addition to the 120 medical school places, the Prime Minister announced a one-off $18 million capital works grant to Deakin University, subject to matching funding from the Victorian government, to assist the uni-
igers in establishing the required new facilities. Some of the new medical school places at Deakin University are expected to be available within two years. The Deakin University medical school announcement is part of the $250 million commitment by the Howard government over four years to train more doctors and nurses and includes the provision of 400 new medical school places per year across Australia.

I commend the professional manner in which Vice-Chancellor Professor Sally Walker and Professor John Catford went about lobbying and arguing their case for the medical school places at Deakin. Deakin University spoke to everyone who had an important role in making this final decision. They consulted successfully with local members of parliament, not only me on the government side but also the member for Corio from the opposition. Deakin University also presented a strong case to Victorian Liberal senators.

Importantly, Deakin University put together a very strong, well-constructed argument for providing new medical school places in regional Victoria. There is an undersupply of medical school places in Victoria and a shortage of doctors in country areas. The argument was put very strongly that Victoria should be the place in Australia where these doctors should be trained and that argument was won in the early part of this important debate. There is a good body of research to show that country people who have trained in a rural and regional environment are more likely, when qualified, to choose to live and practise in country towns. In this regard, Deakin was a natural choice in Victoria for a regional medical school.

To strengthen the case, Deakin University formed alliances with Geelong Hospital and with hospitals in Hamilton and Warrnambool in the electorate of Wannon, in which you, Mr Speaker, were very helpful. These alliances will strengthen the rural practice element in the medical training. I also note the good performance of the Deakin School of Nursing, which has produced graduates since 1985. I supported their proposals at that earlier time. As the local member, I was very pleased to put forward two very strongly worded written submissions to government ministers to support the Deakin University medical school proposal and I personally advocated the case with both the Minister for Health and Ageing and the Minister for Education, Science and Training.

This major investment in the Deakin medical school demonstrates the Howard government’s commitment to addressing the shortage of regional doctors not only in Geelong and western Victoria but Australia-wide. This is a wonderful outcome for the enthusiastic vice-chancellor, Professor Sally Walker, and her hardworking team. I commend the proposal and—along with you, Mr Speaker—I am delighted that the Prime Minister and the government have supported such a magnificent proposal.

Reverse Mortgages

Mr LAURIE FERGUSON (Reid) (7.58 pm)—Existing laws, including the uniform consumer credit code, do not adequately protect reverse mortgage consumers and there is little protection provided by such alternatives as dispute resolution and clear disclosure requirements. Whilst there are obviously problems, they continue to proliferate. It is essential that consumers investigate alternatives and are extremely vigilant when signing up for these proposals. Fundamentally, of course, there is a need for the government as a whole to look at the growth of this form of loan and ensure that an enough protection is provided to Australian consumers.
Mrs Ivy Emma Sharp

Mr Jenkins (Scullin) (7.59 pm)—I missed most of today’s proceedings because I was at the funeral in Melbourne of Ivy Emma Sharp, who died last Friday two days short of 99 years and 11 months. I ask a little indulgence because she was my wife’s grandmother. She is survived by two children, nine grandchildren and I think it is 19 great-grandchildren. One of them is a student at the School of Nursing at Deakin University. Ivy never really sought to be the matriarch of a clan that large, but she became the matriarch. She was a very caring person. I remember the way that she struck up a friendship with my dad not because he was a member of parliament, a local doctor and an ambassador but because he had had a school holiday job at MacRobertsons and Nan Sharp had worked at MacRobertsons. She was always looking for those special things. May she rest in peace.

The Speaker—Order! It being 8 pm, the debate is interrupted.

House adjourned at 8.00 pm

NOTICES

The following notices were given:

Mr Nairn to move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Facilities for troop lift helicopter, RAAF Base Townsville, Qld.

Mr Edwards to move:

That this House:

(1) notes with concern the call by the Federal Environment Minister, Ian Campbell, supported by the Liberal Members for Tangney, O’Connor and Kalgoorlie, for a nuclear reactor to be built in Western Australia;

(2) calls on the Government to table all environmental evidence and other studies supporting such a proposal;

(3) calls on the Government to identify which departments, authorities and local governments in Western Australia have been consulted over such a proposal;

(4) calls on the Government to advise on what consultation has taken place with the community in Western Australia over the proposal; and

(5) further calls on the Government to identify all of the sites in Western Australia under consideration for the construction of this nuclear reactor.
Wednesday, 31 May 2006

The DEPUTY SPEAKER (Hon. IR Causley) took the chair at 9.32 am.

STATEMENTS BY MEMBERS

Telecommunications

Ms KATE ELLIS (Adelaide) (9.32 am)—I have previously spoken in this chamber about phone towers and their effects on our communities. Unfortunately, I feel the need to revisit some of those comments today and emphasise how important it is that phone towers not jeopardise the health and wellbeing of our community. Before touching on those comments, I would like to speak briefly about the recent developments at RMIT where, as has been related by much media coverage, five people were discovered to have brain tumours within the space of a month and two others in 1999 and 2001. Of these tumours, two were malignant and five were benign. Five of the seven employees who were affected by these brain tumours worked on the top floor of the RMIT building and the other two worked on floors 14 and 11. This is a space used by about 600 staff and 12,000 students.

As somebody who represents a capital city seat, where there are many high-impact phone towers, I find these developments deeply concerning. Like most members of this House and many millions of Australians, I am absolutely reliant on my mobile phone; I would be lost without it for even a day, I would imagine. Having said that, I would never place the use of that phone ahead of the safety and wellbeing of our community.

Since the story of the tragic cases at RMIT hit the media, my office has been contacted by many concerned residents in Adelaide. These residents are concerned that the placement of many of these towers is not known. Many people working in buildings would not know whether or not there was a phone tower above it. I am certainly not standing here today advocating that the federal government should go and rip out all mobile phone towers and get rid of the technology. What I am advocating is that what we have seen at RMIT is a pattern of health problems, and I think it is very important that the federal government takes up the initiative of doing a full health audit where there are high-impact mobile phone towers in Australia to make sure there are no further illness and health patterns and to make sure that, if any patterns are discovered, they come to light. The community has a right to know about these. This is very important, because, as I mentioned, many people would not even know if there is a tower above their building. We need the federal government to show some leadership and conduct a full health audit where mobile phone towers are operating.

As I mentioned, I have previously spoken about the placement of phone towers and giving communities more of a say. I believe this is of the utmost importance, and I know that the member for Hindmarsh agrees with me on this issue. (Time expired)

Port of Brisbane Motorway Project

Mr VASTA (Bonner) (9.35 am)—I rise this morning to make mention of an extremely important project that I am currently working on in my electorate. The Bayside of Bonner takes in the port of Brisbane, the third-busiest and the fastest growing port in Australia. The Port of Brisbane Corporation has worked tirelessly to drive business forward and, as a result, Brisbane’s port is now booming and rapidly expanding each year. The Chief Executive Officer of the Port of Brisbane Corporation, Mr Jeff Coleman, has played an integral role in fostering
this significant trade growth, and I take this opportunity to commend him on his outstanding leadership and vision.

While a first-class port has emerged, unfortunately it is still barely supported by a second-class road network. The Port of Brisbane Motorway is a critical infrastructure issue that needs to be addressed urgently if ongoing economic prosperity is to be ensured. In April, I had the great pleasure of bringing my colleague the Minister for Local Government, Territories and Roads, the Hon. Jim Lloyd, on site to personally assess this infamous road network. The first stretch of the motorway to the port was an easy, comfortable drive, but the quality of road soon disintegrated and we were left to negotiate a hazardous stretch of road—the same road that commuters, trucks and all transporters must battle each day.

The Port of Brisbane Motorway is on the AusLink network and, while the federal government is committed to the scheduled upgrade in 2010, work needs to begin as soon as possible. This is what I will continue to push for. The current state of the motorway is detrimental to continued expansion and economic growth. The road needs attention, and it simply cannot wait another four years. Traffic levels, congestion and accidents on the road network are constantly increasing: total traffic to the port increased by an alarming 62 per cent between January 2003 and November 2005. Heavy vehicle traffic also increased by 79 per cent during that same period. The infamous ‘rollover bend’ is just one section of the motorway in desperate need of upgrade. The bend is well-known to and loathed by truck drivers because of the many accidents and deaths that have already resulted from this dangerous bend.

The estimated cost of the motorway upgrade is $150 million. While I will continue to appeal to my senior colleagues Minister Truss and Minister Lloyd for the project to be earmarked for AusLink funding in 2008 or earlier, I also call on the Queensland Minister for Transport and Main Roads, Paul Lucas, to offer a Queensland contribution of $50 million to advance the work as soon as possible. The Port of Brisbane Corporation has my full support, and I urge that funding for this project be fast-tracked.

**Mick Young Scholarship**

**Mr PRICE** (Chifley) (9.38 am)—Recently I had the opportunity to attend the presentation of the Mick Young Scholarships at Mount Druitt TAFE campus. I was inspired by the moving personal account of one of the students, Philip Farrelly. Here is his speech:

I have been asked, on behalf of the scholarship recipients, to thank the Mick Young Scholarship Trust and the people behind the Trust for the opportunity they have given the students and the hard work and time they have put in.

For me, the obstacles and barriers to receiving an education can be summarised [as] moving a mountain. It can be quite overwhelming but, by moving the mountain in small sections and using the right tools the final goal can be achieved.

Currently, To help fund my studies, I have to work part-time 17 hours a week doing shift work. For two nights a week I finish work at midnight. Getting home involves catching a train and then walking 45 minutes home at about 1 or 2 am. I am lucky to get 3 or 4 hours sleep and then get up to go to TAFE. The third night involves starting [work] at 8 pm Sunday night and often finishing 12 hours [later,] Monday morning.
For a while I was going straight from work to TAFE on the Monday morning with no sleep.
After finding myself falling asleep at the computer in class and waking up to find I had typed nonsense
I considered dropping out of the course.
The financial circumstances were also difficult and I had to use my credit card to make up the difference
between my earnings and expenses.
It is a challenge finding a balance between working and finding the time to complete studies to a reasonable standard.
[I found] moving the mountain to be overwhelming and completed the paperwork to withdraw from the course.
After receiving help from the staff at Mount Druitt TAFE and the teachers I was able to return to my studies.

What will I use the scholarship for?
I will use it for train fares and to buy some badly-needed textbooks.
How will the scholarship help me?
I will no longer have to use my credit card to make up the difference between earnings and expenses.
I will [now] be able to focus more on my studies.
There are also other intangible benefits to the scholarship.
One of [these] is recognition. For me the recognition is just as valuable as the monetary value of the scholarship.
Having somebody say “thank you” or expressing their appreciation for your time and effort can take less than a minute but the benefits are everlasting.
I would like to thank the teachers and staff at Mount Druitt TAFE. It is encouraging to see a friendly smile and to have them genuinely go out of their way to help.

No words can express the appreciation or describe how useful this scholarship will be.

Mr John Kellock

Mr HENRY (Hasluck) (9.41 am)—Today I would like to recognise the outstanding contribution of a resident of my electorate of Hasluck, Mr John Kellock of Walliston. John is the Suburb Manager for the Walliston Neighbourhood Watch. At a short ceremony conducted at the Kalamunda Police Station recently, John received recognition and thanks for his efforts. Inspector Paul Zegir, from the East Metropolitan Police District, presented John with a certificate acknowledging his commitment to community safety, naming John the Neighbourhood Watch Neighbour of the Month.

Mr Kellock was awarded this accolade for his initiatives to make his street and his suburb a safer and more secure place to live. I have an ongoing interest in the security and welfare of all the residents in my electorate of Hasluck, and I would like to thank John for being so proactive.

Crime is a constant concern for many residents in Hasluck. While the Western Australian police do a fine job, they simply do not have the resources to keep up with the level of crime in our suburbs. Often, petty crimes, such as graffiti, minor property damage and hooliganism, are not dealt with due to constraints on police time and resources.

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Neighbourhood Watch, and people like John Kellock, provide us with a great service, by working to prevent crime and providing information to police. Local solutions to local crime have long been accepted as a vital part of any crime prevention strategy. Neighbourhood Watch is important in identifying crime in our local area and working with police to put in place crime prevention strategies.

The importance of local action in crime prevention has been recognised by the Howard government through the National Community Crime Prevention grants put in place by Senator Chris Ellison, the Minister for Justice and Customs. These grants provide federal funding to local groups and local governments to put in place crime prevention strategies, and they have been a great success.

John and those supporters of his who belong to the Neighbourhood Watch group in the electorate of Hasluck, particularly in Walliston, have made a great contribution. I am very pleased that his role has been acknowledged by Neighbourhood Watch and the Western Australian police. I am pleased to acknowledge it again in this place, and to highlight John Kellock’s efforts as an example for all of us to play our part in local crime prevention.

Health: Smoking

Mr GEORGANAS (Hindmarsh) (9.44 am)—Today, 31 May, is World No Tobacco Day. It is a day when we promote no smoking. I felt very strongly about speaking about this topic as I have now been a reformed smoker for approximately 22 months, and going strong. How long it will last I do not know. It is approximately my third attempt to stop smoking, but one of the best attempts I have made thus far.

We all know the dangers of smoking. We all know the impact of smoking on Australia’s health. We know of the many deaths, heart attacks and strokes per year that are caused through smoking, and of the other consequences of this bad, bad habit. Most people will expect the consequences to be bad, but some of the observations are that over 19,000 Australians each year die as a result of tobacco. That is one in seven adults—more than the combined death toll from road accidents, alcohol, illicit drugs, homicide, HIV, diabetes, breast and skin cancer and more. Tobacco smoking is the biggest single preventable cause of both cancer and heart disease, causing 21 per cent of all cancer deaths and 13 per cent of all new cases of cancer. It is our No. 1 drug problem, responsible for 80 per cent of all drug related deaths and two-thirds of all drug related costs to the community.

There have been many attempts at curtailing advertising, and they have been fairly successful. But last night I was shocked at a program I was watching on SBS which showed the marketing tactics that tobacco companies use. They market directly to young adults, because they know that if they can addict you at a young age they have you for life. As there are many people, like me, who realise the dangers of smoking and give up, they need a new market. Those new markets are our young people and those in the Third World. One of the most successful tactics that they have used, as advertising has been curtailed, is to promote smoking in movies. I was shocked to hear last night that Sylvester Stallone was paid $500,000 to use a particular brand in a movie no fewer than three times in that movie. That was separate from his contract in the movie. From the seventies through to today, the average number of youth taking up smoking has increased. That has been correlated with the number of scenes in movies where movie stars are using cigarettes, which has been on the increase in that same period.
It is a terrible habit. As I said, I have been addicted for many years to the demon drug tobacco. It has been 22 months since I have given up. The love of my family was the reason that I gave up: I want to see my children grow up, I want to see grandchildren and I want to enjoy the future with my family. If I had one message for everyone who does smoke—and I know that some of the honourable members opposite do partake in the habit of the intake of tobacco—it would be to urge them to consider it carefully and to give up. *(Time expired)*

**Cowper Electorate: Lions Club**

**Mr HARTSUUKYER** (Cowper) (9.47 am)—Last Saturday I was delighted to attend the Lions changeover dinner for district 201N1. At that function I was presented with a hearing dog tie by Lion Harry Mills of the Nambucca Lions Club, and I am wearing that very fine garment today. I would commend the tie to members on both this side of the House and the other side of the House. I think the member for Melbourne Ports could enjoy the benefit of such a fine tie as the hearing dog tie! Most people are aware of the great work of our seeing eye dogs, but the work of hearing dogs is less well known. Hearing dogs perform a similar function for the hearing impaired to that that seeing eye dogs perform for the blind. They alert their owner, for instance, if the phone rings or if there is someone at the door. They are a companion for people who live in a silent world and provide an increased level of self-reliance and safety for the hearing impaired. I would like to congratulate Lion Harry Mills and his fellow Lions for the great work they do in supporting this project.

Our service clubs perform a vital function in communities around the world, and Lions certainly live up to their motto ‘We serve’. Almost 1.35 million Lions in 45,000 clubs across 197 countries around the world are achieving great things internationally and at a local level. For example, the eyeglass recycling program is conducted through the Lions Eyeglass Recycling Centres and involves the collection of used eyeglasses. They are cleaned, repaired, sorted by prescription and distributed in developing countries. The Lions SightFirst grants fight preventable and reversible blindness by building hospitals and clinics and by training doctors, nurses and other health professionals. The program also involves the distribution of medicine and the raising of awareness of eye disease. Without the gift of sight, many people in countries which do not have the sort of social security system we have in this country would struggle to survive. Blindness could well be a formula for starvation in many developing countries. I believe that this makes programs such as SightFirst all the more important.

Our Lions are achieving locally through programs such as the hearing dog program and internationally through programs such as SightFirst. Lionism has achieved a great deal in just under 100 years. I wish the incoming governor of district 201N1, Peter Veryard, and his executive well for the year ahead. I would like to take this opportunity to compliment the great work by outgoing district governor Judy Hedges for her tireless work over the last year. I also wish to offer my condolences to her on the tragic loss of her husband, Terry, a greatly respected member of our community.

**Australian Vocational Student Prize**

**Mr MELHAM** (Banks) (9.50 am)—I wish to congratulate several school students from the electorate of Banks. Four students were among the 467 Australian Vocational Student Prize winners for 2006. Anita Kemp of Revesby Heights, Tim Mifsud of Revesby, Steve Munro of Milperra and Belinda Willetts of Beverly Hills were awarded prizes. These awards are designed to encourage and recognise outstanding senior secondary students undertaking a
vocational program. School students’ experiences in vocational education provide a rich educational resource which benefits the students both in the classroom and in the workplace.

The principal of the student’s school or education provider is the nominator. Nominators are required to provide evidence that the student has demonstrated outstanding skill and high achievement while undertaking a vocational education and training in schools program or a school based new apprenticeship. An outstanding student will demonstrate (1) strong evidence of outstanding skill and high achievement appropriate to their vocational education and training in schools program or school based new apprenticeship, and a high to exceptional level of determination and commitment to achieving outstanding outcomes; and (2) outstanding employability skills in his/her vocational education and training in schools program or school based new apprenticeship. The employability skills are communication, team work, problem solving, initiative and enterprise, planning and organising, self-management, learning and technology skills.

I met Belinda and Anita with their mothers recently at a function in my office to acknowledge their success. These students have now moved on to study in their chosen fields. Belinda is learning fashion design and Anita is an apprentice chef. I will also be shortly meeting with three students from Banks who have been awarded 2005 Australian students prizes. Bijana Caceska of Mortdale, Matthew Gibson of Oatley and Benjamin Nham of Padstow were each recipients of one of 500 awards made nationally.

These prizes give national recognition to academic excellence and achievement in secondary education, particularly in senior secondary years. These are the years which are most demanding for students, and it is important to acknowledge the successes. Eligible students are nominated by the relevant state/territory government through an assessment process, with the final winners announced by the minister. On behalf of our community, I wish to formally acknowledge the outstanding success of these seven students. They and their families have made tremendous sacrifices, and those sacrifices have come to fruition in the results they have achieved. I wish them all well in their future careers.

Flinders Electorate: Sunshine Reserve Conservation and Fireguard Group

Flinders Electorate: Marine Biosecurity Program

Mr HUNT (Flinders—Parliamentary Secretary to the Minister for the Environment and Heritage) (9.53 am)—Today I want to acknowledge two environmental achievements within the electorate of Flinders. The first is in relation to the Sunshine Reserve Conservation and Fireguard Group. This is a group in Mount Martha which has spent many years working on bank stabilisation, land remediation and planting. The group has been led by Jill Gordon and supported by her husband, Malcolm. Over the last decade and beyond they have done extraordinary practical work in turning an area which was largely a wasteland into a viable, functioning area of publicly accessible parkland. It is a privately philanthropically created parkland which is available to the entire Mount Martha and Mornington community.

Last Friday I was fortunate enough to have attended the Keep Australia Beautiful Victoria awards. The primary award for community service is the Dame Phyllis Frost award. I was delighted to see—and it was to my genuine surprise—that the recipient of that award was Jill Gordon, and she received it on behalf of the Sunshine Reserve Conservation and Fireguard Group. So this small group of volunteers from Mount Martha, who have acted on their own
with support from the Envirofund over the past few years, was acknowledged as the single environmental group within Victoria to have done the most to enhance community environmental awareness and the most to enhance their specific environment, and as the outstanding group. So I want to pass on my congratulations not just to Jill and Malcolm but to all the members, both past and present, of the Sunshine Reserve Conservation and Fireguard Group.

The second thing that I wish to acknowledge before the House is the allocation of $200,000 under the Natural Heritage Trust to the Australian Maritime College to establish an international level marine biosecurity program as part of their work at the National Centre for Marine and Coastal Conservation at Point Nepean. In essence, the Australian Maritime College have been assisted in bringing together international experts from New Zealand, the United States and Latin America to focus on marine pests such as the Northern Pacific sea star, which have invaded and are having a real impact on the environment of Port Phillip. This is part of building a world-class marine education facility at Point Nepean for the people of Victoria. I am delighted that we have been able to help in a small way.

(Time expired)

Wests Sports Council: Annual Presentation

Mr HAYES (Werriwa) (9.56 am)—Last Saturday night I had the opportunity to attend the Wests Sports Council award night. It is a great opportunity not only to recognise some of the good sports in our area and some of our champions but also to pay tribute to the people who keep our junior sports going over the year. The night was also an opportunity for me to recognise the people who are so essential to the success of local sport and who often go unrecognised. I had the opportunity to present the Australian sports achievement awards in recognition of the continuation of support and dedicated commitment by a number of people.

Firstly, I recognised and presented awards to John Brown, who is President of the Macquarie Fields Swimming Club and who has been attached to that club now for over 32 years, and to Miss Lyn Deveney, secretary, who, similarly, has been associated with the Macquarie Fields Swimming Club for over 30 years and is also Secretary of the Wests Sports Council. Other recipients included Alan Connolly from the Camden and Campbelltown District Cricket Club, locally known as the Ghosts, who has been the driving force in leading a campaign to develop the Raby cricket fields as a premier cricket facility in our region, and Ann Nicholson, from the Macarthur Triathlon Club, who has always been available to assist not only in training but in event management. Ann has been associated with her club in ensuring that they have been able to compete so regularly over the last 10 years. I will not embarrass Shirley Conolly, another recipient, by saying how long she has been associated with the Netball Association of Campbelltown, but suffice it to say that Shirley is regarded as being synonymous both with Campbelltown and with netball. As a matter of fact, when my daughter grew up it was through the efforts of Shirley that my daughter began playing netball in the local district. I also presented an award to the Wests Leagues Club for their continued support for junior sport. Roy Warby, the chairman of the board, accepted the award on behalf of the club. I should point out that the Wests Leagues Club commits in excess of $1 million annually to sport in our local area. In addition to that, $34,000 was committed to over 140 recipients so that they could compete in state national and international events.

Without the dedication and support shown to the youth in our area by these people, we would not have the opportunities that we currently enjoy. Our community certainly owes them
a great debt of gratitude. We celebrate our champions but it is this small group that keeps our people out there competing and gives the youth their opportunities. *Time expired*

**Detective Senior Sergeant William John Bourke**

**Mr WOOD** (La Trobe) (9.59 am)—It gives me great pride to stand up today and talk about a former member of the Victoria Police force and one of my bosses, William John Bourke, who retired from the Victoria Police force as Detective Senior Sergeant 15649.

First of all, I would like to go through his career. He first joined the police force on 10 July 1967. At that time, I was not even born, and he was on the beat. He worked at the Russell Street police station. On 29 May 1968, he went to work at South Melbourne police station on general duties. In 1971, he worked at Oakleigh police station on general duties. Then he moved to St Kilda, where he first became a detective—that was in 1973, in the crime car squads. He moved on to Russell Street CIB in 1975; Oakleigh CIB in 1976; and City West in 1977, where he took up a position as a sergeant. In 1981, he became a detective sergeant at Russell Street CIB. In 1983, he went to South Melbourne CIB, and back again to Russell Street CIB as a senior sergeant.

He went to the major crime squad in 1985. To be a detective in the major crime squad at that time, you had to be a very tough and very dedicated member of the Victoria Police force. He moved on in 1987 to Ferntree Gully CIB, where he was the officer in charge; in 1991 to Knox CIB, where he was again in charge; and finally, in 1996, he was at Boronia CIB. He retired at the age of 57.

John Bourke was a fantastic mentor for me personally. He was one of those guys who would go out of his way to help junior members, and I was very fortunate that he selected me to do two weeks of temporary duty at Knox CIB, which eventually ended up as 12 months. He had total respect from all colleagues and criminals alike, which is most important. That shows a person of absolute integrity within the community.

He served 38 wonderful years with the Victoria Police force. In 2002, he received the police service Good Conduct medal—a 35-year clasp. In retirement, he will be with his wife Carol, who has been his greatest supporter, his three children and five grandchildren. John—otherwise I call him Bourkie—I wish you all the best in your retirement. You have been the person who has done so much for me personally. In fact, in the Victoria Police force, you have no second to the efforts you have given me. Also, it was great to use you as a reference when I was preselected for the seat of Latrobe. Thank you so much, John. *Time expired*

**The DEPUTY SPEAKER (Hon. IR Causley)**—Order! In accordance with sessional order 193, the time for members’ statements has concluded.
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 30 May, on motion by Mr Costello:

That this bill be now read a second time.

upon which Mr Swan moved by way of amendment:

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

“whilst not declining to give the bill a second reading, the House 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
(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 DANBY (Melbourne Ports) (10.03 am)—Our amendment to the 2006 budget makes a number of specific criticisms of the budget which the Treasurer brought down on 9 May, identifying specific policy failures of this complacent government. These include the failure to reverse the reduction in public education and training investment, the failure to reduce effective marginal tax rates and the failure to provide accessible and affordable long-day child care for working families.

Like all the budgets brought down by the current Treasurer, this budget was at least as much a political document as an economic one. As we all know, the Treasurer is waiting with ill-disguised impatience for the Prime Minister to retire. He was bitterly disappointed in 2003 when the Prime Minister decided to stay and fight another election. Three years later, three
budgets later, he is still in waiting mode, and there is still no indication that the Prime Minis-
ter is intending to make way for him. This is why the Treasurer has decided to try and buy
some popularity by giving away large slabs of the government’s surplus in the form of tax
cuts. He hopes that, by posing as Father Christmas in May, he can build up enough momen-
tum to shift Mr Scrooge out of the Lodge by Christmas. He is hoping that the voters will react
with such joy to these tax cuts that they will ring up their nearest Liberal MP and demand that
the Treasurer be given the keys to the cashbox at once so that the good times can keep flow-
ing.

Tax cuts are always popular, and the Treasurer no doubt hoped to get some short-term ap-
plause for this giveaway budget. But opinion polls after the budget show that public reception
was a lot less enthusiastic than the Treasurer must have hoped for. We all know not to place
too much faith in opinion polls, but I think it is relevant to debate this point, as both this
week’s Newspoll and this week’s AC Nielsen poll show Labor well ahead, with 54 and 58 per
cent of the two-party vote respectively. I am sure it is not the kind of post budget bump in the
polls that the Treasurer and the government were expecting. I doubt that members opposite
with margins of less than five per cent will be impressed. “Why is it so?” as Julius Sumner
Miller used to ask.

The Australian people, in my view, also know that these tax cuts are largely illusory. As in-
terest rates rise, as petrol prices rise, the money that the Treasurer has put in one pocket of the
average middle class taxpayer is being taken out of the other pocket by mortgage payments
and at the petrol pump. Most importantly, the average Australian taxpayer knows that this
short-term bribe from the government is no compensation to the threat to their living stan-
dards posed by the government’s extreme changes to the industrial relations system. As the
Leader of the Opposition said in his budget reply speech, these tax cuts will no sooner be leg-
islated than they will be gone—’gone to the triple whammy: wages threatened, rising interest
rates and soaring petrol prices’.

This is a government that always prefers the easy option. Tax reform is difficult, so this
government has dodged it year after year, budget after budget. So we will have a tax system
that is increasingly out of kilter with the changing nature of our economy and our workforce,
and a tax system which penalises Australians who want to work hard and provide a better fu-
ture for their family, while rewarding the already well-off and successful. This year, the hard
work of tax reform was again dodged.

Honourable members opposite do not have to take my word for it; they can ask the honour-
able member for Wentworth. Before the Prime Minister made him the minister for drains, to
keep him quiet, the honourable member for Wentworth was very outspoken on the need for
tax reform. He put out a paper of 279 suggestions for tax reform. He put it on his website. The
honourable member for Wentworth was all over the media as a champion of tax reform. The
Treasurer first mocked it and then ignored all of it.

Tax cuts like those in this budget are like giving a Mars bar to a person suffering from
chronic malnutrition—a nice taste, a short-term sugar hit, but no real nutritional value. Tax
cuts are easy when a government has record revenues but does not want to use those revenues
for the kinds of investment in infrastructure and skills training and education that Australia
needs if its current growth is to be translated into long-term sustained prosperity.
This government’s generosity to its supporters has been made possible by ever-increasing revenues flowing from 15 years of growth. That growth rests on two pillars. The first is record high commodity prices and strong demand for Australia’s commodity exports, particularly from China. The second is the benefits flowing from the economic reforms that the Hawke and Keating governments put into place. Labor’s reforms of the superannuation system, the tax system, competition policy, the labour market and financial markets laid the foundations for growth which the current government has been able to exploit to its own advantage.

The government seems to assume that Australia’s growth will go on forever, so that its revenues will go on increasing and that it can go on spending money freely while cutting taxes at the same time. But, unless this government has somehow managed to refute the works of every economist since Adam Smith, the business cycle must still be operating. Boom must always be followed by bust, or at least a downturn. Sooner or later there will be a downturn in the Chinese or US economy or both, with the concomitant effects on demand for our commodity exports. When that happens, the false world in which this government has spent the last decade will be exposed. We will no longer be able to avoid tough choices and the great opportunities of this long period of growth will have been squandered.

It is particularly worrying that so much of our current growth and therefore this government’s ability to bestow its largesse on its supporters are built on the assumption of growing demand for our exports from China. This is a dangerous assumption. China’s economic progress over the past 20 years has been impressive and Australia has been a major beneficiary of China’s rapid growth and, with it, the accompanying demand for coal, iron and natural gas, although in my view the Prime Minister probably asked too little for the massive LNG contract with the Gorgon field in Western Australia. Certainly, if you look at international energy prices these days, we should have got a lot more for that LNG.

China’s economic growth, in my view, is also built on unsound foundations. China is not a genuine market economy. At its base it is a command economy run by a corrupt elite of unelected communist bureaucrats with a superstructure of unregulated cowboy capitalism sitting uneasily on top of it. Beneath this superstructure, political, social and economic tensions are building up in China. There is an anger at the corruption, inefficiency and inequality of the present system. There is great discontent in the rural areas, which are overtaxed and underserviced by the state. There is a mountain of debt built up by uncontrolled lending by state owned banks to loss-making state owned enterprises.

As with all communist states, there is gross overspending on armaments and prestige projects, resulting in serious economic distortions. Recently this parliament heard Professor Paul Dibb, who confirmed to a committee which I had invited him to that Chinese armament growth had been 12 or 13 per cent over a sustained period of the last six or seven years. Perhaps China will not have a catastrophic economic collapse like the Soviet Union, but sooner or later there will be an economic and political crisis in China. Much of China’s current boom is based on the export of consumer goods to the US helped by an artificially favourable exchange rate for the yuan, which the US and the international economic market will not tolerate forever. It is also based on an artificially low level of wages, enforced by the state—especially in the special economic zones—in the absence of free trade unions.

If and when there is a downturn in the US economy, which with rising oil prices could well be sooner rather than later, China’s ability to maintain a level of exports to the US will suffer
and China’s boom will come to a halt. When that happens the consequences for Australia may be severe. The future stability and prosperity of China cannot be guaranteed, and any country like Australia that so mortgages its economic future based on the assumptions that China will grow forever and is a long-term, secure trading partner is asking for trouble. One of the other things that might happen is a new Republican administration might be elected in the US in 2009, which would pursue traditional Republican policies of balanced budgets. This might also have a severe effect on the trade deficit the US has with China. It may look less favourably on it and try to bring the US international trade balance and current account deficit back into balance.

Let me turn to this budget’s big disappointment for parents and child-care workers in my electorate. The budget does not guarantee a single extra child-care place and does nothing to make child care cheaper or more readily available. The government continues to place its faith in the market and apparently believes that abolishing the cap on outside school hours child care and spending a fortune advertising its inadequate child-care rebate will solve the problem. It claims this will create 25,000 new places over four years. This ignores the fact that the essential problem in the area of child care is market failure. The government’s friends in the private child-care industry have cherry-picked the most profitable areas of the child-care market and left unprofitable areas, such as inner cities where property prices are prohibitively high for buying the establishments for child-care centres, starved of services. Yesterday, listening to the member for Holt, I realised that this is not simply a problem for inner cities all over Australia. It is also in growth corridors like the one in his electorate, where there are very large numbers of children but the parents cannot afford the high prices of private child-care centres.

The government’s approach to child care has been a demonstrated failure. It has produced acute child-care shortages in some areas—such as my electorate, Melbourne Ports—and gluts in other areas. There is nothing in the budget to address this problem. Nor is there any recognition of the shortage of child-care workers, largely caused by this government’s earlier cuts to subsidies to family day care schemes, which recruit and train family day care workers.

So what is Labor’s alternative? After the budget, the Leader of the Opposition and the shadow minister for child care, youth and women, the honourable member for Sydney, issued a new policy statement, and I want to congratulate the shadow minister on her commitment to this portfolio and her excellent policy ideas. The centrepiece of Labor’s policy would be a $200 million revolution in child care, building real child-care centres and real child-care places and giving Australian parents affordable and accessible quality child care in the places where it is needed—not in the places where the government’s friends in the commercial sector can exclusively make money. In my electorate, the state government is taking up precisely one of these options that the opposition leader spoke about. There is a new child-care hub being built on the grounds of the Elwood secondary school, where there has been a very involved land swap. A public road has been resumed by the school with the cooperation of the state government, and a child-care centre with an extra 90 places will be built on the extra land created. Also, recently the nearby Catholic school of St Columbus was good enough to use its land to relocate a child-care centre from St Bede’s, which like a lot of churches is unfortunately moving to an outer area, out of child care and out of the inner city.

Let me quote Labor’s policy on child care:
A Beazley Labor Government will provide $200 million over two full years and will work in partnership with childcare providers to build up to 260 childcare centres on primary school grounds and other community land. Labor will budget for an extra $60 million in a full year for additional Child Care Benefit, which could fund in the order of 25,000 extra long day care places.

That is where the real shortage is. Labor will work with parents and the child-care industry to determine where child-care shortages exist, something the Howard government, with its blind faith in the market, will never do. Interestingly, the government understands the necessity of doing this in aged care but for some reason has a mental block about doing it in child care. We need to know where the shortages are so that we can act on them. Labor will work with the child-care service providers to build new centres where they are needed. I congratulate the shadow minister on this new approach, which I can guarantee will be well received by parents and child-care workers alike in my electorate.

I want to conclude by repeating five commitments which the Leader of the Opposition gave in his budget reply speech as part of his pact with Middle Australia. These commitments are: fix the child-care crisis, giving Australian parents child-care places where they need them; fix the skills crisis by introducing free TAFE for traditional trades and child-care workers; equip our kids for the high-tech future where they need to compete; train young Australians instead of importing foreign apprentices; and help families secure their future prosperity by putting job security back into the industrial relations system.

I believe these five commitments are what the Australian people want to hear from their government. Since they did not hear any such commitments from the Treasurer on budget night, they will have been very pleased to hear of them from the Leader of the Opposition, the alternative Prime Minister. That is why it was Labor, not the government, that got the post-budget bounce in the opinion polls. The government can expect to hear a lot more about these basic commitments as we head into an election year. I, for one, am looking forward to the next year with great confidence.

Mr GEORGIOU (Kooyong) (10.17 am)—It gives me great pleasure to speak in support of the Appropriation Bill (No. 1) 2006-2007 and cognate bills. This is the Treasurer’s 11th budget. This is a historic achievement not only in the delivery of the number of budgets, which is unmatched by any other Treasurer, but more importantly in what he has delivered to Australia, which is unprecedented.

As with the previous 10 budgets, it is a measured, effective and reformist document based on fundamental and successful economic principles, sound financial management, underpinning a strong budget surplus, repayment of all remaining Commonwealth government debt, funding for important areas of current community need, strategic investment to deliver on long-term priorities and tax relief for ordinary Australians.

It is a credit to this government that Australia’s economic outlook remains positive in an uncertain international environment. The international environment may be uncertain, but it is not the gloom and doom so extensively foreshadowed by the member for Melbourne—

Mr Danby—Ports.

Mr GEORGIOU—Yes, the member for Melbourne Ports. I thought it was a safer seat, so I promoted you. What is Labor’s response? To be fair, of course, it is difficult being a Leader of the Opposition at the worst of times, let alone at the best of times. The Leader of the Opposition’s job is difficult. It is difficult to create traction when the economy is in good shape, the
budget is in the black and the government debt has been repaid. Complaints about blue skies and gentle breezes simply do not resonate. Doomsday scenarios of the sorts presented by the member for Melbourne Ports are quite readily dismissed, so this year the Leader of the Opposition has tried to find another way to try to get some traction, which is echoed by the honourable member for Melbourne Ports: he has tried to make a pact with Middle Australia.

I will not go on about the multiplicity of pacts across history, but the difficulty with the pact proposed by the Labor Party is that Middle Australia is extremely uneasy with and untrusting of the Labor Party. It has been burnt before, and Australians do have long memories. The simple fact is that, deep down, the Australian community knows that it benefits more from steady economic and employment growth, increased real wages and continued low inflation than it ever will from the Labor Party’s promises, promises which are largely unfunded.

When it comes to fiscal policy, this budget has two core elements. The first is sound economic management underpinning sustainable economic growth, low inflation, low interest rates and high employment—

Mr Sawford—Low interest rates?

Mr GEORGIOU—Are we reflecting back on 17 per cent? The second is building on a range of sensible policy initiatives, which sequentially target areas of current need and future investment. On the first count, there can be no question that this budget does deliver. The budget will remain in surplus to the tune of $10.8 billion. Economic growth will continue at around 3¼ per cent. The Australian economy will break the $1 trillion mark for the first time, which I think is a noteworthy event. We have been trying to work out how much the Australian economy is worth, and now we have a very simple figure of $1 trillion. Unemployment will remain at around the current 30-year lows. Inflation should remain contained at below three per cent. With government debt now repaid, the government will invest heavily in the Future Fund to support its long-term financial sustainability. Unlike the Labor budgets of old, these are not pie in the sky projections. They are real, achievable and possibly even a bit conservative.

The budget also delivers on the second count, outlining a range of initiatives which will benefit all Australians and strengthen our nation for the future. Some years ago the Treasurer outlined the government’s fundamental view on tax. Once the budget was balanced, outstanding debt repaid and important services funded, consideration should be given to cutting taxes. Over the last few years this doctrine has delivered substantial tax relief for all Australians, beginning with low- and middle-income earners and progressively, gradually, going to the upper end of the income tax scale.

There has also been significant streamlining with the reduction or abolition of several of the more inequitable or illogical taxes. This year the government has continued in that vein. In framing its reform agenda, it has also looked internationally, benchmarking the Australian taxation system against those of other developed countries in the OECD group. The result is a package of income tax cuts worth $36.7 billion over four years. The threshold for the 30 per cent tax rate will rise to $25,001; the 42 per cent tax rate will be cut to 40 per cent, with a new threshold of $75,001; and the 47 per cent tax rate will be cut to 45 per cent, with a new threshold of $150,001. These changes will increase disposable incomes, enhance incentives to participation and improve Australia’s international competitiveness. The changes will continue to ensure that 80 per cent of taxpayers face a marginal tax rate of no more than 30 per
The changes will reduce the proportion of Australians in the top marginal rate to just two per cent. It is worth while recalling that 10 years ago workers earning slightly more than average weekly earnings were paying the top marginal tax rate, which at that stage was 48 per cent.

The other major change to taxation in this budget is the simplification of superannuation arrangements. From 1 July 2007, the superannuation benefits paid to most retirees at 60 or above will be tax free, while members of untaxed funds—mainly public servants—will continue to pay tax on their benefits. This will be at a reduced rate. Reasonable benefit limits will also be abolished and the current age based contribution limits will be streamlined. It has to be said that superannuation has not always been the easiest issue to deal with. National policies sometimes do not fit well with individual plans, ambitions and timings. However, I do believe that these latest changes will be widely accepted and warmly welcomed.

The budget also provides a number of targeted initiatives focusing on areas of clear and immediate need. To assist senior Australians in meeting the cost of living, by 30 June the government will provide a one-off payment of $102.80 to each household eligible for the utilities allowance and to each self-funded retiree eligible for the seniors concession allowance. Eligibility for the utilities allowance will also be extended to recipients of mature age allowance, partner allowance and widow allowance.

To make child-care places more accessible the government is removing the cap on the number of outside hours care and family day care places, and this is expected to increase the number of places by 25,000. In recognition of the special contribution of carers to Australian society, the government will provide a $1,000 bonus to recipients of the carer payment and a $600 bonus to recipients of the carer allowance. As with previous bonuses, these will be paid before 30 June this year, they will be tax free and they will not affect social security entitlements.

Money alone cannot fix the problem, but it will take money. It is worth noting that the government is committing an additional $488 million, including $115 million in capital over five years, to improve Indigenous outcomes. These include $61 million on health initiatives such as improving access to mainstream health services; $55 million towards combating petrol sniffing with measures that include the prevention, diversion and rehabilitation strategies that are fundamentally important; and a whole range of initiatives designed to address specific problems that can make an important contribution to improving the lives of Indigenous Australians. They cannot be viewed as a panacea—they must be backed up by action across all areas of government if their potential is to be realised and, from my perspective, if more money is required it should be provided.

In the time available to me, I cannot cover the infrastructure commitments, the medical commitments and the commitments to research. I will conclude by saying that the budget is based on the fundamental principles of sound financial management, repaying debt, funding
long-term priorities and tax relief. In my view, it does set an ambitious agenda, which has been met admirably. Certainly there is always room for improvement in the future. To do anything else would be a sign of complacency and—to use a favourite word—hubris. But neither the Treasurer nor the government has shown any signs of complacency: the reformist zeal continues strong, the attention to detail sharp and the work ethic relentless. I am proud to be a part of a government with economic credentials the equal of any in Australia’s history. I congratulate the Treasurer on his achievement and I commend the bill to the House.

Mr SAWFORD (Port Adelaide) (10.28 am)—It is a basic truth of the human condition that the majority of people, indeed groups of people, revert to type. This is particularly true when making a current assessment of this government’s May 2006 budget. The American term ‘Groundhog Day’ comes immediately to mind. After the significance of the post World War II reconstruction, the Menzies government priorities were totally consumed by a reliance on a quarry like mentality to the sale of commodities. The harder but more productive task of creating a high-wage, high-skill economy played second fiddle to the sale of resources and an overreliance on immigration.

Then, as now, there existed total government ignorance of the urgent need to invest in the human and social capital of the nation. Yet in the 1950s and 1960s there was a compensating factor, and that was the then educational leadership in all the various sectors of education in this country. The sixties began a whole series of educational innovations that focused not only national but international interest. In stark contrast to the lack of political leadership, educational leaders were hungry for new ideas. A South Australian director of education of that era, John Walker—short in tenure but long in impact—made an outstanding yet little understood contribution to the educational and national debate of this nation. He sent his directors all over the world to seek new ideas and source innovative approaches. It was he who began the golden age of public education in Australia—a system noted for its diversity and appeal, and endorsed by parents, particularly at the secondary level.

He created and promoted highly successful primary schools, an outstanding demonstration school system, excellent academic high schools, more than competitive technical high schools funded at a higher level, streamed high and technical high schools, boys schools, girls schools, agricultural schools and country area schools. As you would realise, it was a very strong, diverse system that met the varying needs of South Australian students and parents. The variety of secondary schools provided real choices based on educational differences, not financial means. What is more important, they had the confidence of the public. Technical schools were, rightly, funded at a rate 25 per cent higher than that of high schools—funding according to need. It was not perfect. Retention rates were too low. But compensating that to some degree was a more successful scheme of transition from school to work.

One of the most telling points in comparing today with then is the number of students studying higher mathematics at a tertiary or similar level. In 1975 100,000 young Australians were studying pure or higher mathematics. These people, of course, formed the basis of our future scientific, medical, engineering, architectural, education and manufacturing operatives and leaders in a highly skilled workforce. However, in just 30 years the number of 100,000 studying higher mathematics has fallen by 85 per cent to just 15,000. That is a national disgrace. That is a failure of monumental proportions. This time it was not only a lack of politi-
cal leadership; it was also a time of poor educational leadership at all levels of education, particularly from academia.

There have been other failures, too, in developing the human and social capital of our nation. Particularly acute at this time are child care, Indigenous communities, disadvantaged youth, the mentally ill, parts of particular ethnic groups and youth in provincial and regional areas. I will come to these a little later. However, the key to that growing overall malaise was a lack of will from political educational leadership and misguided policies, no matter how well intended, that go back over the last 30 years.

The abandonment of technical high schools in Australia was a huge mistake. The strength and diversity of the public education secondary system was diminished by the setting up of singularly focused comprehensive high schools, a one-stop educational shop. It was wrongly assessed that technical schools were second rate. They were not. Most in South Australia were far superior to their neighbouring high schools. Comprehensive high schools were set up for the right reasons of opportunity for all, egalitarianism, antielitism and a fair go for all. Comprehensive high schools were also set up for the wrong reasons: envy and resentment of higher funding for technical high schools and their successes were right up there as the reason for the change, though seldom admitted to in any commentary of that era.

Unfortunately, in the secondary school system the strength of diversity and public acceptance was undervalued, and the policies that evolved were too often misguided. If I were a Machiavellian educational bureaucrat in the 1970s and I wanted to permanently damage public secondary education and its acceptance by the public, I would take its great credibility, strength and diversity, and replace it with a weakness—sameness. I am not suggesting that was the rationale for the change, but it could have been, and it was the result. The richness of choice in public secondary education diminished. Vocational education offerings diminished. So did the credibility of public secondary education. For thousands of young Australians attending secondary school the curriculum being offered became irrelevant.

What was also unforgivable then, as is now, was the total ignorance of important statistical information. To ignore those statistics that confirm balance and appropriateness in Australian public secondary schools and push poll a one-sided view of education was misguided in the extreme. Those statistics were available to everybody, and they were the Commonwealth department of education statistics of 1981.

Although few people want to acknowledge it, one aspect of the one-sided view was the feminisation of education as it applied to children and students. As it applied to the accessibility and opportunity for adults, it was right and the proper thing to do. To spell that out to the committee, let me compare gender balance in our schools in 1981 as it applied to students. In 1981 the differentials between the attainment levels of boys and girls at senior secondary level was less than one per cent. Today the differentials are up to 20 per cent in favour of females. How can that be when it is obvious that the intrinsic intellectual qualities of boys and girls are basically the same? In 1981 there existed a gender balance, as there should be, in the entry of boys and girls to universities. Today the differential is 20 per cent in favour of females. How can that be?

It is certainly true that in the 1950s and 1960s, when I attended schools, curricula and attitudes largely favoured boys and disadvantaged girls—there is no doubt that was the case. What the politicians, academics and feminists overlooked is that the school educational com-
munities—for all the right reasons and in spite of political and academic ignorance, unheralded by anyone, including themselves—achieved the rectification of much of the discrimination against girls, and the national statistics of 1981 prove that to be the case.

The gender balance in attained levels and entry to university was simply ignored. As a consequence, the majority of boys—not all—have been disadvantaged, as well as a minority of girls. Much of the dubious research on gender equity—on which feminisation of education as far as students were concerned was based—is now discredited, still leaving a significant problem from which good schools have disentangled and are disentangling themselves.

But feminisation of the curriculum offerings was not the only negative. Other negatives have occurred over the last 25 years. The status of teaching is falling alarmingly. The remuneration of teachers compared with that of other occupations has fallen by 20 per cent. Men are discouraged from teaching young children. The cohort for mathematics and science has fallen so low that it will be impossible to staff our schools and universities in the very near future.

The curriculum is one-sided and unbalanced. Collaboration is in; competition is out—no wonder our young are getting obese. Synthesis of courses is in; analysis is out. Presentation is everything. Comprehension, understanding and substance are ignored—knowledge in; understanding out. Expressing one’s feelings is encouraged, self-reliance is overlooked. Verbal is favoured over visual, essays over exams, passive over active and so on.

Good schools use all the above attributes to create balanced educational programs. They always have. But many that have so slavishly followed the fashions and the political correctness of the day still do. This one-sided view of education has disadvantaged and angered many boys, none more so than in the deprived areas where parenting and support goes missing. Examples are found everywhere that socially and geographically isolated youth are found—poor areas, Indigenous communities, ethnic communities and provincial, regional and rural Australia.

The community may not be able to articulate what they see and hear, but they know and they bloody well act. Many transfer, if they have the financial means, to the private system. But that is not an option for most, nor indeed a resolution. From a national interest and skills perspective, this transition simply acts as a smokescreen to the underlying problems besetting education in this country. It is a failure to advance balance in education. It is a failure to invest. It is a failure to pay attention to the special needs of disadvantaged groups.

In the meantime our international competitors around the globe are seriously raising the status of and investment in education. This is happening not only in the developed world but in the developing world in our region. We are not investing—it is as simple as that. And what investment there is is wrongly focussed. We, I fear, will pay a huge cost for that neglect in our lack of future international competitiveness. Last year China graduated 1,100,000 engineers and 10,000 lawyers. Now, that is a statistic of a country serious about its future economic prosperity. The ratio is about right too, isn’t it? That failure to invest in our people starts right from the very beginning of life.

Take child care, for example. The whole framework and rationale of child care in this country is not working. The rationale on which child care is based is delusional. The rationale is not child care; it is parent respite. There is nothing intrinsically wrong with parent respite. It is
in both young parents’ and the national interest that we maximise participation in the workforce for those who want to and must do. But planning parent respite and calling it child care has diminished it and created an inferior structured set of frameworks and organisations. If you cannot get the purpose and rationale right, you will not get anything else right. At least Labor has recognised aspects of this discrepancy and rightly suggested that child-care facilities should, for philosophical administrative and safety reasons, be attached to primary schools.

There are many success stories in the mainstreaming of people suffering disabilities and/or mental illness. Unfortunately, there are too many failures, with inadequate support in inappropriate locations. There is a need for institutions. As in education, the singly focussed policy of mainstreaming without support does not work. The failure to look after the disabled and the mentally ill has placed unnecessary hardships on parents, in particular health and welfare institutions and staff. A visit to any public emergency facility in a public hospital will provide ample evidence of dysfunctionality. I saw it yesterday when the member for Franklin was admitted to hospital. It is here in Canberra. Expectations on the health system to accommodate mental and drug related health problems, and the false economics of tying up hospital staff, security staff, ambulance officers and police is totally unproductive and a smokescreen to the depth of a failure to look after vulnerable people.

In Indigenous affairs there have been remarkable advances and changes of attitude, but as with mental health there are too many failures. There is too little variety in public policy. The failures are not acceptable in a contemporary democratic society. The administration of Indigenous affairs over the last 30 years has too often been timid, weak and focused on reaching a single solution. As in all of life, there is no single solution. Applying a victim mentality in Indigenous affairs can have only one result, and that result will be drowned in failure, negativity, blame allocation and consumption of guilt.

Policies for self-reliance and self-determination need to be multidimensional—different stokes for different folks—and suited to the individuals and communities they serve. Of course, there has to be no tolerance of child abuse, physical violence and substance abuse, but that has to be balanced with opportunities to educate, heal, house, sustain and employ. A dangerous public policy practice has emerged over the last 30 years, and that is the virtual abandonment of disadvantaged youth from deprived areas in cities and from regional, provincial and rural areas. Australia ignores the real needs of those cohorts of our young at our future peril. If we as a nation fail them and refuse to include their needs in our goals for a productive future, we will create, and are creating, a bitter, resentful and angry underclass in our population, ripe for enlistment in crime, violence and terrorism. They are doing, and will continue to do, great damage to this country. Only the blind cannot see.

Governments in this country are swimming in taxation receipts, but, conversely, the nation is slowly drowning in a lack of political leadership and the will to invest in its best asset: its people—a very small population in a large country. The wasteful policies and reliance on resources in the fifties and the sixties under Menzies led to a failure to insulate our country from the economic shocks of the 1970s and the 1980s, not to mention the loss of international competitiveness, particularly in our manufacturing industries. This budget, groundhog day, repeats that failure of vision. There is huge foreign debt; huge credit debt; a dangerously high current account deficit; little or no investment in public housing; token investments in envi-
environment, infrastructure and communications; a failure to take education and health seriously; and a rewarding of corporate and business Australia for all the wrong reasons, abdicating leadership and positive influence in both those sectors.

A refusal to acknowledge that government investment should have positive employment, national interest, environmental, economic and social dividends is poor policy. Simply playing the media game of managing and entertaining a manipulative democracy, based on spin and spear throwing, protecting vested interests and refusing to be a representative democracy by actively representing the legitimate aspirations of the overwhelming majority of Australians will—as certain as night follows day—leave a legacy that fails to insulate our nation from future uncertain economic times. The Labor Party ought to pay attention to that, just as much as the government.

However, the real colours and intentions of this government, other than strategies for low-skill, low-pay, low-investment in human capital and abandonment of the vulnerable, particularly the young, are on display in the government’s malevolent industrial relations policies. If the economy, as is claimed by this government, is so well managed, why would you introduce such a set of lowest common denominator policies to make Australian workers less secure, with diminished remuneration and conditions?

There are clauses in the workplace laws which suggest that no-one is safe from the sack. That is not raising the bar; that is lowering the bar. There are half a million businesses in Australia with fewer than 100 workers, employing four million people. Those people can be sacked without a fair reason. Childhood illnesses, family bereavements and commitments by workers would provide conditions for the sack. Fair penalty rates no longer become an option. Collective bargaining will not be an option for millions of Australian workers. Desperate for work, many Australian workers will be forced to sign low-pay contracts with lesser conditions. Of course, when the economy falters—and it will—these situations will be exacerbated.

The take-it-or-leave-it attitude to Australian workers is about a government that operates at the lowest common denominator level. While an economy is going well, it is certainly difficult for us to get the message through to the Australian electorate, but that situation is changing. To the horror of some government members in marginal seats, the industrial relations information campaign is beginning to bite. The economy is showing signs of frailty and the attention given to Spotlight’s AWA is having an impact. The Prime Minister, as Treasurer to Malcolm Fraser, has past form in this regard, but he will be gone before the end of the year. Groundhog day has ramifications for all, but no more so than for the current coalition government as they make the transition to a new leader.

No doubt the May budget in 2007 will set the electoral parameters for next year’s election. The pressure on the government will be considerable, as upward movement of interest rates (real) inflation (real) and unemployment become more likely. The faith of the electorate will be sorely tested. Make no mistake: federal Labor will be competitive, whatever the circumstances—and I await the challenge with greatly heightened anticipation.

Dr STONE (Murray—Minister for Workforce Participation) (10.45 am)—I rise to speak on Appropriation Bill (No. 1) 2006-2007 and cognate bills, which relate to a budget that delivers continuing responsible economic management for this country, ensuring a more financially secure life for all Australians. Labor’s sustained economic mismanagement left us with
a $96 billion debt in 1996, with an annual $8 billion in interest payments, which is equivalent to nearly a third of our aged care budget. The coalition government has successfully managed to rein in Labor’s debt, paying it off, so that now we can invest Labor’s lost millions back into ensuring the wellbeing and better life prospects of all Australians.

The OECD regularly reports that the Australian economy is performing well, with our unemployment rate amongst the lowest of OECD countries. But it has not always been this way. I would like to remind the public of the dismal record of Labor in government and contrast that with the Howard government’s strong performance, particularly in relation to work.

In December 1992, under Labor, unemployment peaked at 11 per cent; compare that with the current rate of 5.1 per cent—a 30-year low. Faced with up to 19 per cent interest rates, farmers lost their farms and the food- and fibre-producing assets that it had taken them generations to build. Under Labor, low-paid workers—the very people that that Labor government claimed to represent—experienced a 3.1 per cent reduction in real wages. The coalition has delivered low interest rates and an increase in real wages of 5.8 per cent in just five years.

Our employment has grown by an average of 210,000 people a year for the five years to March 2006. Today over 10 million Australians are in work, with more than seven million in full-time employment. So, as Minister for Workforce Participation, I am particularly proud to be able to continue to help deliver greater opportunities for a better life for all Australians through last year’s budget initiatives, which have been continued through the 2006-07 budget funding. This government has committed $3.8 billion in job finding, employment support and work readiness training for the more than two million people of working age on welfare who are able to work at least part time in this great country. We have called this strategy Welfare to Work. Welfare to Work focuses on parents, the disabled, the mature aged, the long term unemployed and Indigenous Australians, giving to them an additional incentive and extra support to help them step back into the workforce or get that first job.

Along with other developed nations, Australia is experiencing an ageing population and low fertility rates. By 2045, one quarter of our population will be over 65, and our fertility rate is half what it was in 1961. In the next five years alone, Monash University’s Workforce tomorrow research shows there will be a labour shortfall of nearly 200,000 workers. But many industry sectors are experiencing a workforce shortage right now—for example, in mining and hospitality and tourism. But there is a pool of potential workers out there, willing to work but needing a hand up, not wanting to spend a lifetime on a handout. In 1965, only three per cent of working age adults depended on welfare payments as their main or sole source of income. Today, one in six working age adults depends on welfare payments as their main source of income. We aim to give more of these working age Australians a real chance to participate fully in our economy and in our society—through work.

What does Welfare to Work entail? For example, currently parents on parenting payments are not required to re-enter the workforce until the youngest child turns 16. From 1 July this year parents on welfare whose youngest child turns six will become eligible for comprehensive assistance to get back into the workforce. Perhaps it will be the first time they have been able to take a paid job. Over the two years until their youngest turns eight, parents will be able to undertake work related training while they continue to receive parenting payments or look for a job—all supported through our Job Network members, and those members have over
1,000 sites across Australia and have been competitively selected to be the best in the business to give that help.

Parents will only be required to work for 15 hours a week as a minimum, and this will be conditional on accessible and affordable child care being available. Over 80 per cent of people receiving a single parenting payment are women. Welfare to Work also offers a chance for us to break down the stereotypes that have traditionally locked women out of some industry sectors—for example, the building trades, the transport sector, mining and natural resource management. So parents returning to the workforce will find a hand helping them to reskill and rethink what their life career prospects might be. At the same time, they will find that more child-care places are accessible and subsidised to ease their way, particularly with the coalition government’s investment of $60 million over four years to create an additional 25,000 child-care places. These places, in particular, will handle after-school and holiday care.

Long-term unemployment, as we know, does not simply mean reduced economic circumstances for the family. It is also about social isolation, low self-esteem and stigma. When unemployment becomes intergenerational, it is particularly difficult for the children of the unemployed to engage in the world of paid work. We know that some of our Indigenous Australians, in particular, are facing their third generation of never being a part of the Australian workforce. This government intends to break the cycle of hopelessness and helplessness to give the most disadvantaged a chance to realise their full potential. Many of these are parents who have not finished basic schooling or education before they became full-time carers, but some others are disadvantaged through being disabled.

The number of people on the disability support pension in Australia has nearly doubled since 1996. While current DSP recipients are grandfathered from the Welfare to Work changes, as of 1 July 2006 people who apply for the disability support pension will be assessed professionally and comprehensively to see whether they can work at least 15 hours per week in a normal occupation in a normal workplace. Those unable to work at least 15 hours will continue to receive a disability support pension, because every country like Australia intends to keep a strong safety net in place for those who do need the social security support either for a short time or for all of their lives so that they can live and look after their families. But, of course, with those who can work, such as those who may be on disability support pension and are able to work at least 15 hours, we will support them to take up at least part-time work. Those who were on the DSP before July 2006 can volunteer to access the Disability Employment Network services if they want to be helped into work. In fact, thousands have already accessed this special help.

There are currently over 135,000 people with a disability seeking a job through the government’s Job Network and Disability Employment Network. Since July 2005, over a 12-month period, Australian government employment services have placed over 50,000 people with a disability into a job. This is a great outcome for people with a disability, whether it is a disability relating to their mental health status, a physical disability or one associated with some other illness—let us say a psychiatric illness. All Australians deserve to work to their capacity. We know that, while there might be myths about some not wanting to work, they are in a tiny minority in this country. Since 1996, the Howard government has nearly doubled the spending on services for people with a disability to $410 million.
In the Welfare to Work package, there is an extra $554.6 million over four years to assist people with disabilities to move into work—with targeted initiatives, for example, for people with a mental illness and for businesses employing a person with a disability. We acknowledge that it might mean modifying the workplace to do things like build a ramp, change the lighting, introduce different software to the computer systems or help other coworkers understand the special needs of their new workmate. This $554.6 million will also help provide specialised assistance for people who need rehabilitation from drug or alcohol addiction or who might have a problem with homelessness or some other personal life crisis, like domestic violence. The funds will also help more people with a hearing impairment. We have had marvellous success with introducing greater access for the hearing impaired to Auslan interpreters in the workplace. It has been found that these Auslan interpreters have been of such benefit that we boosted the budget for Auslan interpreters for the hearing impaired. There are also practical benefits, such as a higher mobility allowance for job seekers and those newly placed in work to help them pay the cost of transport to and from work.

In Australia we have become focused on retirement at 54.9 or so years of age, in particular for public servants—as in the past their superannuation has tended to be designed to give them the greatest benefit if they leave at about that age. Other Australians expect a 65-year-old to exit their full-time or part-time jobs. This loss of the 55- to 65-year-olds from our workforce represents a huge loss of industry experience and energy, which our country can ill afford. For women over 55, this is a particular problem, given they are often alone and are least likely to have adequate superannuation or savings to help sustain them independently for another 25 years after retirement.

The Mature Age Employment and Workplace Strategy announced in the 2004-05 budget provides $12 million over four years to help increase workforce participation for mature age workers in particular. We want to change the mindset in Australia where people in their 60s are considered to be of retirement age. Rather, we would prefer individuals consider their own wellbeing, their own energy levels and their own interests in their occupations and continue to work for as long as they are physically able to—and in Australia that is often well into their late 70s, if not older again. We hope to cut down those stereotypes, which talk about older Australians being better suited to the beach than to the bench in the workplace. The Welfare to Work initiatives home in on the mature age unemployed person, acknowledging their special needs and giving them tailored support—such as upgrading training and job skills development—especially where they have been out of the workforce for a long while.

I also want to refer to our new Work Choices or industrial relations reforms. They make it much more likely for an employer to be able to give a different workplace commitment to employees who perhaps want to work part time because they are moving towards retirement age, who might want to job share, who might want to work in some seasons and not others or who might want to work on weekends and not weekdays or vice versa. Our workplace reforms introduce these flexibilities to make sure that employees and employers can better match precisely the needs of the industry sector and the capabilities and interests of the employee to lead to a far greater participation in the workforce and a stronger economy.

The coalition government has delivered results for our long-term unemployed. Compared to the Labor government, which had a peak of around 333,000 unemployed, under the Howard government this has been reduced by over 70 per cent. The last coalition budget invested
an extra $360.2 million over four years, from July 2006, to increase the chances of finding work for the very long-term unemployed—all of whom can now access intensive job support programs. Our Work for the Dole program, for those unemployed for more than six months, has been particularly successful. It delivers over 40 per cent of participants into jobs or job related training within three months of the program’s completion. That is what our survey data tells us.

This program was an innovation that brought howls of protest at the very thought of mutual obligation and a community contribution being made by the long-term unemployed. The Labor Party continues to howl with protest about Work for the Dole, but the program has literally changed lives, broken down social isolation, helped people reconnect with the world of work and with team-mates, and given them a sense of a day’s work well done for the good of the community. We are continuing with the Work for the Dole program. In fact, we are extending it to a 12-month option for those who have been unemployed for more than a year.

We also recognise that unpaid work experience can lead to a full- or part-time job. Sometimes if someone is disabled or has been out of the workplace for a long time, both the employer and employee need to spend several weeks in each other’s company, seeing if the job really suits. But an outstanding issue has been the cost of accident and personal liability insurance. As part of the 2006-07 budget, 70,000 job seekers over the next four years will have their accident and personal liability insurance paid by the federal government as they undertake real life work experience. Hopefully, this will improve the chance for the work experience to lead to that first job, or a job after a long break from the work force.

Another group of highly disadvantaged Australians, when considering their capacity or ability to gain a job, are our ex-prisoners or ex-offenders. Each year, over 25,000 people leave prison and, unfortunately, very often step into the ranks of the unemployed. Obviously, they then survive on income support. About one-third of these ex-prisoners will return to prison within the year, two-thirds eventually reoffend at some stage. As a government, we want to give every assistance we can to ensuring that offenders are given a chance, while still completing their sentence, to have their work skills assessed, to gain additional workplace based skills, to be put in touch with the jobs and to support them overcome other disadvantages or barriers they might have to getting a job when they step out of the prison. In particular, we will aim to rapidly reconnect our ex-offenders by offering the support of our Job Network services to adult prisoners on day release—in other words, long before their final sentence date comes due. We will focus on prisoners who are in areas where there are workplace shortages, but, of course, that is now right across the country.

We hope this initiative also assists our Indigenous prisoners, who represent a significant proportion of the Australian population in jails. The rate of unemployment amongst Indigenous Australians as a whole is, unfortunately, far higher than for non-Indigenous working age adults. Indigenous employment centres have already assisted around 3,600 people to find work. Indigenous Australians, especially those in metropolitan and large regional centres, will now be encouraged to make use of all of our Australian government employment services, not just the CDEP program.

The CDEP program will also have a much sharper focus on work for the individual, rather than simply a community development focus for the future. In particular, young Indigenous people will be aimed or directed towards completing their education, rather than leaving
school prematurely and stepping straight into CDEP payments, which, too often in the past, has become a lifelong dependency.

The removal of remote area exemptions for some remote communities also acknowledges the existence of new and often booming local employment opportunities where once there were few jobs. These remote area exemptions come after close consultation with the communities and in recognition that there is now real work in places in Australia through the mining boom, through hospitality and tourism, through the fishing and pearling industries, and natural resource management—jobs that have not been there in generations past, but which need to be grasped now as real opportunities for Australians who live way beyond the tram tracks.

In conclusion, this budget is about a greater opportunity for work for all Australians. It recognises that most Australians of working age do want to participate to the full in our economy, which, in turn, gives them a strong sense of their own self-worth and gives their children a sense of how their parents contribute to the greater good. It is just too sad to see that in the past, some 10 years ago, intergenerational unemployment saw people simply parked in welfare. That was their destination for their working age life, until they moved on to the old age pension. We intend to offer 2½ million Australians, through Welfare to Work, an opportunity they may never have had before. Never has the economy offered more work opportunity. I commend this budget to the House and say that I look forward to 1 July.

Mr WINDSOR (New England) (11.05 am)—I listened closely to the previous speaker. She concluded with some comments on aged care, and I think it would be an appropriate place for me to start my deliberations. Aged care is one of those issues that the government has attempted to address. Obviously a lot more can be done, and I would encourage that a lot more be done into the future. I think the judgment of our society, parliament and democratic process is very much based on how we look after our elderly and those who are less fortunate than most of us, such as people with disabilities and mental illness. I am pleased to see that there are attempts to bridge the gap between the Commonwealth and the states in terms of mental health care, aged care and also particularly young people with disabilities.

I think most people would be aware that something like 6,000 young people in Australia currently have some form of disability, a lot of whom are inappropriately housed in nursing homes and have devoted relatives and friends looking after them. I encourage the Prime Minister, who actually took the lead with the state premiers in coming to grips with this issue, to maintain that leadership role in relation to the provision of appropriate accommodation for young people who have disabilities.

We in the electorate of New England have been very fortunate in relation to aged care and health care. Out of all the country electorates in Australia, I think we have the highest number of multipurpose services being built. For those who do not know, they are the result of arrangements between the Commonwealth and state—which shows that it can work if they devote themselves to it. As I said, I hope they put that same devotion into the issue of young people with disabilities. In smaller centres, the Commonwealth provides aged care facilities and the state provides what we call the hospital or health facilities. In the electorate of New England we have multipurpose services in Emmaville. There are some being constructed and nearing completion in Guyra, Bingara and Barraba. There is a slight variation on the theme in Bundarra, Tingha and Walcha—I apologise if I have missed any out. My home town of Werris Creek is one of the few places that has not received a multipurpose service yet, so I will have
to do some extra work there. I congratulate both the state and the Commonwealth governments for the way in which they have addressed the problem of the delivery of health care and aged care in smaller communities, where the general economies of size do not apply. They have been able to achieve a good economic outcome in the running of both those agendas by providing care, with appropriate arrangements for families in the areas from whence people come.

My headline for this budget is, ‘Budget 2006: good for families, superannuants and roads and no joy for petrol prices or renewable energy sources’. Obviously there are many things that could be said as well as that. And I think even the Treasurer would admit that the surplus and largesse have been very dependent on people who dig holes in the ground and sell products overseas. I have a coalmine next door to me; I am not opposed to the coal industry—I think they do a great job. But I think we have to be very careful that this reliance on a boom in natural resources is not taken for granted, because those things can change very quickly.

I would say the only long-term benefit of any note in this budget is the changes to superannuation. Although those changes have copped some degree of criticism, I think they are a step in the right direction. I would encourage the government to remove all forms of taxation from superannuation so that it does what it was originally designed to do—help people provide for their own retirement—and is not used as a source of revenue. I think that has to be the ultimate goal, and the Treasurer has probably taken a first step in that direction.

I would like to raise a number of issues that are not in the budget and some of the concerns that I have generally about government policy. On petrol prices, the government has virtually shrugged its shoulders and said: ‘It’s all global. We can’t do anything about it. Don’t blame us. We haven’t put the excise up for many years, so it’s really got nothing to do with us.’ That is a nonsense in my view.

If we look at the way in which fuel taxation is structured, we see that we are paying something like 51c a litre now, with the excise arrangements of 38c and the GST component as well. For every cent of tax, I think it comes to $360 million. I can see why the states are only hitting people with lettuce leaves when they say they have some concerns about the escalating oil price, because for every 10c it goes up they get an extra $360 million through the goods and services tax arrangements. The Commonwealth government has done very little to alleviate the concerns that citizens have about the escalation in the price of fuel. I believe there is a lot more that can be done in that respect. There is currently a bill before the House that I have some concerns about too, the fuel tax bill. I will mention that in a moment.

In the budget I think there was an extra $308 million allocated to Roads to Recovery. The Roads to Recovery scheme has been a good scheme in a sense. I think it has bypassed the states and given a direct line from the Commonwealth government to local government and provided a source of funds to do something about local roads. I believe that the next speaker is going to be the member for Gwydir. I congratulate him in advance for being involved in putting together the Roads to Recovery program.

Having said that, there is an odd sleight of hand in this budgetary process. In 2000, when the goods and services tax arrangements were being put in place, the Commonwealth brought into place what was called the Fuel Sales Grants Scheme, which was to compensate for the difference in the GST on fuel for country and city motorists. Because country motorists were paying more for their fuel, their GST would be higher. To alleviate that problem the govern-
ment brought in the Fuel Sales Grants Scheme. At the time, that was lauded by the National Farmers Federation, the NFF, and local government groups et cetera. It was, in my view, a way of equalising the scheme. It cost about $270 million to do that.

In this budget, as of 1 July, the Fuel Sales Grants Scheme is removed. So $270 million will be removed, not from city motorists but from country motorists. They have tried to cover that up by saying, ‘Here’s another $308 million for Roads to Recovery.’ Roads to Recovery funding goes to country and city motorists. I am pleased to see the member for Gwydir here to hear this. He did not hear me congratulate him on the Roads to Recovery program. I extend that congratulations once again.

Eighty per cent of the $308 million for the Roads to Recovery program will accrue to country roads if the old formula is maintained. Obviously the other 20 per cent will go to city motorists. Essentially what you have in this budget is $308 million in extra Roads to Recovery funding, 80 per cent of which would accrue to country motorists. So $246 million will go to country roads, whereas they have lost $270 million under the Fuel Sales Grants Scheme. That means that country motorists will pay probably 1c to 3c a litre more for fuel at the bowser. The Commonwealth government says that the Commonwealth cannot do anything about the price of fuel. This budget, as of 1 July, will quite deliberately increase the price of fuel for country people by 1c to 3c, depending on where they live. I believe that is an absolute disgrace.

There are some other issues relating to fuel, particularly in the current legislation before the House, the fuel tax bill, which impact not only on the way in which fuel tax is paid but, regrettably, very much on the possible growth of renewable energy resources. Given the debate that has taken place over the last few days over the future of the National Party in particular—or the New Liberals, as they now refer to themselves—there is an issue here that really does need to be outed. There is currently a stunt before the parliament. I think it shows the role that the National Party, and the National Farmers Federation for that matter, have played in the weak bargaining positions and the weak positions they accept on a lot of issues.

The fuel tax bill will allow for the rebate of excise for off-road use—farm use, essentially—to be provided back to farmers. Under the current scheme the fuel truck arrives on a farm, the docket is received, it is sent to the appropriate body and the rebate of the excise is immediately posted into a bank account. What this legislation is attempting to do is put it in line with the current BAS, so that every three months—or annually, depending on how people operate their businesses—the rebate will be reimbursed through that particular process. That will have enormous cash flow implications for the farming community. If you buy $40,000 worth of fuel—and it is not impossible to do that—there would be about $16,000 outstanding in rebate. To wait three or 12 months to get that money back would not be appropriate. I hope the government will see their way clear to amending that and maintaining the current system.

But the rub in this for the National Party is that this is an absolute stunt. This has been set up to be one of those weak victories that they have. The Liberal Party have gone out on this and said, ‘We’re going to put it under the BAS arrangements; it is more appropriate that it be paid that way,’ knowing full well the trouble that this would cause. The National Party would come in and champion the view: ‘You can’t do it that way; we’ll have to return to the existing processes.’ A great victory will be lauded and the National Farmers Federation will be seen to be in a very strong position, having claimed this great victory. What absolute nonsense. For a
coalition party to even allow this sort of stuff to get into legislation, to come before the parliament, knowing full well that it is like this, that it has these implications for the farming community in particular, is a disgraceful act in itself. I have absolutely no doubt that this will be changed in the parliament. I will be moving some amendments, and I am sure there will be others in the Senate doing the same thing.

I think there are also some great concerns with how the same bill relates to the renewable energy industry. The renewable energy targets that were put in place by the current government, you may remember, were put in place back in 2001. Then they had a revamp back in 2005. We are still looking at something like 360 megalitres of renewable energy—less than one per cent of our energy needs, so doing very little to encourage renewable energy into the future. But a number of things happened with that particular bill. One of the things that happened was that part of the process was to encourage domestic production of ethanol and biodiesel, for instance. Part of the rebate mechanism that was put in place was such that domestic production would receive a 50 per cent discount in the energy discounts that were available, which gave it a distinct advantage over imported fuels. This legislation wipes out that advantage, so it takes away the recognition that there is a domestic industry and that there are other regional impacts and benefits that can take place that should be recognised by the legislation. That needs to be removed.

I spoke about the Fuel Sales Grants Scheme earlier. The legislation also has negative impacts on the entry of particularly biodiesel into large-vehicle and off-road farm use of biofuels. It sets a discriminatory field for biodiesel. Regrettably, this government does not seem to be terribly concerned about the price of fuel and particularly about the renewable energy industry—ethanol, for instance. There are plants being built in the States at the rate of about one every fortnight. They have recognised the problems that are coming. Even George Bush has attempted to put in place some long-term arrangements to overcome some of the problem. Twenty per cent of the US corn crop is now going into renewable fuels. A lot of the canola crop now—I cannot think of the exact percentage—is being used in European countries for biodiesel. Just the implications that that is having for the price of those products must surely send a message to the country members of this government that they can do a lot more. And, if in fact they do a lot more, the regional implications are enormous for not only the investment in jobs in regional areas but also the underpinning of the grain price.

We have an absurd situation in this country, and it relates to the boom that we were talking about earlier. We grow things in this country, and we recognise that we need to trade. No-one argues about that. Eighty per cent of our produce is exported. Some of what we grow is grain—and we have been through this fiasco in Iraq with the Wheat Board. We sell the grain on a corrupt market. There is argument about how corrupt that market is and how corrupt the sellers should be. Essentially, it is a corrupt market because some of our competitors are subsidised, some of our markets are subsidised and there are a whole range of other things happening with fees and kickbacks. So we sell that grain, and then we enter another corrupt market to buy energy: oil. With the renewable energy industry, we can cut that corner and have the investment, the jobs et cetera and the impact on the grain industry, the sugar industry or whatever that can be maintained domestically. So I am highly critical of the government’s inactivity on that particular issue.
On infrastructure: although, as I said, there is Roads to Recovery and there is some Aus-Link money for road and rail, it is mainly being generated out of fuel revenues et cetera. But I think there are some good things, and I congratulate the member for Gwydir, who is here today, on the Murrurundi Tunnel feasibility study, which is very important for coal development and the development of the north-west of New England. There is also a feasibility study going into the Melbourne-Brisbane freight route. Obviously there are a number of routes. I think there are 83 variations to a theme that are being examined.

But the New England route is a corridor that is already there. It does have some problems with gradients. It is shorter than the western route and some of the variations of that particular theme. Very importantly—and I think this is where the Murrurundi Tunnel becomes a very real issue in the determination of the Melbourne-Brisbane route—by far the greatest amount of freight between major centres is going from Sydney to Brisbane and Brisbane to Sydney, not Melbourne to Brisbane and Brisbane to Melbourne. That says to me that, in any long-term infrastructure approach, you cannot just look at two cities in isolation; you have to look at the impact that Newcastle particularly and Sydney freight, northern freight, will have into the future. So the tunnel through the Ardglen range or—for those who do not know it—a more appropriate means of getting over that mountain range where 82 wagons can be towed, whereas at the moment only half of that can be delivered over the mountain range, is going to have an enormous impact on infrastructure. So I would encourage the government to move quickly on that.

There are other issues. I mentioned mental health earlier. Then there are the taxation rulings on the water entitlement for the holders in the Namoi and other valleys across New South Wales. There needs to be some tidying up to put some consistency into the inconsistency in tax rulings on adjustment and compensation arrangements where there is a loss of entitlement—whether it be timber, water, dairy, sugar, fishing licences et cetera. (Time expired)

Mr ANDERSON (Gwydir) (11.25 am)—You will have to remind me: I refer to you as Mr Acting Chair, don’t I?

The DEPUTY SPEAKER (Mr McMullan)—The practice seems to be changing, but I think ’Acting Deputy Speaker’ is appropriate.

Mr ANDERSON—Thank you. I will try and respect the request to keep the length of our speeches to a minimum. I wanted to take the opportunity, in the debate on the Appropriation Bill (No. 1) 2006-2007 and cognate bills, to comment on some aspects of the budget. As a general overview, I am delighted that the budget continues a pattern of very careful economic management. It is not easy—far more difficult than the punter would recognise—to put together a sound budget. I do not think anything prepared those of us who had not been involved in it before—which was really all of us with the exception of the Prime Minister—for the shock of just how much work was involved and how many difficult decisions had to be made in putting together a budget, as we were to discover in 1996.

I was one of the six people on the original ERC, from the perspective of the current coalition government. I can remember during those first four budgets the extraordinary time commitments and the astonishing difficulties which that led to in doing all of the other things that we are expected to do as members and ministers in this place and in our own electorates—as well as my responsibilities to rural and regional Australia in travelling in the bush to explain what I was up to. I think the first two budgets—remembering that the first was brought down

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in August 1996 and the second followed quite soon afterwards, when we restored the budget to the traditional May timeslot in 1997—saw us spending something like five of the first 14 months in government sitting on the Expenditure Review Committee.

One of the great difficulties we faced was that these days so much of a federal budget is driven by entitlement. There is very little room to move on discretionary expenditure. In fact, the discretionary areas tend to be areas like defence, infrastructure, roads and what have you, because most of people’s unemployment benefits, age pensions and these sorts of things are today entitlement driven. There is remarkably little room to move. So if you are seeking to turn a budgetary situation around, particularly when your country is still experiencing high levels of unemployment and relatively modest growth levels, surprisingly difficult decisions have to be made. I remember in two or three sessions debating—and this will seem unbelievably to those members present—whether or not we should continue a $90,000 rat-baiting program on Lord Howe Island. We eventually did. That was the sort of detail that we delved down into. It was just extraordinary stuff. It was very grinding work indeed.

I remember—as I am sure a former minister in attendance here, the member for Cook, will recall—the experience of returning to the office after one of these gruelling days. We had been in there since 9.30 in the morning, we had had lunch in the cabinet room, we had had dinner in the cabinet room, and I had got out at about half past 10 and looked at the files and thought, ‘They’re just getting on top of me yet again.’ I took them all back to the motel room and finished them at four o’clock in the morning. I had two or three hours sleep and then went back to the cabinet room. They are gruelling days indeed.

I say that because I think those who are responsible for putting together budgets do us all a mighty service—perhaps an unrecognised and unsung one. I compliment the Treasurer in particular, on this his 11th budget, for continuing that reign of economic responsibility; for the resultant relief on interest rate pressures, because the government is not in the borrowing pockets competing with the private sector for scarce resources to borrow; for keeping the nation in surplus; and for the careful attention to fairness and justice that I really do think he has reflected. As evidence of that, I think of the increased attention to the plight of carers across our nation—just one of myriad examples—at the same time as we have sought to recognise the need for upgrading infrastructure and so forth. It reflects very well upon the Treasurer and upon the government. I feel I can say that now that I am a mere backbencher associate of the government.

Let me come to three areas that I would like to touch on in the time available to me. But I should ask the incoming deputy speaker how he prefers to be addressed. Mr Acting Deputy Speaker?

The DEPUTY SPEAKER (Hon. BC Scott)—Yes, that is most acceptable.

Mr ANDERSON—I think I can remember that. The three areas that I would like to touch on are AusLink, water and regional services. In relation to AusLink, it seems extraordinary to me that the country waited for well over 100 years from the time when we became a nation to get to the point where we could really say we had a genuinely integrated, thought-through approach to a national transport infrastructure backbone for the country. That is what AusLink is, and it was initially funded to the tune of some $12 billion. That has been pushed up in this budget to $15 billion or $16 billion. To put that into some perspective, those are expenditures that will basically be released over the budget cycle—or actually five years in the case of
AusLink; a little longer than normal budget cycles. It contrasts with the Snowy Mountains Scheme, which we have heard a lot of in recent days—and I understand why, because of its place in the hearts and minds of Australians who are very keen on infrastructure. They often say, ‘The government should do another Snowy Mountains Scheme.’ In fact, the expenditures under AusLink, at $15 billion or $16 billion over the next four or five years, contrast interestingly with the cost in today’s money of the Snowy Mountains Scheme, of an estimated $6 billion. So there is serious infrastructure expenditure unfolding across the nation. The fact that the federal government is not the primary provider of infrastructure to the nation—the states are—highlights just how much activity is indeed beginning to unfold.

The national highway grid is very much to the fore in people’s thinking about AusLink and the federal government’s responsibilities. I am delighted to note that the Western Sydney Orbital was opened just before Christmas. I think it is something of a reflection—and my colleague on my right, the member for Cook, will understand this—of how rapidly you become a feather duster and forgotten in the scheme of things, that someone, I am sure inadvertently, overlooked to even invite me to it. I put the whole thing together; it was a massive piece of construction and the first time we had ever tolled part of the national highway. It is a brilliant piece of infrastructure, brought in ahead of time and on budget, greatly to the credit of the constructors. It is making a very great difference to economic development, people’s convenience, fuel savings and so forth—despite having to pay the tolls—in the Sydney region. It is a brilliant piece of infrastructure. That is the sort of roadwork that will be needed. There has been more than enough talk about the Pacific and the Hume, but to see those progressing is obviously also important—even though the Pacific is, strictly speaking, not a Commonwealth responsibility, it will now progress.

A major plank of AusLink’s approach is that the nation needs an export- and interstate-oriented transport network that the states by definition have no real interest in providing. So we are about interstate and international connectivity. That is the neatest way to describe the federal government’s responsibility in transport infrastructure. The reality is that you cannot do it properly on a road system alone; you need decent freight rail linkages. That—and my colleague here on my right, the member for Hinkler, has been deeply engaged in debates about rail for a very long time—is included in AusLink as well. You are seeing very substantial institutional reforms and injections of capital into the Australian Railtrack Corporation and all that it represents. That is presiding over a magnificent improvement in the performance of rail in this country. It was needed. Currently—and I do not think my figures are out of date—on a simple tonnage-carried basis, and I warn that that is the basis on which I am making these remarks, the rail network is carting around 17 per cent or 18 per cent of the nation’s freight volumes. That is about all the current network can actually carry.

But the AusLink improvements over the next five years will see that rise quite dramatically to probably 35 or 36 per cent. At that point the current corridors are likely to be pretty close to saturation, in my view. We will know a lot more when the report into the north-south rail corridors, which I commissioned in my last days as Deputy Prime Minister, is released in the next few months. But it is likely that at around 45 per cent the rail network will be at saturation level. I hope major new corridors, a sensible proposition where an inland emerges, come to fruition. As a result a major inland corridor will be needed up and down the east coast of Australia.
Mr Neville—After the Neville report.

Mr ANDERSON—After the Neville report pointed to its need a long time ago. But, as I am sure the principle behind the Neville report would have been at the time, you had to rebuild confidence in rail, get freight back to rail and start to make it look like an economic proposition again, prove the case if you like, before you would ever get people—governments and the private sector—investing heavily in rail again.

At the other end of the spectrum to the massive infrastructure involved in heavy rail and so forth is Roads to Recovery. Mr Deputy Speaker, you would be well aware that on narrow economic criteria you would never build or pave a street in Australia or build a local road. The bureaucrats in this and other cities around Australia, in economic think houses and what have you, would say that you will never get a benefit-cost ratio, a BCR, that stacks up for a street or a local road—and you will not. It is at that point that legislators have to make sensible decisions in the face of what the computerised models spit out.

Nobody would seriously pretend that you do not pave your streets and, if you stop and think about it, people would also recognise the importance of local roads that work. I sometimes see disparaging remarks about how we have given money to local governments to fix potholes and what have you, and they are disparaging. They are written all too often by people in this town who do not get out and about and do not think. We are an export oriented economy. We live very well, but nearly everything that we wear, that we eat, that we value add, that we export and that we transform starts its life on a local road. Our local road network is very important. It forms the capillaries of the body, without which the veins and the arteries cannot work properly and the body will not function.

I feel very strongly about that, so I am delighted to see that the federal government has again stepped up to the mark with Roads to Recovery. There is a significant one-off injection this year and local councils everywhere will receive extra money. I am sure that they can use it and they will use it, and I trust that they will overwhelmingly use it wisely, because of course it is funded to them directly—to the horror of many of the state governments who believe it ought to be channelled via them. But that is a welcome initiative and it is an important one. It will add to the social functionality as well as to the economic viability of many, many businesses and therefore individuals and communities across the nation.

I see the member for Canberra here, and she might be interested to learn—I say this in good faith—that the CWA, the Country Womens Association, was headed up for many years by Jenny Mitchell, from my electorate, who some 10 years ago commissioned a paper into country services and what mattered most for country women. It was really quite fascinating, because you would have thought there would be concerns about health, education, communications and all of those sorts of things. But in fact what that paper said was most important of all to country women was local roads, so they could access health services, get their kids to school on a wet day and enjoy a normal social life. It has always struck me as quite an interesting outcome that the CWA should have identified that as the chief service priority for their members in country Australia.

Let me come briefly to water. The National Water Initiative is now—interestingly to me, and I say this with some gratification—being recognised internationally as perhaps the world’s best blueprint for water management of any of its type. That is good. I do not really fear the eventual putting in place of the National Water Initiative’s essential commitments and
objectives, because they stand as very sound policy and they bring with them their own economic, social and environmental imperatives. But there is little doubt that the whole process needs a very stiff kick along.

Because I was able to work so closely with Craig Knowles from New South Wales, a man with whom I have remained personal friends, and the Deputy Premier of Victoria, I feel that I can say—without it simply being seen as a political reaction—that it is New South Wales, in particular, that really needs to wake up. It is in New South Wales that the worst problems of overallocation—by successive governments over a long period of time—have emerged. It is in New South Wales that the greatest need to get on with fixing some of those problems undoubtedly stems.

It is also the case that, in New South Wales, the great need is for them to help us put together the information bank that the National Water Commission must have as we move towards water trading. Markets will not work without good, solid information, nor will they work without the hard work being done on the commitment that all governments signed off on as the central principle of the National Water Initiative—that is, clearly defined water rights. I want to hasten to add, for those who might have a concern that clearly defined water rights confer ownership of water, that they do not. It was never proposed that they did. But they do confer very clear rules on water users over their rights of access and their rights of use and give them the investment security that is critical not only to the sensible use of water in economic terms but also to the capacity of water users.

Seventy per cent of the nation’s consumed water is used by farmers, though they are not the end users of the water. People who eat and wear clothes are the end users. Farmers need investment certainty, because systems that work better and are more environmentally acceptable usually coincide with systems that produce better economic results, but both require a farmer to be able to say to his financiers, ‘I have certainty.’ In Victoria, where there has been a greater level of certainty than there is in New South Wales, greater investment has flowed and there have been better economic and environmental outcomes—not just marginally better, but dramatically better.

New South Wales needs to get on with it. I say for the sake of the good people in New South Wales, including the previous minister, Craig Knowles—who put his heart and soul into this and understood it and deserves a gong for what he did—‘Get on with it; it is terribly important.’ I say to all governments that, where you are dealing with overallocation, remember the principles: proper science and proper consultation. David Suzuki, a man with whom I probably would not agree on a lot, made the very profound observation that, if you have got an environmental problem and you want to find the solutions, you should go and talk to the people who live with the environmental problem, who live where it is at, who are committed to the area, and you will get the answer quicker and you will get the solutions faster. Consultation is very important when it comes to dealing with natural resource management and water overallocation.

Thirdly, I say: where changes have to be made, for goodness sake get on with the job by being appropriately fair and generous. I say that to all governments, including the one of which I was until recently deputy leader. Do not penny-pinch. If you want to get to environmental sustainability, recognise that that will sometimes mean enormous economic and social pain for individuals and the communities that they live in. They will need assistance. All you
are really doing in making compensatory type payments—or whatever you want to call them—is paying back to them some of the wealth, jobs and so forth that they have created over the years so that they can help themselves restructure and not lose the valuable investments that they have often made, trusting in governments that gave them the licences to use these natural resources and so forth in the first place. I feel very strongly about that—as does, I know, Mr McMullan, the occupier of the chair at the moment—and I do urge that, on a bipartisan basis, the very important objectives of the National Water Initiative be recognised and be re-energised.

Finally, I am very pleased to see the commitment on regional development remain. Very interestingly, we had a Senate inquiry—initiated for some pretty dubious reasons, I have to say—to have a look at Regional Partnerships. Even though the majority on that committee were not members of the government, it is interesting to note that it was not recommended that the scheme be scrapped. Nor, for that matter, was it recommended that the government give up its discretionary powers. There were other recommendations made, and I think the present minister has acted on those as he and the government have seen fit.

I make the point that there are many people in rural and regional Australia who, through no fault of their own, feel very deeply that they have been missing out on their fair access to the services and the opportunities that so many of us take for granted. When I go to country towns now and I find that they have their bank back, that they have been able to secure their post office, that they have a telecentre, that they have a mobile phone tower, that the bridge out of town has been repaired under Roads to Recovery, that they have got some help with their aged care and that they have been able to attract a doctor because we have helped them—never by simply shoving money at them but by working with them in a partnership sense where they have had to bring ideas, hard work, initiatives and real resources to the table before we have been prepared to even talk to them—I reckon we have performed a great service. That has been very good for the social harmony that breeds the political stability that produces good government in this country—and I do not say that lightly. Thank you very much for the opportunity to contribute in the Main Committee chamber, Mr Acting Deputy Speaker.

Ms ANNETTE ELLIS (Canberra) (11.45 am)—I rise today to speak on the appropriation bills for the 2006-07 budget. Contrary to much that has been said in this place this morning, I think what a disappointing budget this is. I see it as being more about politics and less about our future as a country. The tax relief in this budget is welcome but long overdue. Families will need every cent of it to pay for the rising interest rates and the rising cost of petrol, all with the threat of declining wages into the future—all thanks to this government. This budget has failed to invest in Australia's future. This will have serious ramifications for all Australians. The budget does nothing to solve the problem of the current account deficit, it will not solve the skills crisis in the Australian economy and it will not do anything to help those who are being savaged by the government's extreme industrial relations legislation.

Firstly, I would like to discuss the skills shortage. The latest skilled vacancy figures show that the shortage of skilled tradespeople and professionals is continuing to hurt the Australian economy. According to the Department of Employment and Workplace Relations skilled vacancies index of May 2006, which was released last week, skilled vacancies have continued to rise, with a 1.8 per cent increase for the month. The index rose in all areas, with trades vacancies up 2.9 per cent, associate professionals up 3.5 per cent and professionals up 0.1 per cent.
The index shows that vacancies in electrical and electronics trades rose by 3.3 per cent, construction by 2.1 per cent, automotive by 2.9 per cent, chefs by 3.9 per cent and hairdressing by 6.3 per cent. In the professions vacancies building and engineering rose by 1.7 per cent, while in associate professions building and engineering rose by 2.4 per cent.

People living in my town of Canberra know all too well about these skills shortages, and the ACT Chamber of Commerce has been most forthright in its calls for something to be done about them. The Reserve Bank recently identified the shortage of skilled workers as ‘one of the most significant constraints in our economy that is putting pressure on inflation and upward pressure on interest rates’. The Treasurer’s decision to seemingly ignore training and education in the 2006 budget is unforgivable, especially when you consider that everyone from the Reserve Bank to the OECD, the AiG and the ACCI are sounding alarm bells on the dangers of ignoring the skills crisis. Of equal concern is the current account deficit. Australia’s persistently large current account deficits and spiralling $500 million foreign debt are not sustainable. Australia’s current account deficit is one of the highest in the OECD, despite record high commodity prices. It just shows how the government has squandered many opportunities.

Many view Canberra as a town of fat cat public servants, when nothing could be further from reality. Yes, we have a high proportion of public sector employees; however, we also now have a growing private sector employee base—in fact, it is larger than the public sector. The reality here is not much different from that being experienced in the rest of Australia. Many families in Canberra struggle with balancing their bills, planning their family’s future and working hard for fair reward. Many are single-wage families and many face increasing mortgage payments. They are worried about rising interest rates—and, under the Howard government, they have every good reason to be. The budget does not do enough to put downward pressure on interest rates. As my colleague the member for Lilley said, ‘Four years into the global commodities boom, instead of achieving strong trade surpluses, Australia’s half trillion dollar foreign debt will continue to grow.’

The government must come to terms with Australia’s continuing export failure. Export growth has collapsed since 2000-01, with average growth in export volumes of just 0.6 per cent compared with the 20-year average of 5.9 per cent. As in previous years, the budget promises export growth of seven per cent but delivers just two per cent. Despite years of promises of a lower current account deficit, in 2006-07 the deficit will surge a further $6 billion to $63 billion—the highest on record and the second highest of any major developed economy.

In early May, Access Economics warned the government of this interest rate risk and the danger of a ‘sudden and messy vengeance’ when the commodity boom ends and financial markets lose their patience with Australia’s spiralling foreign debt. But the budget ignores these serious risks. Despite increasing both tax and spending by one-third, the government has failed to tackle the supply side problems that are adding to the inflationary pressures and to Australia’s export constraints. Australia has had a resources boom, but it will not last forever. The government has not used this boom to build this nation and protect our future. It has been looking an economic gift horse in the mouth and it has not used this resources boom for any great vision for this country. It is shameful, in my view, that the government has missed this incredible opportunity.
I have had a very careful look and I cannot see any government in living memory that has faced such favourable world conditions. I fear that, in future, commentators will look back at this period and shake their heads in disbelief at the irresponsible actions of this government. I would like to quote from an editorial by Jack Waterford in the *Canberra Times* of 10 May this year. The title is ‘Costello triumph—or is it? His dream run relies on boom times lasting’. The editorial argues that the government was lucky to inherit a healthy economy from the Hawke and Keating governments and lucky that they came to power at a time when Australia’s terms of trade turned significantly. But it warns us all of what we may face in the future and argues that the government has not prepared us for changes to our economy’s fortunes. It says:

The Costello nightmare perhaps even the worst if he imagines it coming to pass just as (or if) he succeeds to the throne is that the long boom comes to an end, and that the neatly arranged bottom lines blow out into substantial deficits, and structural difficulties in getting back into gear again. Given his record with reducing government debt, he might retort that he would be in an excellent position to borrow, but that is not the point. The point will be what he has done to insulate the economy against such earthquakes, and how he has prepared the community for the further adaptations necessary for the economy to rise again. It may be here that lack of attention in this budget—and most before this—to education and training, and renewal and reinvestment in the national infrastructure, is what will haunt him.

I would now like to turn to another issue that is of major concern to my constituents, and I believe to most Australians, and that is industrial relations. Just last week we saw a major assault on the wages and working conditions of Australian employees, using the government’s Work Choices legislation. Spotlight, a major national retailer, is using the government’s industrial relations changes to cut the take-home pay and slash the working conditions of their new employees. New Spotlight employees are being offered an Australian workplace agreement, an AWA, that contains no provision for any penalty rates and no provision for any overtime. What is being offered as financial compensation for this? In this particular case, 2c an hour additional pay.

Under the new AWA a full-time adult employee who works a roster including late-night shopping and weekend work is paid around $90 a week less than a fellow employee on the existing award. Other wages and working conditions slashed under the new Spotlight AWA include the elimination of paid rest breaks, breaks between shifts, maximum and minimum shift lengths and a cap on the number of consecutive days worked. We have asked the Prime Minister to justify the actions of Spotlight. In my view, the Prime Minister’s reply is just unacceptable. This is what the Prime Minister said:

> At the end of the day, the test of workplace relations laws is the contribution they make to the general health of the economy ... If workplace relations laws strengthen the economy, they generate more jobs.

The problem here is simple. The Prime Minister is claiming the national good on economic grounds—and that is debatable anyway, in this case—as against the pay and conditions of workers in this country. The Prime Minister believes that people should accept a job at any personal cost to themselves. Get a job regardless of the fairness of pay, regardless of access to safety, leave, penalty rates, public holidays and weekends. The list is long. How on earth can working families hope to achieve that important balance between work and family under these new rules? This is the mantra of this government. The Spotlight case is the direction many companies and businesses will take, some believing they have no choice but to follow to compete with other businesses. It is the famous race to the bottom.
Many people in my community have spoken to me about their concerns with the new IR laws. Some of them are retired, having done their bit in creating this country and our community. They are angry at what they see happening. They fear for the rights of their children and their grandchildren, and they fear for the future being created by this government’s ideological fanaticism.

The government reforms have made it easier for workers to be sacked. Labor believes that workers should have rights and that they should not be dismissed unfairly. I would like to quote, if I may, from the Leader of the Opposition in his budget reply speech when he said:

When you do the right thing at work, you will not be unfairly dismissed. I will tear up this government’s extreme industrial relations laws and establish genuine protection for anyone who is unfairly dismissed. The Howard government’s law gives supervisors and bosses the green light to sack a worker for any reason or no reason at all. What we need are balanced laws to protect both employers and employees from rogue behaviour, not one-sided rules that give employers all power over their staff—a system that gets Australian values back into the way we work.

I am extremely concerned about the impact of the government’s industrial relations reforms on constituents in my electorate, particularly the young ones entering the workforce for the first time, who will not have the negotiating skills and experience to help them survive the new dog-eat-dog world that is being created.

In the time left to me, I would like to speak again—because I have done it before—of my concerns regarding the Welfare to Work regime coming into effect on 1 July. It was interesting to hear a fairly senior member on the opposite side earlier in this debate today say how much she is looking forward to 1 July. If only we could say that to the people who will be affected by the new rules. Members of the government constantly assert that they care about and want to assist the people in our community living with disability and chronic illness. It is well and truly time that they stopped playing around with this issue and actually did something. That something could in fact be the employment of people with a disability in the Commonwealth Public Service. I have raised this before and I will continue to do so until we see change.

The Public Service Commissioner’s State of the service report tells the story. The number of people with a disability working on an ongoing basis for the Commonwealth has fallen. In 1996 there were 7,008; in 2005 the number was 4,642. That is a percentage fall of 30 per cent. I do not have enough time today to give all the detail from that report; however, I recommend that government members, opposite and in other places, read it—just read it. The government should and must lead by example. While they are about to implement the most drastic fundamental changes to the way government works with and supports people with disabilities in this country, they are failing their own test. I believe it is a deplorable state of affairs.

I will continue to speak out on behalf of people with disability and chronic illness in this country. These reforms are just outrageous. In Senate estimates hearings we have heard some more very interesting information. A person with a disability who actually obtains work will probably end up being $122 a week worse off. If the government can prove that wrong, I welcome them to do so, because nothing would make me happier. How can you possibly applaud reforms when that is what it will do to an enormous sector within our community?

In conclusion, and on a more positive note, I would like to add that of course I welcome the elements of the budget that are positive for people living in my town. The increase in Public Service jobs will certainly create more opportunity here, with an estimated 3,000 new jobs to
be based in Canberra, as I understand it. Whilst this is welcome, a cautionary note is that it is important to realise that we already have a very tight labour market here. It will be interesting to see just how we fill those positions. In reference to my earlier comments, I would ask: how many of those positions will go to people with a disability?

I am also very pleased with the additional funding to Old Parliament House, which will be used, I understand, partly to create a gallery of Australian democracy—something that I obviously welcome and will be very pleased to see. Old Parliament House is one of the most beautiful and interesting buildings in Canberra, and I am sure that this additional funding will increase the opportunities for all Australians to learn more about our political history. It was also very pleasing to see the additional funding for the Australian National University and the Australian War Memorial. They are good initiatives that we welcome warmly. In conclusion, this is a budget formulated, I am very certain, with politics in mind. There are some things in there that we obviously agree with and we are happy to see, but I believe that enormous opportunities have been missed.

Mr SECKER (Barker) (11.59 am)—Mr Deputy Speaker, you may see on the Notice Paper that the member who was due to be speaking here now was the member for Indi. Just to explain to the House: the member for Indi is getting married next week and is making some preparations, and I am sure that the House will give her all the best wishes for her upcoming nuptials.

I find it a bit rich when the member for Canberra—and the Labor Party, I might add—gets up here and tries to lecture us on things like interest rates, government deficits and so on. The fact is that the last Labor government created deficits as a matter of course. It was an art form. People remember the first 90 years of Federation. In 1901, this country was federated with a government with a zero balance. Since that time, we have had two world wars, the Vietnam War, the Korean War—plenty of armed conflicts. We have had a depression. We have built a city here in Canberra. We have spent a lot of taxpayers’ money. In 90 years as a country, we accumulated a net debt of $16 billion. It took us 90 years to get that. Over every year of the next five years of Labor government, from 1991 to 1996, they increased that $16 billion debt, which we had taken 90 years to accumulate. So from 1991 to 1996 the last Labor government increased that debt from $16 billion to $96 billion.

Now we can say that we have got rid of that debt. We are the first government in Australia’s history, since it federated some 105 years ago, to be net free of debt. When we first came into government we were paying $8.4 billion worth of debt—

Dr Emerson—Mr Deputy Speaker, I seek to ask a question.

The DEPUTY SPEAKER (Hon. BC Scott)—Member for Barker, would you accept an intervention?

Mr SECKER—No.

Dr Emerson—that is cowardice. I’m sure he wouldn’t like to explain why foreign debt has gone up from $180 million to—

The DEPUTY SPEAKER—The member for Barker has the call. The member for Rankin will resume his seat.

Mr SECKER—The Labor Party can have all the fun they like in the House, but in this sort of matter the facts I have given are absolute facts. We are talking about government debt. If
they want to raise other issues in different areas, they can. The Labor government left us $96 billion of debt. We have now got rid of that, and they seek to hide from this. They try and lecture us on interest rates. They were the government that gave us 17½ per cent housing mortgage rates and 22 per cent interest rates for farmers and small business. So do not try and lecture this government on interest rates, because we have the lowest level of interest rates—

Dr Emerson interjecting—

The DEPUTY SPEAKER—The member for Rankin will desist from comment.

Mr SECKER— and inflation and unemployment in 30 years. It is a pretty good record. We have the trifecta. The Labor government got the worst possible trifecta of any government in Australia’s history.

I thank the parliament for sending me to the Commonwealth Parliamentary Association meeting in the UK recently. The theme of that conference was good governance. I think this budget shows that we have good governance. Not only that, but people from the other Commonwealth governments around the world—those from Africa, the Caribbean nations, New Zealand, the UK, India, Pakistan and so on—all were very complimentary about the good governance of this country. In fact, the UK parliament, which is recognised by many as the mother of Commonwealth democracy, has even adopted this very thing that we are debating in here now. It has adopted a main committee, a second chamber, as well. I think imitation is the best form of flattery, and it has certainly done that.

It is with great pleasure that I rise today to speak on the Appropriation Bill (No. 1) 2006-2007 and cognate bills. The electorate of Barker has received some big wins through the delivery of this budget, which will address many of the key issues of importance to constituents and me. Barker received benefits for the River Murray, and I represent all of the River Murray in South Australia. We received benefits for our roads, families, pensioners, retirees and businesses, and tax cuts, amongst other things. Firstly, we were presented with the announcement of a further $500 million injection into the Murray-Darling Basin, bringing the government’s total investment in this basin to almost $2 billion since 1996. If you want to talk about environmental results and outcomes, it has been this government, the coalition government, that has actually delivered, not just talked about it.

The current funds will assist to restore the health of the Murray-Darling Basin and will in turn benefit the environment, irrigators, industry and regional communities. This allocation will also fund additional projects under the Living Murray Environmental Works and Measures Program and provide additional resources to ensure the return of 500 gigalitres per annum by 2009 for the Living Murray environmental flows. To put that into some perspective, I think the total annual allocation for the Central Irrigation Trust in South Australia, which handles most of the irrigation in South Australia along the Murray River, is 142 gigalitres. So we are delivering three times that for the environment.

The capital works which will now be possible include construction of salt interception structures and systems to reduce salinity and maintain water quality for Adelaide and other areas that are supplied by the Murray River. For example, the area where I live in Keith, some 150 kilometres away from the Murray River, is supplied by the Murray River. It will maintain quality for regional communities and irrigators. Completion of the sea to Hume Dam fishway by 2011 will allow our native fish population to reconnect along the River Murray. It will also

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ensure that we have maintenance and renewal of the River Murray water delivery infrastructure, which is currently being run down, and new infrastructure to maximise the environmental benefits of water recovered for Living Murray initiatives, providing greater confidence that recovery of the important ecological sites along the system can be achieved. I and the Australian government now call on the Murray-Darling states—South Australia, New South Wales, Victoria and Queensland—to invest generously to restore the health of the River Murray.

I am pleased to see that roads within Barker received a boost in funding through an additional $7 million as a supplement to the Roads to Recovery program—and that is just in Barker. These additional funds will provide local government with a greater opportunity to accelerate the upgrading of the local road infrastructure. Barker has received an additional nearly $1 million through the AusLink black spot program in the latest announcements, which will include work on shoulder sealing, improvement to delineation and edge lines and the installation of staggered T type cross intersections at locations in Padthaway, Kongorong, Borrongong, Colin Grove, Berri and Palmer. With the black spot program now in its 11th year, the government is continuing to ensure work is carried out at some of the high-accident areas across the nation, which is exactly what is needed to combat the unnecessary loss of lives on our roads.

The AusLink program has contributed an extra $100 million for the Sturt Highway. Added to the allocated $10 million for the Sturt Highway upgrade projects in 2006-07, the Australian government’s total AusLink funding commitments to this highway reach $159.2 million. The program will focus on regularly spaced overtaking lanes, increased road surface widths to accommodate standard width traffic lanes and sealed shoulders, reductions to sharp bends and blind crests, improved junctions with more and better defined lanes for slowing and turning vehicles, along with smoother and rebuilt pavements.

This goes a long way to increasing the safety of our roads. Roads are important in an electorate like Barker because it is such a big electorate and has a lot of roads. My electorate is about 10 per cent bigger than the state of Tasmania, so you can imagine the amount of roads that I have. I also know that you, Mr Deputy Speaker Scott, have an even bigger electorate than I do, and so you would realise just how important road funding is to our electorates.

With safer roads, we will be better equipped to move South Australia’s fantastic produce, including wines, within the regions of the Barker electorate. I represent nearly half of Australia’s wine industry—the best part of the Australian wine industry—with areas such as the Barossa, Coonawarra, Padthaway, Mount Benson, Wrattonbully and so on. They are very important to my area. They are going through a tough time with the oversupply crisis that has hit a lot of our grape growers, especially in the Riverland in South Australia. We had a rally on the weekend, and it was very interesting to hear the very sad cases of grape growers affected in this region. I was very pleased to be able to announce at that rally a further $500,000 funding to help the industry get through its problems, because the grape growers in that region are really struggling—as they are in all grape-growing regions around Australia.

But small and medium sized wine producers who use those grapes have obviously benefited from this budget through the wine equalisation tax—otherwise known as WET—producer rebate scheme. When I first came into parliament, the WET system was introduced with the new tax system. There was a lot of disquiet about the WET in my electorate. I was
told many times that, even though wine tax was a lot less than tax on spirits and beer, I would have no hope of getting a reduction. I am pleased to say that in 2004 we got our first reduction in WET, allowing for $1 million each year, which we got with the current scheme, to be rebated. This meant that wine producers could have up to $290,000 rebated. We further extended that to $1.7 million, which brings in quite a few of the medium sized wineries, and that now allows for a rebate of up to half a million dollars. If the wine industry can maintain its health, that helps us get through some of the problems we have with the grape industry. As you know, Mr Deputy Speaker, this has been a very important program for my electorate. Certainly, I am very pleased about it, as are all the wine producers in my electorate.

There is something in this budget for every taxpayer, which is very important. This is the sixth consecutive year that the government has been able to deliver tax cuts, and this budget is delivering personal tax cuts worth $36.7 billion, so we are certainly doing something right. The 30 per cent threshold will rise to $25,000, the 42 per cent tax rate will be cut to 40 per cent, with a $75,000 threshold, and the 47 per cent tax rate will be cut to 45 per cent, with a $150,000 threshold. In effect, this means that 80 per cent of Australian taxpayers will be facing a top rate of 30 per cent, or 30c in the dollar, and 45c in the dollar will be paid by only two per cent of Australian income earners.

Once again, the government has shown its commitment to families, with the announcement of $28 billion to assist families with children. The maximum rate of family tax benefit part A per child has increased by 75 per cent over the same period. It is now at the rate of $4,200. From July, more families will receive the maximum rate, and they will be able to earn up to $40,000 per year without having their entitlement reduced. There are also benefits through the large family supplement of $248 to families, which is now available to families with three children as opposed to the previous requirement of four or more children. One of the reasons we can afford this is we are no longer paying $8.4 billion every year to pay off Labor’s debt. We are not paying a cent now. That was wasted money going to banks. We now have $8.4 billion that we were paying in interest to banks. We have that forever. Every year we are saving $8.4 billion as a result of getting rid of Labor’s debt.

From 1 July the government will remove the cap on outside school hours care and family day care places, resulting in 99 per cent of all child-care places now being uncapped. This will deliver Barker families more places and more choices as parents balance work and family. It is a positive step to assist parents to return to the workforce. It will also allow the child-care sector to be more flexible and more responsive to the demand for child care in the local community. Parents are also being reassured through the government’s commitment to ensure that the services provided will still need to meet the required state and territory regulations. This will ensure families will still receive the standard of care they expect and deserve. From 1 July 2006 parents will also be eligible to receive the new child-care rebate of 30 per cent of out-of-pocket child care expenses of up to $4,000 per child per year.

Older Australians will benefit through the extended eligibility of the utilities allowance to cover recipients of mature age allowance, partner allowance and widow allowance. These recipients will be paid by 30 June 2006, with the same one-off payment applying to those currently eligible for the utilities allowance. This is a one-off payment on top of the benefits that they may already receive and this allowance will greatly assist those people in meeting the costs of regular bills, including gas, electricity and water.
Older Australians in the rural areas of the Barker electorate have received a double win with changes to the treatment of land under the pension assets test. I have had a lot of people from my electorate contact me on this, and I am sure you also do from your own electorate, Mr Deputy Speaker Scott. From 1 January 2007 the family home and surrounding land of people, where they have had a 20-year connection with the land and they cannot realise the asset or lease the land, will be exempt from the age pension assets test. This is a very welcome change for many of my constituents who have worked the land for many years.

The government has proposed a plan to abolish tax on superannuation benefits paid from a tax fund to people aged 60 and above from 1 July. With taxation of superannuation benefits being extremely complicated, retirees cannot be expected to readily understand how their benefits will be taxed, and that undermines confidence in the retirement income system. Under the new plan benefits paid to retirees aged 60 and above from tax funds would be exempt from tax. Benefits paid by untaxed funds, mainly to public servants, would continue to be taxed but at a lower rate. Up to 100,000 retirees a year would benefit from 2007-08.

I am pleased to see this budget has provided $214.1 million in new funding for programs to combat illicit drug use, tackle alcohol misuse and support drug and alcohol treatment services around the nation. I am particularly pleased with the $25.2 million which will be provided for a national campaign to discourage abuse of alcohol. The government’s Tough on Drugs strategy now enters its third phase, with funding being provided in the amount of $23.7 million. The campaign will target illicit drug use amongst young people and increase community awareness of the harm caused by cannabis and such stimulants as ecstasy and amphetamines.

I applaud the budget funding to increase the number of university medical students and the initiatives to increase the number of doctors in rural areas. Very importantly, in my electorate—because of its size—I have two rural clinical school programs. Our announcement to commit more than $70 million over the next four years to establish a national legislated do not call register is again welcome relief for constituents in my electorate. The Liberal government has now eliminated the $96 billion of net debt that Labor left the Australian government when it left office. The budget is in surplus for the ninth time in 10 years, and I congratulate this government on delivering a budget for all Australians.

Ms GRIERSON (Newcastle) (12.20 pm)—I rise today to speak on the appropriation bills, which give effect to the 2006-07 federal budget. In doing so, I must say that the previous speaker, the member for Barker, shows a very selective approach, as do his government colleagues, to debt. Boasting about retiring debt while we have the highest foreign debt and personal debt levels this country has ever experienced is, indeed, an embarrassment. I also support the amendment moved by the member for Lilley condemning this government for failing to secure Australia’s long-term economic fundamentals, despite record high commodity prices and rising levels of taxation. This budget was another wasted opportunity for a complacent and lazy government to make some real investments in sustaining the future prosperity of this nation. It was another attempt to get away with doing as little economic and strategic work as possible while still pretending to have some sort of economic credibility with voters.

Rather than strutting and smirking, perhaps the Treasurer should consider that anyone can look good when a resources boom drops $160 billion into your pocket. The real test is what you do with that $160 billion and what you do with your $17 billion surplus to make sure that those benefits continue to make this nation prosper. But apparently, if you are a Liberal Party
Treasurer, what you actually do is squander that. You give a small tax cut, keep the National Party rump happy—or in some states, anyway—with a few dollars for roads and superciliously say, ‘Well, my work here is done.’ That is not really a good enough response to the needs of this nation. What is needed is a real commitment to investing in the skills and infrastructure our country needs and to redressing the levels of foreign debt and the imbalance in our balance of trade.

The economists also know that the budget is not a good enough response to the needs of this nation. That is why Alan Mitchell said:

Economists have expressed disappointment that the government did not use the massive revenue generated by the terms of trade boom to do more to facilitate the reform of infrastructure, to cut effective marginal tax rates, to strengthen education, vocational training and child care.

Now we see that the people of Australia know that the budget is not a good enough response to the needs of this nation either. That is why in a post-budget poll they overwhelmingly rejected this very hollow budget. According to that poll, the people of Australia are telling the government that they actually want some real investment in services in this country, not just tax cuts.

Yes, tax cuts are welcome and I will be voting with the opposition to support them. In fact, they are long overdue and vital for Australian families who are battling against the Howard government’s delivery of a high cost of living to the people. But the interest rate increase in early May means that the repayments on an average mortgage increased by around $500 a year. In reality, it is actually a lot more than that for most people. The average Australian family’s fuel bill has risen by $400 a year over the past two years. Private health insurance premiums for the average family rose by another $139 a year in April. Child-care fees in long day care centres rose by over $500 a year over the last two years. So you do not need to be a mathematician or an economist to know that these tax cuts are desperately needed; all you need to be doing is trying to make ends meet. But they will only go a very small way to giving some relief from John Howard’s high cost of living, especially for those on middle incomes, who received only a $10 a week tax cut. My electorate of Newcastle is certainly middle Australia in terms of its middle-income range, with an average income of $45,000 a year.

But these tax cuts will give no comfort to those Australian workers who fear losing their jobs now that unfair dismissal protections have been obliterated by Work Choices, because no tax cut can compensate for losing your job. What people are actually saying, what Labor is saying and what the economists are saying—is that tax cuts are only a very small part of the equation. The major part of the equation is actually long-term investment in infrastructure and services. Real investment in these services would actually address the issues of rising costs rather than just playing catch-up by giving tax cuts.

For example, the government’s promise of more child-care places is an unplanned, market based gamble that does not guarantee a single extra place or guarantee that child-care will be a single cent cheaper. It seems the member for Lindsay is well aware of that. By contrast Labor has committed to building 260 new child-care centres at schools and on community land in areas where they are needed most and where parents, obviously, want them to be. That is
the kind of investment that would not only bring relief to our families but also sustain economic growth and the growth of that industry.

As Ross Gittins has written, fixing child care is as much about economics as it is about social concerns. That is because when child care is accessible and affordable women can get back into the workforce. At a time of huge skills shortages, it is unacceptable that we have such a relatively low level of labour force participation by women because of the barriers placed in their way. If you do fix child care and marginal tax rates, you can actually start doing something real about fixing the skills crisis. You can certainly do a lot more than this government is doing. Even the government’s business lobby fan club said that more should have been done to deal with skills shortages in the budget. Heather Ridout of the Australian Industry Group said:

We’re disappointed there wasn’t more progress ... made in some of the big nation-building areas, particularly skills, which really was fairly underdone in the Budget.

‘Fairly underdone’ might be the biggest understatement of the year. ‘Completely ignored’ would be more appropriate.

I note in my region we still await a technical college. We are not producing any apprentices or other skilled people for the future. The government’s only response to the skills crisis seems to be to import overseas workers while driving down wages, cutting back penalty rates and threatening weekends, holidays and family life with its Work Choices package for local Australian workers. Worst of all, Work Choices completely removes the right of workers to be protected from being sacked unfairly.

It makes Australian workers even more likely to be ripped off under unfair individual contracts, as answers from the Employment Advocate in estimates this week show. The Employment Advocate confirmed what the Australian people and Labor’s IR task force around the country are already finding out: 100 per cent of AWAs under Work Choices excluded at least one protected award condition, 16 per cent excluded all award conditions, 64 per cent removed leave loading, 63 per cent removed penalty rates and 52 per cent removed shiftwork loading. Take those together and you are looking at a major reduction in people’s wages. This is the inescapable truth of Work Choices—less pay, fewer conditions and no protection from the sack.

That is why in his budget reply the Leader of the Opposition, Kim Beazley, once again restated Labor’s absolute commitment to tearing up the government’s one-sided and extreme changes, to protecting workers from unfair dismissal and to restoring balance to the system. Labor has also offered solutions in its training and skills policy to begin repairing the skills black hole that 10 years of Howard government and industry neglect has created. These are real, practical measures to stop the rot that has been allowed to seep into our national skills base, the rot that sees about 40 per cent of apprentices not even completing their training. I applaud the recent ACT initiatives to introduce a new model and a new approach, with industry support and education and training support, that sees shorter and more industry focused apprenticeships.

The Howard government stands condemned for not just a lack of investment in the skills of our people but also a lack of imagination and vision in building the physical infrastructure of our nation, which gives a competitive edge to regions like mine. The only vision that the Howard government has for infrastructure is perhaps roads, roads, roads and a little bit more
pork-barrelling with projects in their favoured electorates. That rather short-sighted political approach might buy votes but it certainly does not secure the future of this nation. By contrast, it could have a look at Labor’s proposal for a national high-speed broadband network, which would give 95 per cent of Australians top quality internet access. I know this would be of great interest to the residents of Newcastle suburbs like Shortland, Birmingham Gardens, Fletcher and Jesmond, who are still not guaranteed broadband internet access. That is a dreadful disadvantage for the productivity of people in small business.

We discovered in estimates last week that the Howard government is seemingly okay with Telstra’s plan for a new high-speed network that will be restricted to capital cities only. That is cheap, that is lazy and it certainly puts regions like mine, and regions all around this country, even further behind. And some people call themselves the National Party. What is needed is a comprehensive approach to national infrastructure development driven by an objective analysis of the needs of each region.

Labor’s approach is just as I have described. We saw this in the set of policies for Newcastle, a regional approach, that Labor took to the last election. Under Labor the completion of our Energy Australia Stadium would have been supported, bringing jobs to our tourism and recreation sectors and giving our sporting teams a world-class venue in which to compete. Under Labor our GP access after-hours service would have had secure, long-term funding so that they do not have to go begging to the health minister every 12 months. But perhaps that is so the member for Paterson can announce every year a great saving, how he has saved a service that would not be there without him. Stop the nonsense and just assure them of some long-term funding.

Under Labor our university, University of Newcastle, would have already had 40 extra medical places in place to train the doctors our region so desperately needs and would now be bidding for extra places in the latest round. Under Labor our university would have had its regional funding reinstated, putting back $3.75 million a year that this government has been ripping us off. Under Labor the review of cancer scanning would be completed—my goodness, I feel old just thinking about how many years it will be before we will get that review announced—and a decision would have been made on Medicare funding for the Mater PET scanner. After five years of Howard government dithering, we are still no further ahead.

Under this Howard-Costello budget none of those things have happened. Since the election, though, my Labor colleagues in the Hunter region and I have kept the pressure on the Howard government over these issues. But there is one member of parliament in our region who is not pulling his weight, and that is the Liberal member for Paterson. This is the MP who will not stick up for his region by advocating for these vital projects and other projects, like the proper resourcing of our Family Court registry.

So this budget is very hollow for the people of Newcastle and the Hunter region, just as it is very hollow for the rest of Australia. Like the Treasurer himself, this budget was all show and no substance. When the bells and whistles died down, there was an eerie silence, and that silence was the Australian people thinking, ‘So what?’ It was the Australian people thinking: ‘They spent $11.2 billion and what did we get? What has this government built that is actually going to last?’ That goes to the heart of this budget. It is the Howard government finally giving up on even pretending that it cares about the future any further than just perhaps slithering through another election.
I think the government’s confidence is slipping, though, and rightly so. The public are always providing a deeper test to this government than a one-year quick-fix budget can provide. They are perhaps measuring 10 years of performance. They must face their nightly news with such horror every evening. After four years we are still bogged down in Iraq, a war without end, it seems, while our region becomes even more unstable. The East Timor developments distress everyone. On top of West Papua, the Solomon Islands and unrest in Fiji, they certainly point to a strong failure in foreign affairs policy—and, one would think, a failure in intelligence as well.

But with my electorate I understand how political instability to the north of our country, in our own region, affects our nation. It tragically affected my community of Newcastle with the bombings in Bali in October last year. That reminded us that our emphasis should always be in our own region—and that is what our region keeps dragging us back to after neglecting the fundamentals, which unfortunately sees disasters recurring. It reminded us that sending Australian troops to Iraq never has, and never will, stop a suicide bomber on a beach at Jimbaran Bay. If anything, it increased that risk.

Even close to home it seems that the Howard government is a world away. I refer to those problems that are besetting our Indigenous communities. I do look at a possibly well-intentioned minister—and I am being generous—who seems to have just discovered the realities of Indigenous communities in isolated and regional Australia.

I had the great privilege of going to Yuendumu last year as part of an inquiry. In visiting that community it was easy to be deceived. Male members of that delegation were deceived and came away with a very different view to mine. I had met with the women of that community. That community was very strongly taking social justice into their own hands by putting in place safe houses for women. When I asked, ‘Do you really need that barbed wire?’ they said, ‘We need it electrified, if we could.’ They know the realities and they are trying very hard. When they say it is a ‘dry’ community, it means that people drink 12 kilometres out of the township, and that means that people try to come into town. That is why you need a men’s night patrol that keeps the men under control and a women’s night patrol that gives protection and takes women and children to the safe houses. That visit was for the Indigenous justice inquiry. I note that the government has put $23.6 million extra into services. That will not be enough. The community were pleading for the full protection of Australia’s legal system as well as some understanding that they should be supported in domestic violence programs, in Indigenous legal services programs and in trying their methods as well.

When we look at mental health around this nation, we must look at 10 years of neglect. We hear our magistrates saying that the courts are being swamped. I will quote a lecturer of law at the University of Queensland, Tamara Walsh. She said, ‘There’s no doubt the courts are being swamped by mentally ill defenders. One in six will mention that they’re mentally ill, but the figure is much higher.’ Taking 10 years to discover that mental health has a social cost, a human cost and an economic cost is unacceptable in a developed country. It is appalling that this government has taken so long and has allowed things to deteriorate so far.

This government’s approach is to stand side by side with the President of the United States. The Prime Minister returned to announce that he wants to explore building nuclear power stations in Australia. That is another wasted opportunity while we watch energy efficiency and investment in renewables reduce in this country. What does George W Bush expect of us this
time? That we are just a waste dump for the rest of the world? What role does he actually have?

It is hypocritical for the Prime Minister to promote nuclear power as long as it is dumped in someone else’s country. I certainly noticed that the member for Paterson, when his electorate was highlighted as a possible nuclear plant location, became very distressed indeed.

_Ms GRIERSON_—Are you saying that the member for Paterson would love one? That is probably so. He does support nuclear energy—he is on the record as saying so—as long as it is not in his backyard. There are big national issues that the Howard government needs to start attending to before the rot continues further, particularly in foreign affairs and certainly in some of our social domestic policies and energy and water debates. It needs to look at how its policies of neglect have affected our local communities, but, after 10 years, it appears that it is too arrogant to even try.

_Mr JULL_ (Fadden) (12.38 pm)—Perhaps I am fortunate to represent an electorate that covers the northern end of Gold Coast City, because misery obviously exists in other parts of Australia, such as Newcastle. I find the reaction to the budget that was given by the previous speaker almost hard to conceive, because the exact opposite is true in my particular division. In fact, the reaction was very good from all sections of the community, but particularly from the aged, the retirees and, indeed, our younger generation, who are looking at their education at the moment.

I will spend a few minutes today, if I could, highlighting some of the things that have happened as a result of previous government investment in the Gold Coast. I will look at this budget, the Appropriation Bill (No. 1) 2006-2007 and cognate bills, and what may be required in future reckonings to look after this dynamic part of Australia, which is still the second fastest developing area of Australia—an area that is projected to have a population in excess of 880,000 by the end of 2020, not so terribly far away.

Over the last few years there have been some quite dramatic changes in the Gold Coast area, and the image that the Gold Coast has had for so long—all froth and bubble, white shoes and fast developments—has almost completely gone. While the tourism industry is a most important part of the Gold Coast’s infrastructure, the Gold Coast is now developing into a very important export area for Australia. It is really quite interesting: just a week or two ago at the Sanctuary Cove boat show, orders in excess of $150 million were received from overseas for new pleasure craft. That is an industry that is already, despite its short existence, employing something like 2,700 people. With regard to the requirements of labour markets, it is quite interesting that there are companies within that complex, which is located in my electorate, that have got to the point of importing labour from interstate. Engine experts from South Australia—more than 100, I think—were brought in to try to pick up some of the slack. This government has made significant investment in the provision of the technical training school for the Gold Coast, and a lot of that is going to be focused on the boat-building industry, and rightly so.

We have tremendous demand for labour in the building and engineering fraternity of the Gold Coast. I was interested to hear some of the comments of the previous speaker. I was at a Housing Industry Association meeting not so terribly long ago and was quite surprised to
learn that in the building industry, particularly in areas like electrical engineering, a good fourth-year apprentice can now receive $100,000 per year. If things are so desperate, may I suggest that those parts of Australia that are suffering from the dreadful unemployment problems that seem to exist in some of these southern states—if we are to believe the speeches of the opposition—look towards the Gold Coast and south-east Queensland for career opportunities, because there is a labour shortage there. The comparative unemployment figures that were released yesterday put the unemployment rate in Fadden at something like 4.2 per cent, which I know is dramatically below the average. But there is a real demand for all sorts of workers in that area, certainly in terms of trades and high-tech areas but also in areas such as food processing. This is where the Gold Coast really has been absolutely unbelievable in recent times in its diversity and concepts.

The Department of Foreign Affairs and Trade, through Austrade, recently gave an award to a Gold Coast company for the export of pate to France. Who would ever have thought a few years ago that a small Australian company that was making pate, basically for a supermarket audience in Australia, would gain an award such as this? But it has happened, and the story of how it happened is quite interesting. Some of it went to Noumea—they come to the Gold Coast for a lot of their holidays and medical services—and the French population of Noumea got to like it. Somebody went back to Paris and said, ‘This is good stuff,’ and so this export market started. After working in conjunction with the CSIRO on the vacuum packing, the pate now has a shelf life of about nine months, and its transportation and distribution is relatively easy. It has been an outstanding success.

In a place like the Yatala industrial estate, which in itself is a remarkable concept and one that is well supported by the government and Austrade, there is a small goods company that is exporting sausages to Japan. There is another company that is making, basically, steel bolts—I am not quite sure how you would describe them—that hold down houses and buildings. They went into the export market and, all of a sudden, they are receiving huge orders from overseas, particularly from the Gulf States where such rapid building is going on.

This whole sense of innovation is good. The government have made an investment in the technical education side and they have also made a big investment in the Gold Coast campus of Griffith University, which is in my electorate. The medical school in Southport, which is not in my electorate but in the electorate of Moncrieff, is about to get under way. We were delighted to see the extra places that they were granted last year and that have been provided for over the coming years in the budget, providing further opportunities to expand their facilities and their courses.

While the member for Newcastle was complaining about some of the investment in education, Griffith University—and particularly the Gold Coast campus—is interesting because the ratio of would-be tertiary students to the population is less than half of the percentage of that offered to the locals in Newcastle and, indeed, half of the opportunities that are given to the people of Wollongong. Mr Deputy Speaker Causley, through your own electorate you would know that that campus of Griffith extends well beyond the Queensland border to the south, and there are young people coming from as far away as your electorate—from Lismore—to attend the courses there. It is providing a number of opportunities that are not uniquely Gold Coast but have been brought on by the dynamism that exists there.
Can I cite you another example: Movie World, which is located in my electorate, contains quite a number of sound stages, and is used in the production of both Australian and overseas movies—a lot of which we never hear about but it all just happens there—and some high-class television production. Griffith University, at their Gold Coast campus, have a faculty of music. When I first heard of this, when I gained the Gold Coast campus in my electorate, I thought, ‘Not another one,’ because Griffith has the Conservatorium of Music in Brisbane. But the reality is that this department specialises in electronic and digital music. It is backed financially—very much so—by the film industry, and that industry is providing lots of opportunities for young people to go into it.

For some of us from the older generation who used to enjoy movie soundtracks played by the Hollywood Bowl Symphony Orchestra and the like, there is very little of this in today’s movies—most of it is electronic. Already a number of university graduates from Griffith, through the local production facility, have found themselves with jobs in Hollywood—so that in itself is becoming an export industry. The other area that comes into it is electronic games. Quite an industry has developed at the back of Southport in the production of electronic games, and this in itself is providing some great opportunities for exports and for the young graduates from Griffith University. One particular company I am aware of employs something like 250 people, including 170 graduates from Griffith University, who come not only from the music department but also, of course, from those technical areas that work so closely with computerisation.

What this all leads to is the dramatic expansion of the Gold Coast. While I was speaking of an estimated population of 880,000 by the year 2020, already we are seeing growth rates of 14 per cent year upon year in that northern section of the Gold Coast. That is putting huge demands on our schools, on the provision of tertiary infrastructure and on a lot of the basic necessities. While it is all very well for members of the opposition to get up and talk about a neglect by the federal government to invest in infrastructure, one must also ask: what are the responsibilities of the Queensland state government at this stage? Unfortunately I think the Gold Coast has been neglected, and I would sincerely hope that in the upcoming budget of the Queensland government we may see Mr Beattie addressing some of those concerns.

In the area of health my Queensland colleagues and I receive a great number of letters from the Queensland Premier asking us to provide more medical places and more doctors. We see him on television, we see page after page of full page ads of what they are doing for Queensland Health, but he never tells you that there have been literally hundreds and hundreds of specialist medical staff, including doctors, who have left the system—who have resigned from Queensland Health.

I hope that in the coming weeks we see more from the Queensland budget than just the full-page advertisements and that a concerted effort is made to clean up that system. I am not going to repeat them here, but we have had some tremendous examples of neglect in the area of health in Queensland, and the demands for health on the Gold Coast are enormous. We read day after day that the Southport hospital, which is a state government instrumentality, is on bypass, sending emergency patients off to Tweed Heads, Logan Hospital or other hospitals in Brisbane. Up to 27 patients have been counted lined up on the ramp going into the hospital, waiting for admission. This is just not good enough, and obviously there is going to have to be
some tremendous investment made in health facilities on the Gold Coast in coming years. Much of that is the responsibility of the Queensland government.

There is also our road system. While we have a magnificent freeway system between Brisbane and the Gold Coast, the state government has badly neglected the provision of feeder roads into the Gold Coast to make that system work. We now have a situation where traffic jams are the norm, with three lots of peak hours twice per day. Frankly, there has been very little investment. In rail, the fact that the Gold Coast is also a dormitory suburb for Brisbane has seen the state rail facility there dubbed in recent years ‘the Bombay express’ because you cannot get enough people on it. While duplication of that rail system has started, obviously transport both between Brisbane and the Gold Coast and within the Gold Coast is going to have to be a major priority of the state government.

While the Gold Coast is booming, can I just repeat that the people of the coast seem to be reasonably happy with the way the budget has gone. In fact, in some sections they are very happy. While we talk about this investment and the job opportunities for young people, the reality is that the Gold Coast still has a very high percentage of retirees. I think I am correct in saying it has the highest percentage of recipients of age pensions of any city in Australia. So may I congratulate the government on all it has done in the budget and urge it to continue to look at the Gold Coast as one of the greatest growth areas in Australia.

Ms HALL (Shortland) (12.52 pm)—It is with great sadness that I stand to make my contribution to this debate on the Appropriation Bill (No. 1) 2006-2007 and cognate bills. I believe that this budget, more than any other budget that this parliament has considered, is, unfortunately, a budget of lost opportunity. Many of my colleagues on this side of the House have highlighted the fact that this is a budget of lost opportunity, a budget that lacks vision and a budget that lacks planning for the future. Never has there been a time in Australia when a government has had such an opportunity in a budget to make investments and change the face of Australia as it had in this particular budget.

Booming coal and mineral prices have poured $160 billion into the government’s coffers, and what have we seen for it? We have seen tax cuts that passed through the House of Representatives this morning. They were well and truly long overdue, but they will barely address the losses that average Australians and Australian families—people who struggle each and every day to make ends meet—have suffered with increased petrol prices, increased interest rates and ever more impost on their general savings.

I thought this budget would be one that offered some solutions—a plan, a map or a structure for the future—but when I assess the budget against that, unfortunately, it gets a big F for fail. The government must be condemned for not putting in place strategies to address the chronic skills shortage that exists within Australia today. The Australian Industry Group has been one of the big supporters of this government. In the lead-up to the budget, it was asking the government to do something to address the current skills shortage Australia is facing in its industry, but this budget delivers a big zero when it comes to addressing the skills shortage.

I could not help but compare the speech the Treasurer made and the speech the Leader of the Opposition made. Mr Beazley put out there for the Australian people a map, a plan for the future for the Australian people—something different. The government made announcements about new child-care places. Come on. All they did was lift the cap on family day care, where there are vacancies already, and lift the cap on out-of-hours school care. I highlighted the
problems of child care in my most recent letter to my electorate. As a result, schools and centres that provide out of school hours care contacted my office and said, ‘We’ve got places here.’ But the places are not needed in the out of school hours care; the places are needed in the zero-to-five age group, and particularly in the under-two age group, where there are lengthy waiting lists throughout the electorate.

The $200 million and the 260 new child-care centres that the Leader of the Opposition committed to in his reply to the budget would be something that addressed this area of shortage, that addressed the problems. I suggest the government look towards the statements of the Leader of the Opposition. We really do not mind if they want to take some of those suggestions. Why don’t we mind? Because it would be good for the Australian people, it would be good for those mothers and single parents who have been forced back into the workforce through the government’s Welfare to Work changes. These mothers are going to find it very difficult to find child-care places for their children.

With the skills shortage that I highlighted earlier, the Leader of the Opposition stated that Labor would abolish up-front TAFE fees for traditional apprenticeships, as opposed to some of the actions of the government recently. This government is philosophically opposed—

Mr Barresi—Mr Deputy Speaker, I have a question for the member for Shortland.

The DEPUTY SPEAKER (Hon. IR Causley)—Will the member for Shortland accept the question?

Ms HALL—Yes, I will accept the question.

Mr Barresi—Can the member for Shortland please tell us whether or not she supports the New South Wales state government’s increase in TAFE fees? Are these TAFE fees—

The DEPUTY SPEAKER—The question needs to be short.

Mr Barresi—that Morris Iemma has increased the same ones that she is now expecting the ALP to abolish?

Ms HALL—it appears that all the members on the other side of this House can talk about is state issues. I support the comments made by the Leader of the Opposition in his budget speech that we will cut all TAFE fees for the 60,000 traditional apprenticeships throughout Australia. Unlike the government, we would not cut funding to one of the highest performing voc. education providers in the country and give the contract to someone else who does not have the runs on the board. The government has a lot to answer for. I do welcome the question by the member opposite, and whilst we have quite different views on a number of issues I know that in his own misguided way he does have a commitment to training and employment.

Sitting suspended from 1.00 pm to 4.03 pm

Ms HALL—Before the Committee suspended I was making the point that this is very much a budget for the here and now, when we needed a budget to build for the long-term prosperity of Australia. It is a budget that failed to invest in the much needed skills and the much needed infrastructure around Australia. It is a time when we have an opportunity, with all this wealth that has come from our mineral exports, to actually invest in the future and to put in place all that infrastructure that will see Australia’s economy grow and thrive and that will be able to deliver to Australia all those things that Australians deserve.
On a local level, I will put on the record that I was a little bit disappointed that there was no funding made available in the budget for the PET scanning machine at John Hunter Hospital, something that the state has been forced to support. Long term it means that it may become unviable for the people of the Hunter to gain access to that machine. There was no money for the Knights stadium, whilst there is plenty of money being thrown at stadiums in Penrith, Cronulla and St George, in areas that are Liberal held seats.

More importantly, one of the raging issues within Shortland electorate, and I think an issue throughout the whole of Australia, is the chronic doctor shortage. People in Shortland electorate have had their health put at risk because they cannot visit a doctor when they need to. It is a very complex situation; there are many reasons for this. I think in the early 2000s, the government put in place its outer metropolitan strategy. My area has lost between six and 10 doctors since then—maybe even more—and only three doctors have come to the area under that program. To my way of thinking, it is a failure. There is an increase in overseas doctors coming into Australia but, once again, an area like Shortland does not benefit from that in the same ways that Hinkler would, because of our RAMA classification. The government’s investment in more doctor places is far too little and far too late. Everywhere I go, every doctor and health provider I talk to raises the issue of the chronic shortages of doctors and nurses within Australia. The government needs to be a lot more inventive and make a greater investment in this area.

The Shortland electorate encompasses the Central Coast and Lake Macquarie. When considering aged care beds, part of the electorate is within the Central Coast collection area and part of it is in the Hunter. Within New South Wales, 25 per cent of all aged care bed shortages are on the Central Coast and 15 per cent are within the Hunter. That is a very significant shortage of aged care beds within the area that I represent. I have to put on the record that I do not think the government has done enough in that area. People are still being disadvantaged and hurt by the fact that the government is not putting enough money into that vital area.

Petrol prices have continued to rise and they are impacting enormously in many areas throughout Australia. The government has failed to be proactive in its approach to this issue. The students of Floraville Public School have been a little bit more proactive than the government. They rang me today and were asking questions about ethanol and alternatives to oil based fuels. They are thinking about it. One thing that is quite beneficial to Australia is that the young people of this nation are much more creative and have a lot more vision than the current government does.

The petrol price increase is having an enormous impact on many people. Mr Stan Gregory, a constituent of mine from Budgewoi, was talking to me and he brought along his latest invoice from his chemist. Because of the increasing cost of petrol, his chemist is now charging a $3 fee for every script that is delivered to this gentleman, who is confined to his home. These increases have unexpected consequences and, whilst the government has provided tax cuts to many people in Australia, it has not done anything to increase the income of pensioners like Mr Gregory. That also needs to be noted.

We have a budget that has thrown money at certain people but has not planned for the future. We have a budget that I believe will place long-term pressure on interest rates whilst not investing in skills, health infrastructure and other infrastructure that we have within Australia. We have a budget that in no way ameliorates the government’s workplace relations legisla-
tion. We have in place a budget that will do absolutely nothing to help the waste workers at Wyong Council, who now have to reapply for their jobs and have to take a pay cut if they are actually successful in getting their jobs. They are currently receiving $22 an hour and, under the new federal Work Choices legislation, that will go down to $12.75 an hour. I do not think that is good enough. I call on the other Central Coast members to join with me and fight for the waste workers on the Central Coast. I would like to see the member for Dobell and the member for Robertson join with me and fight for the rights of the workers on the Central Coast—fight for their rights to get the remuneration and the working conditions that they deserve.

Being mindful of the fact that I am getting close to the end of my time and that I need to allow other people to make a contribution to this debate, I would like to say that the government could have saved money by cutting its advertising of government programs. Six billion dollars over the life of this government is a very large amount of money. Maybe the Prime Minister could take fewer trips overseas and could try and save the Australian taxpayer money. Three hundred and ninety one days overseas since 1996 is not good enough. I would like to see the government invest in programs that will develop skills and infrastructure in Australia, give certainty to Australian families and provide proper child-care facilities and arrangements. This budget does not deliver those things. I think this is a budget of lost opportunity.

Mrs MOYLAN (Pearce) (4.12 pm)—Reflecting on a decade in government, it is agreeably apparent that a balance has been forged by this government between economic imperatives and improved social outcomes for the Australian community. This has been evident since the election of the Howard government. From the outset, I would like to congratulate the Treasurer on yet another excellent budget and for striking an appropriate balance between economic and social imperatives.

Australians have enjoyed a decade characterised by steady growth, low unemployment rates, low inflation and interest rates, high real wages growth and a doubling of household wealth. The impact of that success is reflected throughout the Australian community. Amazingly, it is that sort of penetration that our opponents used to dream they would achieve but never could. The evidence of success lies not only in material goods, though they are significant, as only the coalition government is honest and sensible enough to admit without the humbug. Wealth creation demonstrates energy, enthusiasm and creativity. Nevertheless, the most profound evidence of success must lie in the pre-eminence given to justice, compassion and the willingness to invest in social capital.

We inherited a social system from the previous administration that was in dire need of major investment and clearly a change of direction. Recognising the changing demographics and lifestyles of many Australians, the government has had the foresight to engage with the community and to invest in our social capital. Major investments have been made in aged care, child care and health, with particular emphasis on some of the health issues which pose a major challenge to governments and communities throughout Australia. If you take aged care as one example, we have more than doubled the number of aged care places. The number of places has gone from 141,293 when we took office to 215,760 places and rising. Considerable resources have been applied by the government to child immunisation, which was at an all-time low. According to my notes, only 52 per cent of Australia’s children were immunised when we took office; now over 90 per cent of children have been immunised. The government
also invested considerable capital in Alzheimer’s disease, diabetes, obesity and mental health services.

I am the chair of the Parliamentary Diabetes Support Group, of which, Mr Deputy Speaker Adams, you are an executive member. It also includes the member for Moore, the member for Blair, Senator Guy Barnett and others. We have lobbied hard to improve the outlook for people with diabetes, particularly children, and to raise awareness in the community of diabetes and of the importance of sound diabetes management practices. We have worked closely with the Juvenile Diabetes Research Foundation, Diabetes Australia and other organisations. The government and particularly the minister, the Hon. Tony Abbott, have been responsive, recognising the serious health implications if we do not improve public awareness, lifestyle issues and best practice management of diabetes, which some endocrinologists say has reached a pandemic.

Some of the changes that we have sought and which have taken place include the listing of the glitazone drug which prevents the early progress of type 2 diabetics to insulin dependence, the listing of insulin pump consumables on the NDSS, the inclusion of dieticians’ fees on the PBS, the involvement of 100 children in Kids in the House two years ago and the commitment of $23 million to research to find a cure for type 1 diabetes in children. All of those measures cost money, and the government have been prepared to direct considerable money into these important health areas.

I am personally very pleased that the government has doubled the funding generally for medical research in this budget, because medical breakthroughs improve the quality of life for many in the community and they also make good economic sense. As the Treasurer said in his budget night address, Australian scientists have made many breakthroughs of international importance, such as the bionic ear, treatment of stomach ulcers and melanoma treatment. It is important that we continue to fund medical research and to ensure that the physical infrastructure for scientists is maintained. To this end, the government has committed a further $235 million.

Health and ageing has continued to be financially supported, with funding of $48 billion in this budget. Importantly, mental health—thanks to the intervention of the Prime Minister—will receive funding of $1.9 billion to address the terrible shortcomings in the treatment of people with mental illness. In raising awareness of this issue, the Prime Minister met with state and territory leaders. He took leadership of this issue and sought their cooperation with the Commonwealth to provide an appropriate standard of care.

Far too many families are in despair for lack of services to the mentally ill. Respite care is critical to carers, who struggle 24/7 to deal with the demands of caring for a person with mental health problems. Prisons have become an all too common refuge for the mentally ill with nowhere but the streets to live and without appropriate care of their health. This funding will be a welcome relief to carers and sufferers, and again demonstrates the government’s commitment to investing in social capital and in people.

I also mention the exemption of the value of long-term held rural properties for people who apply for the pension. There, value will now be excluded from the pension asset test under certain circumstances in which it is not reasonable to lease or sell the land. In an electorate like Pearce, I have many of these families. Over the years that I have represented my elector-
ate. I have lobbied, written countless letters and made countless representations to have this situation redressed. I am absolutely delighted to see that that is the case in this budget.

With a strong commitment to families, there are increased benefits for families with children and child-care places. By 2009, the number of child-care places will have more than doubled the number that were available in 1996. Quality, affordable and accessible child care continues to be a very major factor in women accessing the workforce, and the new measures allowing child-care rebates of 30 per cent of out-of-pocket expenses up to $4,000 per child per annum will be a welcome relief for many working parents.

Maintaining competitive business requires attention to infrastructure, and $323 million has been allocated to works for major highways in Western Australia. I have appreciated the attention of the Minister for Local Government, Territories and Roads, the Hon. Jim Lloyd, in recognising the urgent need to upgrade the Great Northern Highway. This builds on commitments made in previous budgets, but will allow urgent works to take place early. The Great Northern Highway now carries traffic to and from Perth to the great mining and pastoral areas of north-west Western Australia. With Western Australia undergoing a major mining boom, traffic—particularly heavy traffic—has increased dramatically. The road is barely wide enough in parts to take normal traffic, let alone the large number of double and triple load trucks now using that road. There are many winding stretches of road that pass through innumerable small communities along the way, and this poses a great hazard to all road users, but in particular to school bus traffic.

Additional funding for the Great Eastern Highway is also welcome, and it will build on major works now nearing completion. Transport is critical to the efficient movement of goods and rural produce, and the government’s continuing commitment to major highways and the continuation of the Roads to Recovery and black spot programs is very much appreciated in an electorate such as Pearce. Farmers in Pearce are major contributors to the economy, with large grain and wool exports—some of the biggest exports of those products in Australia. Efficient transport routes to ports and airports to the eastern seaboard and the north-west are critical.

Australian business proprietors will also welcome reductions in business taxes and red tape, and the superannuation measures announced in this budget. Small business is a major employer of Australians and a significant contributor to the economy, and the government has a role to play in removing unnecessary legislative burdens and providing the macrosettings for a stable economic environment. There will continue to be challenges, and with economic stability and prosperity, the Australian dollar is strong. That has produced some challenges for our exporters in manufacture, agriculture and horticulture, particularly in the electorate of Pearce. If we are to maintain a diverse and strong economy, we need to continue to work with our producers to assist them to remain competitive in the increasingly global trading environment.

Part of the remaining competition in both domestic and international trade is to ensure a modern industrial relations program and a ready and responsive workforce. The government’s commitment to training and new innovation will be widely supported throughout the business community. Five billion dollars has been committed to training and skills development in the new national training agreement covering 2005-08. Recognising the need for early stage venture capital, the government will also increase the provisions for start-up capital for small,
innovative firms, while easing restrictions on venture capital partnerships. With continuing good indicators foreshadowing sound economic growth, low unemployment and moderate inflation, the economy should grow at a respectable rate.

Sensible economic settings and attention to sound business policies, including taxation reform, provide benefits that flow through to the community. Certainly, the community of Pearce will be beneficiaries of this through sound economic policy, sensible and measured budgets and the balancing of economic and social capital building. This is a great budget, and I support the bills.

Ms OWENS (Parramatta) (4.23 pm)—I rise to speak on Appropriation Bill (No. 1) 2006-2007 and cognate bills. Including my year as a candidate for the seat of Parramatta, this is my third budget. During the first budget I was in the electorate; I was not in the parliament. I was there the day after the budget was announced. I was out in the streets of Parramatta early the next morning, hearing first-hand the views of people in my electorate. In the second budget, I was here, but there were a considerable number of phone calls into my office in Parramatta, so I was able to get a fairly clear picture of my community’s response to the budget. It was quite disconcerting this time around—my third time—to find myself, after three days in Canberra, having had only one phone call into the office about the budget, and feeling really disconnected from my electorate. I was saying to my colleagues, even the night after, that I felt the desperate need to get back to my electorate and stand around in the shopping centres to find out just what people were thinking about this budget that appeared, at first blush, to be an extremely generous throwing of confetti around the electorate.

What I found when I returned was that, even though I doorknocked for three days and had four mobile officers out in the shopping centres the following week, virtually nobody raised this budget. It was as if it sunk without a trace. I really had to do some talking to people to find out why that was, because that was incredibly unusual compared with the others of the three budgets that I have experienced. What I found was that people saw it as more of the same—a complete lack of solutions to the problems that had developed over time. Pressure on families and constraints on business are not new problems. Most people that I talked to knew something was wrong in the last election.

People have been aware for quite some time that these issues have been growing and getting worse, and they are well and truly now looking for solutions. They are looking for solutions to the pressure on families; our hospital system; our health system; our education system, particularly universities, TAFE and skills training; the environment, particularly water; skills shortages; affordable access to child care; and, underneath all of that, the incredibly stretched budget both in terms of money and time. Our families are finding themselves under incredible pressure due to both financial constraints and time constraints. They are well and truly looking for answers now. They are sick of the blame shifting. They have been sick of that for some time. They are sick of inaction. They are sick of endless talking. They want real, substantial action on the basic infrastructure that under this federal government has been allowed to run down to such an extent that everybody—and I do mean everybody out there—gets the problem and is waiting for very real answers.

The Treasurer has not delivered answers in this budget. In fact, one could be forgiven for thinking he did not even hear the question. This is a budget absolutely for yesterday. It does not look to tomorrow. It does not facilitate growth. It does not look to the needs of the com-
munity—of either families or business—and it is an absolutely wasted opportunity, given the extraordinary boom times that Australia and in fact the world finds itself in. This is a once in a lifetime—or, one could argue, once in several lifetimes—boom. A very small part of our economy, the commodities sector, is doing so well because of the booming of China and India—which represents around 85 per cent of the world—that it is sweeping us all along at a rate which the Treasurer underestimated by 50 per cent. It is sweeping us along at unprecedented levels. There are only 20 countries that did not grow over the last two years. The world is growing. A drover's dog could bring in a surplus at a time like this. But it takes more than a drover's dog to make the most of it—that is, to use this windfall gain, to make sure that we are in the best possible position, to improve the potential of the rest of the economy, to invest in the future, to invest in our future.

This is not a budget for the future of the country, nor for the future economy, nor for small business growth over the next 10 years, nor for families, nor for community cohesion, nor for the environment. There is something in it for those who have done well over recent years—and the tax cuts are deserved—but there is nothing there to set the ground for future prosperity or for our children's prosperity. It does not give my community what it needs. My area of Parramatta and its surrounds is one of extraordinary potential. In a lot of ways, it is a place of beginnings. It is the place where people come, where they can afford to buy a house with a yard that is close to a CBD. There are lots of new families moving into the area. New migrants move into the Harris Park and Westmead areas initially before they can afford to buy elsewhere, and they tend to move further west then. But they start here. This is their first place. It is a place of beginnings. It is a major CBD area and it is an extraordinary place for new business, because of the support of the local CBD and the extraordinary number of people who pass through that CBD every day.

I expect from the Treasurer a budget which provides the groundwork and the foundations to allow the people and the businesses of Parramatta to get about doing what they are doing. I will say here that there is a difference between what a conservative sees when they look at Parramatta and what a progressive sees when they look at Parramatta. It is clear from legislation that we have seen over the last years that, when the conservative government looks at Parramatta, it sees what people are doing bad and it introduces regulation to try and stop it. The Welfare to Work program is an example of that. The assumption is that people are doing the wrong thing and that they have to be beaten up or forced to do the right thing.

I see something quite different. I see the vast majority of people doing in their daily lives exactly what the community needs them to do. I see families that are setting about trying to raise their children well, get them a good education and turn them into productive members of society. They are trying to save for their retirement, trying to build relationships with each other, trying to juggle the competing demands of workplace and family—essentially trying to do everything that the community needs them to do so that the taxpayer does not have to pick up the cost later in life. When a family fails, that is what happens: the taxpayer does pick up the cost at some point. We all need families to do well, and what I see is the vast majority of families trying to do exactly what we need them to do. I see the same things from small business, where people are trying to grow their small business and trying to do the right thing by the community, and from employers, in the main, trying to do for themselves exactly what we as a community need them to do.
The questions for me are: does this budget facilitate the good intentions and good work of families and businesses—and the community at large, for that matter—or does it make things more difficult? Does it simply let the status quo apply and let things get worse from here? Does this budget address the needs of small business, for example? Does it address the growing skills crisis? Does it address the infrastructure issues that small business is facing? Does it address our appalling R&D record over the last 10 years? Does it help develop export markets? These are all issues for thriving CBDs like the one that I represent, the Parramatta CBD and its surrounds. Does it ease the path? Does it give anyone a push? Does it open new doors? Does it look ahead? Does it identify barriers and try to break them down? The answer must be an unequivocal, ‘No, it doesn’t.’

Similarly, looking at families: does it assist families in their efforts to educate their children well, particularly those families who do not have a choice between sending their children to state schools or the more expensive private schools? Does this budget ease the path that parents are on? Does it make it easier for them to educate their children well or does it make it more difficult? Does it make it easier for parents to prepare for their retirement? The answer has to be no. With HECS debts rising yet again and people entering their 30s with substantial debts and without a first mortgage, one has to answer, ‘Absolutely not; this budget does nothing to assist families to prepare for retirement.’

The budget absolutely fails to deliver the fundamentals with which families, businesses and communities flourish over the long term. It is a wasted opportunity. This sort of windfall comes along once in a century if we are lucky. This government has absolutely failed in this budget to capitalise on it.

Parramatta is one of the major CBDs in Sydney, certainly the second biggest, and it is the main one in Western Sydney, a community of around two million people—one of the largest communities in Australia and one of the largest economies in Australia. It is a major employment and business hub. It has been going through a bit of a boom recently, largely due to the property boom, with very large construction companies working in Parramatta—and construction represents a very large part of Parramatta’s GDP. There has also been some very strong state investment in large construction with the building of the new legal precinct, the police centre and the new Civic Place. And the support services for that large influx of government business have been driving a lot of the growth in the inner CBD. But, like all businesses in this country, businesses in and surrounding Parramatta face constraints. They face very real skill shortages, and I hear about those every day. They face transport problems, and we know of course that this government withdrew federal interest in transport when they were first elected in 1996. There is a serious lack of investment in R&D, and poor export performances.

Even a friend of the government, the Business Council of Australia, usually a strong supporter of the government, has had something to say about this in its prebudget submission. Michael Chaney of the Business Council of Australia warned that serious constraints and imbalances are emerging within the economy that, in the absence of reform in key areas, will slow growth, limit opportunities and undermine the economy’s capacity to deal with longer term challenges. In spite of this and warnings from many other credible economic experts, we find once again that the government has failed to act in this area.

The community is stronger if people live where they work. My community is stronger if people can spend 10, 15 or even 30 minutes travelling to work. It leaves them with more time...
at home, before and after work, and more opportunities to socialise with work colleagues and others. It is particularly true when a second parent returns to work and it is particularly true for part-time work. That means that it is particularly true for women returning to the workforce—women trying to squeeze their working hours in between the time they drop their children to child care or school and pick them up later in the afternoon. These are parents who really cannot afford to spend an hour and a half travelling to and from the city to work.

For my community, the strength of the local business community is absolutely essential not just for the growth of business but also because business is about family and community. Local business forms an incredibly important social cohesion role by providing workplaces such that people work and live in the suburbs and know and socialise with people outside the work environment. We in Sydney have all experienced living in one suburb and working in another, and our friends can be so separated by geographical distances that it can be extremely difficult to maintain those social connections. It is incredibly important to our community that the local Parramatta businesses and the businesses surrounding them continue to flourish, and that means that they need to be competitive in this globalised world. That means that we as a nation have to invest in our skills and R&D, and concern ourselves with how we are competing with China.

China is not going to remain a low-skilled workforce for very long; in fact, it is not now. China is spending so much more—21 per cent of its GDP—on training at the moment. We are down in the bottom 15 in the OECD in terms of our training. We are one of the only countries in the OECD that is spending less on education every year, rather than more. If my local businesses are going to compete then this country needs to remember that our competitive advantage is in our minds. It is in our skills, our imaginations and our innate ability to innovate. It is about time this government invested in that. Communities like mine, where a CBD supports an incredibly vibrant, high-density and rapidly growing community, can only do well if they are able to compete in the global market.

Mining, incidentally, does not take place in Parramatta. Parramatta is not directly benefiting from the commodities boom. The other 95 per cent of the economy is found in Parramatta. The other 95 per cent of the economy is being completely ignored in this budget. This budget rides on five per cent of the economy and ignores the other 95 per cent. It certainly ignores the future of the other 95 per cent. I, too, will cut my remarks short because I know there are a lot of other speakers. But I say to the government that it is another year of wasted opportunities and another year of completely throwing away one of the greatest opportunities Australia has even had to invest in its future and get its fundamentals right. This is a profound opportunity and it is incredibly sad that we have seen it wasted. We know as families and individuals, in our own lives, that when something happens that gives you a windfall gain, you use it to invest in the future. You use it to make sure that that prosperity continues. I urge the government to take my concerns seriously and consider the needs of the other 95 per cent of the economy.

Mr PROSSER (Forrest) (4.39 pm)—I speak today in support of the Appropriation Bill (No. 1) 2006-2007 and cognate bills. Another year, another budget, and yet another budget in surplus. Responsible economic management by this government has produced higher living standards, created more jobs and kept pressure off home loans and interest rates, allowing
families to plan for the future with confidence. Our strong budget position allows us to pro-
vide incentives and assistance to the wider sector.

The Liberal government is committed to helping all Australians get a job. Under Labor, the
unemployment rate rose to nearly 11 per cent during the 1990s. At five per cent today, it is
now the lowest it has been since November 1976—and it is even lower in my home state of
Western Australia. Responsible economic management and continued growth are the best
ways to create new jobs. The government is assisting further by expanding training opportuni-
ties and programs that help get people into the workforce.

It is also assisting small business with measures that allow more tax benefits to encourage
jobs growth. Small business remains the backbone of our economy and a vital source of Aus-
tralian jobs. By strengthening small business, we strengthen the Australian economy, now and
into the future. This budget builds on the government’s commitment to support small busi-
ness. The government will deliver a range of reforms to simplify the tax system for small
businesses, such as reducing taxes on small business by some $435 million over four years to
reduce compliance costs and delivering $40 million worth of changes to simplify the fringe
benefits tax, including increasing the simplified tax system average annual turnover threshold
from $1 million to $2 million. Over 650,000 small businesses will now become eligible for
the simplified tax system. The changes will also improve access to the small business capital
gains tax concession by replacing the current controlling individual test with a 20 per cent
significant individual test and by increasing the net asset threshold from the concession of $5
million to $6 million. The government will also reduce the Australian Securities and Invest-
ments Commission’s one-off incorporation fee from $800 to $400 from 1 July 2006. This will
benefit businesses that wish to incorporate.

The government will enhance the wine equalisation tax, or WET, producer rebate scheme
with effect from 1 July 2006. Currently the WET producer rebate scheme provides a WET
rebate of up to $290,000 to each wine producer or group of producers each financial year.
From 1 July 2006, each wine producer or group of producers will be able to claim an in-
creased maximum rebate amount of $500,000 each financial year. The enhanced assistance
will effectively exempt up to around $1.7 million of domestic wholesale wine sales from the
WET each year per wine producer or group of producers, compared to $1 million a year under
the current scheme. This is a tangible benefit for struggling wine producers in my electorate
of Forrest in the south-west of Western Australia. Growers are currently struggling with the
global oversupply of grapes and falling margins. The wine industry in the south-west is a sig-
nificant rural industry which provides employment for a lot of people and of course plays a
significant role promoting and being a drawcard for regional tourism.

I am sure the region’s farmers will also welcome capital gains tax relief outlined in this
budget. Under the new guidelines, farmers and other small businesses with a turnover of less
than $2 million can sell or hand their business to a family member without paying capital
gains tax. This has been a bone of contention for farmers for some time. Until now, they have
faced the prospect of a hefty capital gains tax bill if they wanted to hand their property down
to their children.

Investment in new plant equipment is essential for Australian businesses to keep pace with
new technology and remain internationally competitive. The government will increase the
incentive for Australian businesses to invest in new plant equipment by increasing the dimin-
ishing value rate for depreciation from 150 per cent to 200 per cent of all eligible assets acquired on or after 10 May 2006. This will allow business to write off the cost of new plant and equipment more rapidly for tax purposes, reducing the cost of investing in eligible assets over their effective life. This measure more closely aligns depreciation deductions for tax purposes with the actual decline in the economic value of the asset. Ensuring depreciation for tax purposes aligns with the economic depreciation will also assist business to keep pace with new technology, enhance productivity and sustain economic growth.

Again, due to the government’s previous economic management and our current strong budget position, the government is now able to provide even more support for Australian families. On the subject of personal income tax, the government will provide tax cuts worth $36.7 billion, including the reduction in the fringe benefits tax over four years. This is in addition to the $21.7 billion worth of tax cuts announced last year’s budget.

I support the changes to personal tax rates and thresholds from 1 July 2006, and I am personally pleased that the Treasurer resisted calls to increase the tax-free threshold, as decreasing the tax rates was the best incentive for continuing employment. The tax cuts will increase disposable income for all Australian taxpayers, provide further incentives to participate in the workforce and improve the international competitiveness of Australia. Over 80 per cent of taxpayers will face a top marginal rate of no more than 30 per cent over the forward estimate period. Reducing the top marginal tax rate and significantly increasing the top threshold will improve our competitiveness compared with other OECD countries. In 2006-07, the top marginal tax rate will apply to around two per cent of taxpayers.

Since 1996 the government has doubled assistance to families through the family tax benefit system. The maximum payment per child under part A has increased from around $2,400 to $4,200 a year. From 1 July 2006 more families will receive the maximum rate. They will now be able to earn $40,000 a year, up from $33,361 in 2005-06, without having their entitlements reduced. People on carer payments who look after others with a disability will receive a $1,000 bonus payment. Those on carers allowance will receive a $600 bonus payment.

Senior Australians eligible for the senior Australians tax offset will pay no tax up to an annual income of $24,867 for singles and $41,360 for couples. Senior Australians, including eligible self-funded retirees, will receive a one-off payment equal to the annual amount of the utilities allowance of $102.80 to be paid by 30 June. People in rural areas will be better able to access the pension from 1 January 2007, as the value of their home on their rural property and the property will be exempt from the pension assets test where they have a 20-year connection with the land. Also, the pension assets test taper rate will be halved from $3 to $1.50 per fortnight for every $1,000 of assets above the free area, with effect from 20 September 2007.

The government proposes a fairer and simpler superannuation plan from 1 July 2007. Those aged 60 and over will not pay tax on their superannuation pension. The self-employed will be able to claim a full deduction for their personal superannuation contributions and eligible self-employed people will have access to the government’s co-contribution scheme.

The budget contains specific increases in AusLink funding, with particular relevance to my electorate of the first progress claim towards the construction of the Perth-Bunbury highway of $15 million, construction of which should commence later this year. At a local level, the government has boosted Australia’s Roads to Recovery program funding to local councils to
upgrade local roads in towns and shires. The program over five years averages around $300 million per year. The Australian government will invest $126.1 million in Western Australia’s local roads during 2006-07. This comprises $45 million from the AusLink Roads to Recovery program, $2.3 million under AusLink’s Strategic Regional Program and $78.8 million in untied financial assistance grants for local roads.

The extra one-off payment of $45 million represents an extra one-off payment in 2005-06 to councils for local road improvements, equivalent to an additional one year of Roads to Recovery funding. The 11 local authorities in my electorate of Forrest in the south-west of Western Australia, stretching from Harvey through Bunbury and Busselton to Margaret River on the coast and inland through Collie, Bridgetown and Nannup to Manjimup will receive a road funding windfall of $4.2 million as a result of this year’s federal budget. All 11 authorities in the south-west are very happy with the extra one-off payment which will bring forward a number of road projects in regional areas.

I applaud the federal government in its commitment to extend the AusLink black spots program to 2007-08. The aim is to prevent an estimated 500 casualty crashes on Australian roads in 2006-07. The program is unique among a suite of government land transport investments in that it targets funding to the worst crash sites, usually for remedial treatment such as traffic signals, vehicle turning lanes, roundabouts and improved lighting. Western Australia will receive $5 million from the program between 2005 and 2007 which will be directed to fixing approximately 51 priority crash locations. For every dollar outlaid on black spot solutions, the community reaps a benefit of $14.

In conclusion, I congratulate the Treasurer on presenting this budget, which again is in surplus, for the ninth time in 10 years, and which for 2006-07 provides an underlying cash surplus of some $10.8 billion. Having now eliminated the $96 billion of Labor’s debt that we were left with when we came to office, we have now had 10 years of sound economic management, which has seen this debt eliminated in net terms, providing ongoing interest savings of around $8 billion a year which can be invested in physical and intellectual infrastructure. Only with no debt repayment and no debt servicing costs can we build on the incentives and assistance for the community and build opportunities for the future. I commend the bills.
ing overseas. But it is also important to remember that the highest tax rate is not the be-all and end-all when assessing this and that there is a whole range of issues that employees put into their calculations when deciding what country to work in, including the tax rate—not just the highest tax rate but the tax rate all the way through—the quality of education for their children, the natural environment et cetera.

Importantly, as I said, this budget fails the skills and training test. It sets up nothing for the future. The Howard government has known the skills crisis is coming. It has sat on skills shortages for 10 years and done nothing, and this budget does absolutely nothing for the skills crisis. It is a handbrake on the economy and the government has failed to fix it. The Governor of the Reserve Bank, who is one of the most respected central bankers throughout the world, warned in early 2005 to the House of Representatives economics committee that the skills crisis and the lack of infrastructure were the biggest problems facing this nation economically.

It has been observed by many people that part of the upward pressure on interest rates that we are seeing in the economy is coming from the skills crisis in this country. Since 1995, Australia has been the only OECD nation to cut public investment in universities and TAFEs. This budget does nothing to reverse that appalling record. The Howard government’s technical colleges, which they talk about ad nauseam, are a joke. They have barely gotten off the ground. The budget papers reveal that the government this year spent just $40 million of the $64 million allocated, with only four of the 25 colleges open. That is a very optimistic figure when you consider that one of those colleges has one student. I am all in favour of good teacher to student ratios, but one student in an entire college is a joke. This government has completely dropped the ball on skills and training, and I must say that the minister for skills and vocational education is one of the weaker ministers in this government.

Labor, on the other hand, have a forward-looking approach. We will introduce a range of options, a range of measures, to fix the skills crisis. We will have the trade completion bonus, we will have skills accounts, we will have TAFE support for child-care workers and apprentices in traditional trades, and we will abolish foreign apprenticeships. The skills accounts will effectively abolish TAFE fees for traditional trade apprentices. Labor will make an initial deposit of $800 a year, for up to four years, in an apprentice’s skills account to get rid of up-front TAFE fees—$800 a year for those training to be a plumber and $800 a year for people training in other traditional trades: electricians, welders, motor mechanics and chefs.

But, importantly, we must not forget child-care workers. This government has allowed for the creation of extra places in this budget but done nothing to solve the child-care worker shortage. You can create all the places you like. You can say, ‘We’ll fund them if the demand is there,’ but if there are not enough childcare workers in the community then you know that nothing is going to happen. If the Treasurer actually got out and spoke to child-care operators in Western Sydney, the Hunter and elsewhere, he would find out that child-care centres have a lot of trouble getting child-care workers because there is a shortage of them in this nation. A Labor government will get rid of TAFE fees for eligible child-care courses by making an initial deposit of $1,200 a year, for up to two years, in a trainee’s skills account. Young people training to teach and care for our kids can use this for a range of purposes, including abolishing their TAFE fees. Labor will also, as previously announced, deliver a $2,000 trade completion bonus to encourage kids to finish their courses and produce an extra 10,000 tradespeople that are needed right now.
I want to spend a little bit of time speaking about a matter I have spoken about before in the House, and that is the matter of research and development. Our nation faces a choice. It can take the high road or the low road to competition. The high road is embracing high technology, embracing research and development, and competing on quality. The low road is cutting wages and competing with nations like China and India—the Spotlight approach.

Other countries that have a similar economy to Australia—an economic base grounded in commodities and with exports based on commodities—have taken the high road approach. In Finland, for example, the Finnish government has made innovation a national priority, with the result that Finnish expenditure on research and development has doubled as a proportion of gross domestic product since 1985 and high-tech exports have increased from six per cent of total exports in 1991 to 15 per cent in 1996 and continue at a very high rate. I have talked before in the House about the Irish example. The Eire government’s approach to research and development created new institutions and embraced high-tech, and the country now has a very impressive record on high-tech exports. Canada is another nation which has a similar commodity base for its exports, but it has embraced research and development.

Australia has dropped the ball. Australia’s private investment in research and development is significantly below world’s best practice. In 2004, Australia was ranked 16th out of the 28 OECD nations. Australia’s performance, with an R&D investment of 0.89 per cent of gross domestic product, is well below the OECD average of 1.51 per cent of GDP. To further illustrate the point, the growth rate of Australia’s business expenditure on research and development has also lagged behind the rest of the world. Australia is ranked 26th for growth of business research and development—26th. That is an appalling figure.

I do acknowledge that there are some improvements in government funded health and medical research, but there is nothing to improve private sector expenditure on research and development. This is another missed opportunity, a shameful missed opportunity. The government’s failure over the last 10 years to embrace research and development has directly led to our current account deficit crisis. Today we saw the announcement of the 49th concurrent current account deficit. Next month will be the big five-O. That is the worst run of current account deficits we have seen in over 20 years, and the worst deficit we have seen in over 50 years.

We have had some unexpected support for the concern we have been expressing about this from the honourable member for Blair, who put a question on notice about this. It is an unprecedented activity for a government member to put a question on notice about the current account deficit. I congratulate the honourable member for Blair on standing up and saying what we have been saying, that this is a crisis for our nation and the government needs to do something. It needs to embrace manufactured exports and elaborately transformed manufactures, it needs to embrace high-tech exports and it needs to expand the Australian export base, because, if we see a reduction in demand for commodities around the world, the Australian economy will be in big trouble. We have the best terms of trade we have had in the last 50 years and yet this government returns the biggest current account deficit. The budget predicts a growth in exports of seven per cent—but it has done that previously, and over the last few years, of course, it has delivered two per cent. Seven per cent predicted; two per cent delivered. The nation cannot afford for this government to make that mistake again.
I want to now turn from macroeconomics to a few matters which directly affect my electorate. I know they affect other honourable members too, but they are of particular concern to my constituents. Primarily I want to refer to this government’s abject neglect of the dental health system. The message from the Australian people is simple to all governments: just fix it. A terminally ill constituent of mine on the disability support pension who required corrective and strengthening work to be done to her gums and teeth prior to undergoing extensive chemotherapy had nowhere to go to access affordable dental care. She approached me and, luckily, together with state MP the Hon. Carl Scully and state Minister for Health the Hon. John Hatzistergos, we were able to get a rapid response and to see that constituent booked into Fairfield dental hospital for treatment under the oral health program a week later. But a woman like that should not need to come to her local federal member to receive that sort of treatment. In a nation with an economy like ours, we should be able to afford good dental care for our pensioners and for other people in their hour of need.

The federal government constantly flicks this to the states as it does with any problems. But the Constitution is clear. In fact the Constitution was amended in 1946 to make dental health care a federal government responsibility. While we recognise that the increases in funding in this area by state governments are helpful, ultimately it falls on the Commonwealth government to restore the Commonwealth Dental Scheme, which the Keating government established and which this government abolished. We need to reinstate that scheme to get the 650,000 Australians on the waiting list off the waiting list and in to dental care.

The final matter I want to deal with is a matter very particular to my electorate, which is Fairfield Community Aid. I have spoken about this in the House previously. The federal government abolished the funding for Fairfield Community Aid last financial year. I recognise this and have said in the House that there is fault on both sides about that, that Fairfield Community Aid should have had better accounting practices in place. But the way the federal government has responded to that has been absolutely nothing short of appalling. It gave $40,000 to the Salvation Army, which was not equipped to cope with handing that funding out and which left a funding shortfall of well over $200,000 that did not go to emergency relief for people who need it in my electorate.

The government has now offered $40,000 to a consortium which includes the former Fairfield Community Aid and the Fairfield Migrant Resource Centre—$20,000 for each site in Fairfield and Cabramatta. That is a drop in the bucket. Last year we saw approximately $270,000 worth of funding for my electorate; this year so far we have seen $40,000. The government has completely neglected this issue. I have made the point before in the House. I think I have spoken about this in the House three times now, and not once has a staff member of the Department of Families, Community Services and Indigenous Affairs picked up the phone or come to see me to talk about these issues that are affecting my electorate. Not once have I received a briefing on how the department proposes to fix this problem, which is having very real impacts on the most needy in our community. I will be watching closely the allocations for funding for 2006-07 to ensure that at the very least Fairfield local government area receives the equivalent of the 2005-06 funding—that is, $267,000 for Fairfield Community Aid, the $80,000 for the Salvation Army and another smaller allocation for another provider.
It would be completely unacceptable for the department to use the problems with emergency relief funding in Fairfield in 2005-06 to reduce the overall allocation of funding for the Fairfield LGA, especially when you note the fact that the department provided just $5,000 for the administration of a $270,000 scheme—$5,000 to help volunteers administer a scheme; volunteers who work very hard and whose primary focus is to actually deliver money to people on the ground who need it. The problems of poverty and the special needs of struggling lower-income families in Fairfield require the emergency aid in Fairfield to remain and, in fact, to grow.

This is a budget of lost opportunities. It is a shame that the government has again missed the opportunities which you would think are relatively easy for it to embrace: to fix the skills and education crisis in our nation, to fix the research and development crisis and to take steps which would eventually fix the current account deficit crisis, which is the worst we have seen in this country for the last 50 years. I support and commend the member for Lilley’s second reading amendment. I regret the fact that the government has introduced such a short-sighted and appalling budget.

Mr RICHARDSON (Kingston) (5.06 pm)—I rise today in support of Appropriation Bill (No. 1) 2006-2007 and cognate bills. 9 May was a sensational day for all Australians. It was the day when the most successful Treasurer in this nation’s history stood up and delivered a budget which heralded great results for every Australian. Before my speech, I heard the Labor member for Prospect talk about the Howard government’s introduction of the technical colleges initiative. ‘It’s a joke,’ he said. The 400 parents and their sons and daughters who recently attended a public forum in my area certainly do not agree with him. The actual problem for us in 2007 will be to try and place all of those young people.

The most important point to note is that this budget and the result it delivers for all Australians would not have been possible without the strong and disciplined economic management of the Howard government. Since this government was elected, we have paid back $96 billion in Labor debt—I repeat: $96 billion in Labor debt. As a result, we now save $8 billion per year in interest repayments. While the legacy of the former Labor government to this nation was crippling debt, the legacy of this government will be a strong economy and a government better able to serve its people because it is not constrained by the crippling effects of massive debt.

To me, one of the best announcements in the budget was the announcement that this government would no longer tax the superannuation end benefits of Australians over the age of 60 who have paid into a taxed super fund. The situation prior to the Treasurer’s announcement was ridiculous. We had a situation where we were desperately encouraging Australians to save for their retirement. With the ageing population, we needed Australians to embrace superannuation. However, we required them to pay tax on the money they were paying into a super fund and then to pay tax again when self-funded retirees received the benefit of that super. Not only did the absurdity of that situation act as a disincentive for people to save for their own retirement but it resulted in Australians who had saved for their own retirement receiving less of their own income when they needed it most.

These bills and this budget changes that by removing the absurdity and no longer taxing the end benefits of Australians aged over 65 who have paid into a taxed super fund. I can assure you that self-funded retirees and those near retirement age in my electorate of Kingston are
exceptionally happy with this result and with what this government is doing to make life easier and more equitable as they head to retirement.

That brings me to the taxation reform contained in this budget, not just for individuals but for businesses as well. Let us face facts: Australian taxpayers paid back Labor's debt. This government had to use Australian taxpayers' money to clean up Labor's mess. So, now that we have eliminated Labor's desperately unfortunate legacy, those taxpayers should receive some relief. This government, across the last number of budgets, has delivered that relief, and part of that relief has been in the form of tax cuts.

Over a number of budgets, this government has delivered a tax cut to every single Australian taxpayer. We have not politicised tax relief as the Labor Party tried to do last year by opposing the tax cuts. We have rewarded not just those who voted for us; we have delivered a tax cut to every single Australian taxpayer. The taxpayers of Adelaide's southern suburbs are exceptionally grateful for the tax relief handed down to them by this government.

Similarly, the businesses in my electorate of Kingston are very pleased with their share of the tax relief. As the Treasurer explained on budget night, the report received by the government on the international comparison of Australia’s taxes showed that Australia had the equal lowest value of depreciation allowances in comparator countries. Given the rapid growth in technology and the continual need for business investment in technology, this government will move to enhance our taxation arrangements by moving to a 200 per cent diminishing value rate on eligible business assets acquired after 9 May this year, compared to the 150 per cent rate prior to the budget. This will cut business tax by $3.7 billion over the next four years. This measure encourages Australian business to undertake investment in new plant and equipment and will ensure that Australian businesses, including those in my electorate, remain competitive with their international counterparts.

While we are on the subject of businesses in my electorate, I would like to speak briefly about the beautiful district of McLaren Vale on the southern side of my electorate. The members for Barker and Wakefield may disagree, but I believe that McLaren Vale is without doubt the finest wine-producing region in South Australia and one of the best in the world. The people of McLaren Vale are very happy with this budget. In addition to the personal income tax cuts and the cuts to business tax and red tape, they have an additional reason to smile, because the wineries in McLaren Vale may now take advantage of the increase in the wine equalisation tax producer rebate scheme. The WET producer rebate scheme previously enabled each wine producer or group of producers to claim a rebate of up to $290,000 each financial year. As a result of this government’s exceptional economic management, each wine producer or group of producers will now be entitled to a rebate of up to $500,000 each financial year.

The increase in assistance to the wine industry comes at a crucial time and has been well received by the industry. I would like to take this opportunity to say that, just as Minister Abbott and the Howard government are the best friends Medicare has ever had, the Treasurer is clearly the best friend the wine industry has ever had, and he certainly now has a lot of friends in McLaren Vale.

Just as the taxpayers, businesses and wine producers in my electorate are thrilled with the announcements in this year's budget, so are the local councils. In the budget speech, the Treasurer announced that the federal government would invest an additional $307.5 million into the Roads to Recovery program. The result of this is that councils across the nation will
have double the allocation of Roads to Recovery funding, essentially enabling them to double their construction plans for the coming year. I have two local councils in my electorate of Kingston, the City of Marion and the City of Onkaparinga, and when I spoke with their mayors following the budget they were thrilled with the additional funding that they are now able to spend next year to ensure the safety of southern suburbs road users.

In South Australia in particular, the Labor state government has dropped the ball when it comes to roads and transport infrastructure. In general, and as a result, South Australians, particularly those in Adelaide’s southern suburbs, are suffering. So, while the Labor state government is wasting taxpayers’ money extending the tramline down King William Street to service a few South Australians who already have ample access to public transport, this government is empowering councils to address the transport issues specific to their local areas. The Howard government recognises that state governments are not doing their share when it comes to transport infrastructure and maintenance and recognises the importance of building and maintaining roads of good standard in an attempt to reduce road trauma.

The doubling of local council Roads to Recovery funding over the next 12 months will go a long way to achieving that. I have been a police officer and I have attended motor vehicle accidents, and as a result I can assure the House that we cannot underestimate the importance of properly building and maintaining our roads. At the end of the day, the lives of our road-using constituents depend on it.

This now brings me to the measures in this budget aimed at assisting older Australians and carers. In 2005 the Howard government introduced the utilities allowance—a biannual payment to aged pensioners to assist with the cost of utilities. This year the Howard government will provide a one-off payment of $102.80—the same value as the utilities allowance—to each household with an aged pensioner. Similarly, each self-funded retiree who is eligible for the seniors concession allowance will receive the same payment of $102.80. In addition, this government is seeking to address the problems for rural pensioners seeking to gain access to an aged pension. The previous rules associated with curtilage often resulted in individuals with a family farm being prevented from obtaining an aged pension because the value of their property meant they failed the assets test. In this budget the Treasurer announced that the government will exempt the value of all land on the same title as the family home for all eligible rural people who have a connection with the land of 20 years or more when applying for an aged pension.

This government recognises the strong connection that country Australians have with their family properties and does not believe they should be penalised for trying to remain in their family homes. For that reason, the Howard government has chosen in this budget to address the situation and ensure equality for all older Australians seeking an aged pension. This government has also sought to recognise the part that carers play and the contribution they make to the people they care for and to society. For that reason, the government has again announced—as it did in the last two budgets—that a payment of $1,000 will be made to recipients of the carer payment and an additional $600 payment will be made to each recipient of the carer allowance. These bonuses are tax free and do not impact on the recipients’ social security entitlement. It is estimated that around 495,000 Australian carers will be a recipient of one of these payments. This payment recognises, while by no means making up for, the sacrifices made by Australian families in caring for their loved ones.
In addition to these measures, this budget—which will reward Australian taxpayers and which attempts to make life that little bit easier for every Australian—delivers yet another surplus, ensuring the Howard government legacy of responsible economic management continues. We as a government and as a nation have achieved a great deal over the last decade, and this budget continues on that path. This is a budget for every Australian. This budget has aimed at removing absurdities in our taxation and social security systems. It has set Australians and the Australian government on a course of saving for our future, and it has given back to those taxpayers who, like this government, went through some difficult times in making up for the irresponsible years of the Labor government. This budget delivers reform to our taxation and superannuation systems, and it delivers realistic assistance to older Australians and to carers.

This budget is only possible because of the responsible economic management of the Howard government. I am always a little perplexed when the Labor Party response to the budget comes out. I mentioned this in my speech on the budget bills last year. If I had been part of a government that put this fine nation into the level of debt that the Labor Party did, I would be so embarrassed and so ashamed that any time anyone delivered a budget or spoke about economic matters in the future I would sit quietly in the corner knowing that it would be nothing short of complete hypocrisy to have an opinion after I had failed so dismally.

Not this Labor Party, though, and not this Leader of the Opposition—who sadly was on the front bench of the very government that plummeted this nation into debt. They will happily criticise, telling anyone who will listen about how we should be spending the surplus. Fortunately, the Australian people know better than to trust the Labor Party with the national purse strings. We the Howard government are able to provide this budget, which provides benefits for every Australian while continuing the government’s path of responsible economic management, which will ensure we leave our children a legacy of a strong and growing economy. For these reasons, I commend the Treasurer on yet another outstanding budget and I commend the bills to the House.

Ms King (Ballarat) (5.20 pm)—Mr Deputy Speaker Scott, it is nice to see you in the chair and I hope it is providing you with some respite from what must be something of a torrid time for you! In debating the Appropriation Bill (No. 1) 2006-2007 and cognate bills for the 2006-07 budget, I want to focus on the Howard government’s economic performance and how their failure to address the key issues of infrastructure, investment and skill shortages, their failure to deal with crucial issues of child care and its contribution to assisting families into the workforce and their failure to lay down a future foundation for economic growth reflect a broader failure of policy ideas and government stagnation.

The government has wasted an opportunity in this budget to lay down the foundations for future economic prosperity. This budget is for the short term. It is a budget that has failed to invest in Australia’s future and the interests of the nation as a whole. It has failed to invest in the skills of our people. Education was not mentioned once in the Treasurer’s budget speech. The government has failed to provide strong national leadership on infrastructure, again taking a piecemeal approach and investing in favoured projects, and it has failed to build incentives and reward for effort into Australia’s tax system—particularly for women returning to the workforce. Coalition members must be wondering what has actually happened. Here you have a budget with some $60 billion worth of spending proposals, including some modest
changes to the taxation system, yet in the public’s eye it has sunk like a stone. Despite the fanfare, despite the Treasurer’s hoopla, it has sunk like a stone. Going by the polls this week, the result of $60 billion worth of spending is that you go backwards. The Treasurer would have to be asking himself, ‘What’s a guy got to do? There is $60 billion worth of spending and we go backwards in the polls.’

The Australian public is worried about the future. Those of us who live in regional Australia are particularly worried, because we can see our manufacturing jobs disappearing around us and we can see what rising petrol prices are doing to our local industries. We travel on crumbling infrastructure every day, and we are the first to bear the brunt of any economic downturn. That is why this budget has sunk like a stone. The government has failed to understand that what the Australian public, what those of us who live in regional and rural Australia, were looking for in the budget was not more handouts, not more election bribes but a direction—a vision and a plan to help us create wealth for our future, lift productivity and provide for future prosperity. The government has always been more spin than substance, and the short-termism demonstrated in this budget absolutely shows it again.

The Treasurer’s song and dance routine to sell the budget failed because the public were desperately looking for something else. They were looking for a government with an ambitious economic agenda that would invest in those things that will ensure the next round of economic growth. They know the resources boom will not last, and they are asking the government: ‘What is next? What are you doing to build future prosperity? What are you doing to boost workforce participation and productivity? What are you doing to help us compete with India and China? What are you doing to make sure that we get a chance to get a better job, higher pay and better opportunities for our kids, not lower wages and worse conditions?’ They were looking for a government prepared to roll up its sleeves and get stuck in on these issues, not more of the same patronage, cronyism and short-term crisis patch-up.

The lack of vision and the complacency of the Howard government is starting to reveal itself in the Australian economy, and this is absolutely true when we come to the critical challenge of the level of our foreign debt. The government’s net debt has been paid down, but it is also true that our net foreign debt, already double the government debt of 10 years ago, has gone up 2½ times. It is now worth $500 billion—that is, half a trillion dollars. On current trends, foreign debt will reach $1 trillion in 10 years, an increase from 51 per cent of GDP to 65 per cent.

Australia’s current account deficit is the highest in the OECD, despite record commodity prices. The government tries to argue that foreign debt is private debt, implying that it has nothing to do with the government and, by extension, that it will have no impact on the economy. That is simply not true. As the IMF has said, the build-up of external debt, although mainly held by the private financial sector, could leave Australia potentially vulnerable to shifts in market sentiment. It is our capacity to compete in the global economy and the pressure that foreign debt places on interest rates that is the problem. Add to this the burden that is placed on future generations to service foreign debt, and the government should be extremely worried about it.

Just as worrying is our trade deficit. The trade deficit in April 2006 was $1.1 billion, the 49th monthly trade deficit in a row. That is despite the FTA with the US. Australia has now been importing more than it exports for four years, and it is particularly in manufacturing
where there is real concern. Despite the prediction that manufacturing exports will show almost zero growth, there is nothing in the budget to assist our manufacturing sector. Content to ride on the productivity gains generated by Labor’s comprehensive economic reform program of the 1980s and early nineties, the government has failed to position Australia to generate the next phase of productivity growth. That failure is hurting regional economies.

Australia’s persistently disappointing export performance shows that we desperately need new solutions if our nation is to pay its way in the long term. As the *Australian Financial Review* recently observed, ‘Other than the automotive sector with its $5 billion in exports, there are almost no large-scale manufacturing and no greenfields investments in the pipeline in Australia, where the output is destined for international markets.’

Blaming Australia’s cost of labour for the deficit, as the Howard government does with its Work Choices legislation, is simply wrong. Labour accounts for only 10 to 15 per cent of the cost of a typically manufactured product. The reality under this government, as the *Financial Review* recently observed, is that, ‘We as a nation decided that we could replace manufacturing, with all its potential for skilled employment and value adding, with services and ever-increasing exports of coal and iron ore.’ Indeed, if it were not for the insatiable demand of China for our energy and commodity supplies, and the resulting higher prices—prices that will not last forever—our trade performance would be deteriorating even further.

According to the Australian Industry Group, the Australian manufacturing sector employs around one million people, equivalent to one in nine of the total workforce. But in the last 12 months alone 60,000 of those jobs have been lost to the Australian economy. Manufacturing is a vital part of regional economies, employing thousands of people and exporting millions of dollars worth of goods. The managing director of BlueScope Steel, Kirby Adams, was recently quoted as saying: ‘Australia is a competitive place for manufacturing, but what is missing is necessary investment-friendly policies in taxation, infrastructure, research and development, red tape and approvals processes.’ And he is absolutely right: the government has failed to address these problems in this budget. There is absolutely no reason why Australia cannot deliver a manufacturing industry which embraces innovation and knowledge. It only needs the leadership and policies to achieve it—leadership that is not being provided by this government.

Regional economies are also feeling the brunt of the Howard government’s failure to address the skills shortage. It is one of the most serious issues facing our economy. Across industries and across the nation, the consequences of the government’s failure and skills policy inertia are being felt. It is not as if the current circumstances should be a surprise to anyone. Employers have been shouting, loud and clear, for over six years that they cannot access skilled labour. But what has the government done about it? Absolutely nothing. It has restricted, not expanded, training opportunities for Australians. The Howard government has turned some 300,000 Australians away from TAFE alone since 1998. The number of vocational education and training students decreased by 6.6 per cent between 2000 and 2004. The 2006 Productivity Commission report on government services shows that recurrent public spending on vocational education and training dropped by 3.1 per cent in 2004. We have the Howard government turning away thousands of Australians from TAFE and universities every year when many of our businesses are crying out for skilled workers.
The government’s solution has been a quick fix of increasing the number of temporary skilled migrants coming into Australia, making it easier for employers to bring in temporary guest workers who are often in exceedingly vulnerable employment circumstances. The government has introduced a new trade training visa that allows employers to import an unskilled worker and place them on an apprenticeship. I cannot help but contrast the growing skills shortage with the rising teenage unemployment rates in regional Victoria. There is something seriously wrong when you have such high rates of teenage unemployment at the same time as local companies are crying out for skilled workers. As I have said previously in this place, it is policy failure on an absolutely grand scale.

The reality is that the government has got the balance wrong. It has been obsessed with attacking the rights of Australian workers at a time when it should have been investing in education and training. My electorate has been forced to bear the consequences of the skills policy failure of the Howard government, as we have seen in the MaxiTRANS case that I have spoken about previously. The government has failed to invest in education and training in this budget.

I have also spoken previously in this place about the need for infrastructure investment to boost regional economies. We all have projects in our electorates that could assist us. In my electorate it is improvements to the Western Highway and the Midlands Highway, investment in freight hubs and rail transport, and investment in information and communication technology. But the government in this budget has continued its ad hoc approach to infrastructure investment while pork-barrelling in National Party and Liberal Party marginal seats and failing to deliver a national infrastructure investment plan. It failed to commit any new funding to any major road projects in Victoria—payback for Scoresby, I imagine.

Labor want to take the politics out of infrastructure funding. In my community, we are happy to have our infrastructure projects stand on their cost-benefit merits but, in the past, we have been overlooked and had our projects bypassed while projects with less cost-benefit merit in Liberal and National Party held seats have been funded. Labor want to establish an expert body, Infrastructure Australia, to take the politics out of infrastructure decisions. We will make it easier for super funds to invest in infrastructure and we will set up the Building Australia Fund to invest in productive infrastructure for the future.

It is the area of broadband that I particularly want to mention in this debate. We are faced with the ridiculous situation in country Victoria where, every time a community or small regional town wants to access ADSL, we have to petition Telstra through their expression of interest system to try to get enough people to signal that they want ADSL before Telstra will even listen to us. Telstra sets arbitrarily high targets and, even when a community manages to get enough signatures, they have to wait until government subsidies are provided to Telstra before Telstra will do anything. High-speed broadband should be available as a matter of course. We are excited if we get relatively slow ADSL, but we should expect even better speeds than that. Australia’s performance when it comes to high-speed broadband is amongst the worst in the world. The government’s answer is to go cap in hand to Telstra to try to reach agreement over funding for what, frankly, will be an entirely inadequate service only available in capital cities.

Labor announced in our budget in reply that we will invest $757 million over three years and apply the equity from the $2 billion Communications Fund in a joint venture with tele-
communications companies so that 98 per cent of Australian businesses and homes will have high-speed broadband. This is not via a patchwork of ISDN, ADSL and satellite but a high-speed, fibre to the node broadband network across the country. We will work with telecommunications companies to deliver this, not just go cap in hand to Telstra to try to beg them to provide a service that should be readily available.

Child care is also an area that I want to talk about in this debate. It is clearly not a priority for this government. The Treasurer, on budget night, claimed that he would deliver 25,000 new child-care places by 2009. Leaving aside the fact that 200,000 places are needed now, the government, in deciding to lift the cap on the number of family day care and out of school hours care places, has failed to solve the child-care problem.

In those two types of child care there are already unfilled places. In out of school hours care, for example, there are currently 67,000 places that are not filled. In family day care, there are currently 30,000 places unfilled. It is predominantly because local councils and other organisations cannot recruit enough family day care workers to do the job—and at $4 per hour, per child, it is little wonder. Added to the fact that the government has now cut operational subsidies to family day care schemes, which exist to recruit and train family day care workers, it is little wonder that it is hard to find people willing to be family day carers.

Despite the fanfare in the budget, there is no guarantee that any of the 25,000 family day care and out of school hours care places will actually be delivered. The government will run the argument that the number of people now accessing child care has increased, and that is true. There are more people, particularly women, who are participating in the paid workforce—predominantly in casual work, trying to assist with high mortgage repayments and increased costs of living. But, despite an overall increase in the number of people accessing child care, the shortfall in child-care places has blown out and the government has presided over a massive rise in child-care fees.

The real winners out of child care in the federal budget are not parents but the for-profit sector. The government has opened up council and community based family day care and out of school hours care to competition from the for-profit sector, competition that has resulted in massive shortfalls of long day care centre based care that provides care for under-fives. It is that area of care where the major shortages are. Whilst the increase of participation for the for-profit child-care sector has increased the number of long day care places available overall, the scrapping of the operational subsidy by the Howard government’s community based child-care centres has meant that many local council services are no longer financially viable and councils are seeking to divest themselves of their management. It has also resulted in new child-care centres being built by the for-profit providers in areas where they can reap higher economic returns, which has left many areas, including rural and regional areas, with a high concentration of parents seeking child care short of places.

As I said, it is the area of long day care where the shortages are most acute. There was absolutely nothing in the budget to increase the number of long day care centre based places, let alone to tackle the issues of affordability. In Ballarat, we have been relatively lucky. Thanks to the hard work of local parents a number of years ago, we managed to do some work and attract enough private providers into the area to ease the pressure on availability of long day care places. But in Daylesford, in my district, the only child-care centre, a community based facility, has just had to increase its fees for low-income families by $7.24 per hour, an impact
that has resulted directly from the federal government’s decision to cut the operational subsidies, as it is a multipurpose centre.

The cost of child care is growing at a faster rate than virtually every other household expense. New government data shows that child-care fees are as high as $90 per day and that average weekly fees for long day care are well above the $200 mark in every state and territory. Combining parenting and paid work is difficult enough at the best of times, and Australians work very hard indeed. Balancing work pressures and quality family time means that modern parents need extraordinary levels of commitment, patience and flexibility and, of course, amazing levels of energy.

Labor has made some initial suggestions that the government could introduce immediately to try and fix the crisis in long day care. They include establishing new child-care centres in areas of shortage on suitable primary school grounds or on crown land, directly funding councils to establish single waiting lists for local child-care places—so that we do not have the ridiculous situation that we had in my community, where I, parents and the local council funded a study to find out the demand for child care in our local area so we could attract private providers into the region—and fixing the child-care rebate so parents can access it earlier.

The government has not addressed in the budget the problems faced by parents struggling to access affordable child care. Without an affordable child-care system, families have little hope of balancing family life and work commitments. Those are just a few of the areas where the government has failed to demonstrate that it has a plan for the future prosperity of the nation. It failed to deliver a plan for Australia’s future; it failed to address the crucial issues of infrastructure, skill shortages, increased participation and productivity; and, ultimately, it failed the Australian people.

Mr ANTHONY SMITH (Casey) (5.39 pm)—The Appropriation Bill (No. 1) 2006-2007 and cognate bills, the budget bills, indicate and illustrate so many things on so many levels. The previous speaker said that the budget indicated that the government had no plan for the future—a statement the member for Ballarat managed to make without any sense of irony. But it reminded me of what Labor’s plan for the future was when they were last in government. When we look at a budget in isolation, of course, we look at the initiatives in it. But look at where, in budget terms, Australia has come from since 1996 and you see the plan for the future, compared to what the future would have been if the government and the country had not changed.

In 1996, the budget was more than $10 billion in the red. Total Commonwealth government debt was $96 billion. Interest rates were 10½ per cent. We still had a wholesale sales tax on multiple goods at varying levels. Ten years on, there have been successive cuts in income tax. This budget takes that a step further. There has been massive reform of our financial system. Our economy is more competitive. Home mortgage interest rates, which were at 10½ per cent in 1996, are significantly lower today. These are the things that have changed in the last 10 years.

Ten years ago, when there was an argument about the budget, the whole discussion was around how big the deficit was. If the deficit ended up being slightly smaller than had been predicted, the budget was considered to be good. There is no mention anymore in Australia of budget deficits. We now only talk of budget surpluses. Once budget surpluses were rare things because they went against the flow. When a government achieved a budget surplus it paid off
just some of that mountain of Commonwealth government debt. Nowadays, surpluses do not have to pay off any debt; it has been paid off. What those surpluses do is go into a future fund that will be used to meet the future expenses of Australia. How could the member for Ballarat seriously suggest that that is not a plan for the future, when Labor’s plan for the future was continued high interest rates, continued high unemployment and punitive taxes?

This budget delivers huge benefits to families and businesses, it maintains economic responsibility with a large surplus and it delivers tax cuts to give money back to families and businesses. The reason the budget is able to afford those things is that we have paid off that $96 billion of debt. Commonwealth government debt that was left behind by the now Leader of the Opposition is something that none of the speakers on the other side will mention in this debate. You can guarantee that will not get a run from any of the speakers opposite. The history of the debt is worth recounting because, as I just said, it is the key reason why there are more resources available and it is the key reason why we have a future fund that, for the first time in a long time, will enable those big expenses in the future to be accounted for.

In 1990, Commonwealth government debt stood at $23 billion. In 1996, it had risen to $96 billion. That was the economic vandalism of the Keating years—$63 billion, which equalled the culmination of six massive budget deficits. They are not just figures that have no meaning to Australians or to the economy. The cost of servicing the $96 billion was $8 billion a year—$8 billion that was spent on interest payments; $8 billion that could not be spent on the sorts of priorities that all of us, on both sides of the parliament, hold dear; $8 billion that was spent on interest and could not be spent on schools, hospitals or roads.

Now that the debt has been paid off, that money is available, but you will not hear an apology or an acknowledgment from the other side. We know that not only did they not see the debt as a problem but also that, in policy terms, they felt it should not be paid off, because they opposed every step to pay it off. They opposed every step in the 1996 budget and all the difficult decisions in the budgets that followed. The $8 billion that was once spent on interest is now able to be spent on the sorts of local priorities that matter.

The member for Ballarat complained about road funding. In 1996 there was no Roads to Recovery program. The Roads to Recovery program was introduced in about 2000, before I was a member of parliament. The Roads to Recovery program for the first time directly funded local councils to fix roads. In this budget, the government—the Prime Minister and the Treasurer—did not just increase the Roads to Recovery program; they doubled it. How can you seriously stand here and impersonate a professional member of parliament and say there was nothing in the budget for roads?

The Roads to Recovery program, which did not exist under Labor, was doubled on budget night. What does that mean for the electorate of Casey, which I represent? For the Maroondah City Council, who were to get $339,246, for which they had budgeted this year, it means they get twice that much and they get it before 30 June to spend on roads. For the Shire of Yarra Ranges, a rural part of the electorate of Casey, $1.4 million was doubled by 30 June to spend on roads straightaway. These are the things that are possible because of the economic reform.

In the short time available, I would like to mention the tax cuts.

Mr Kerr interjecting—
Mr ANTHONY SMITH—Perhaps the member for Denison is not aware that we are under an agreement to keep our remarks brief, but I am happy to break it if he wants to hear some more—

Mr Kerr interjecting—

Mr ANTHONY SMITH—Has it really? I can never reject an invitation from the member for Denison. Last year, who could forget when the Labor Party said that they would oppose tax cuts and did oppose them to the best of their ability? This year, they support them. Members opposite say there should be more funding for families, but in the last election their shadow Treasurer wanted to abolish the $600 one-off payment to families. He did not consider it real money. The benefits that flow to local communities in an electorate such as Casey, which I represent, and in all the electorates across Australia, are very real and very tangible.

Investing in Our Schools is another program that did not exist. Last week, it was announced in Victoria, in the electorate of Casey, that 17 schools would receive individual grants of up to $150,000. What would those opposite do when they announced these? Would they say, ‘This is a program we never had the finances to introduce’? It is a program that is only possible because the Howard government has cleaned up the economic mess of the Keating-Beazley years. The difficult decisions that needed to be taken and have been taken in the last 10 years enable these new choices in the future. On child care, they have enabled the decision to remove the cap on child-care places. The out of school hours program is something that this government invented and extended and something that the families of Casey want to see expanded. They do not want government deciding where child-care places should be built. They can have the places at their local school, if that is what their local school community wishes.

This budget is a budget that delivers tangible benefits for families and business across Australia. It is a budget that has long-term reform in the Future Fund for the superannuation changes. It is a budget that will continue to see Australia’s economic prosperity remain strong. It is in stark contrast to the alternative Australians have experienced before and the alternative they would surely experience again if those opposite were ever to be in government.

Ms HOARE (Charlton) (5.51 pm)—Tonight I rise to speak on this year’s appropriation bills that were introduced by the Treasurer in the budget. This budget was big on tax cuts and big on superannuation changes. As has been indicated by the Leader of the Opposition and other members on this side—and the member for Casey just alluded to it—the tax cuts are not going to be opposed by Labor. These tax cuts, which work out at about $10 a week for the average family, have already been eaten up, and families have not received them yet. They have already been eaten up by the increase in the cost for a family to fill their car with petrol. They have already been eaten up with increased interest rates. They have already been eaten up with the lower take-home wages that families are receiving because of this government’s attack on industrial relations and the attack on the working conditions, penalty rates and overtime rates of Australian working people.

The superannuation changes, which everybody has been speaking about as though they have already been accepted, have not been accepted, as I understand it. The proposed changes the Treasurer put forward are subject to a consultation period, which will allow people to make submissions and comment on those proposed changes. That is why we in the Labor Party have not said whether we will support those changes, because we do not definitely
know what those changes will be. It is quite misleading for government members to stand up and say, ‘Our government has provided these changes in superannuation taxes for people once they turn 60.’ We do not know what those changes definitely will be and we do not know how they are going to affect people. Until we are much clearer on the detail of that, we will be reserving our position.

There are a lot of areas in this budget that have not been addressed. One of those is Australia’s current account deficit and foreign debt. Our foreign debt at the moment is a massive $500 billion. That amount of foreign debt is absolutely and utterly unsustainable. There is no other large OECD commodity-exporting country with a current account deficit as high as Australia’s. The other major issue that this budget does not address is Australia’s trade deficit. We heard today that we now have a trade deficit that is in its 49th month—that is, four years and one month of trade deficits—and that has reached $1.5 billion. While the Minister for Trade and Deputy Prime Minister is trying to patch up problems in his own party, he really should be doing the job that he gets paid for and addressing some of these major issues that this government has presided over for the past 10 long years.

There was a lot of talk and promotion in the budget about uncapping child-care places. Of course, we all know in our own electorates that child-care issues are huge. There are long waiting lists and problems with accessibility and affordability. Families cannot access the type of child care they need where they need it, at the times they need it and for prices they can afford. In this budget, in uncapping child-care places, the Treasurer has put it out to the market, saying to the private providers, ‘If you want to build a child-care centre, you’ll be eligible for child-care subsidies.’ However, this provides more out of school hours and family day care places, of which there are already a surplus, but they are in the wrong places and they are unaffordable. The areas that need to be addressed have not been addressed by this. This budget has not created one extra child-care place for the people in my electorate who are trying to find it.

At the moment there is already talk about a surplus in this area of about 100,000 places. The shortages are in the long day care area for babies from nought to two or three years old, from six or seven in the morning until six or seven at night. When my children were babies and I was a career public servant and my partner was working full time as well, we required long day care for our babies. They were in child care from seven in the morning until six o’clock at night. It was very good quality child care in an industry which attracted very good quality workers. However, under this government over the past 10 long years, the child-care industry has been run down. Child-care workers’ wages have not kept up with average wages. There is not a lot of incentive—other than the passion of the people who go into the industry—in the form of pay and conditions to go into child care. So those areas need to be addressed and have not been addressed by this particular budget.

However, Kim Beazley in his budget reply speech committed Labor, with $200 million, to 260 new child-care centres to be built on school grounds. That is a huge bonus for working families, particularly working families who might have a child at school and a child who is not yet at school, where they may require long day care for the child who is not at school and maybe before and after school care at that same centre for the child who is at school. It stops the double drop-off, where you might have to take one child to a long day care centre and another child to an out of school hours care centre and then arrange for that child to go to school
and back to care in the afternoon, and then you have to pick them both up from separate places that evening. The child-care centres in school grounds would stop that double drop-off. There will be 260 of these child-care centres in places where they are needed. We have estimated that, under this commitment, 25,000 new places will be created in areas of shortage.

Another area where the government has had its head in the sand for 10 long years and that has not been addressed in this budget is in relation to skills shortages. Labor has been out there listening to manufacturers and business communities, and we understand the problem and the need for this major crisis to be addressed. It has not been addressed for the past 10 years. It has not been addressed under this budget. Since 1996 we have had 300,000 young Australians turned away from TAFE. Between 2000 and 2004, the number of students undertaking vocational education and training has fallen by 6.6 per cent.

Labor’s position is to address this problem, and Labor in government would. As Kim Beazley outlined in his budget reply speech, a Labor government would introduce skills accounts which would pay TAFE fees for 60,000 traditional apprentices, with an $800 government deposit per year. Where the TAFE fee is less than that, the skills account can go towards buying textbooks and other things that people need to continue their education. The skills accounts will also pay TAFE fees for child-care workers in training, which will address the issue that I was just discussing.

A very large percentage of apprentices do not complete their apprenticeships, so a Beazley Labor government would provide a $2,000 trade completion bonus for traditional apprentices on completion of their training. We will double the number of skill based trade apprenticeships and we will establish new trade schools. There also needs to be a total overhaul of the New Apprenticeship scheme, which has obviously failed, or we would not have found ourselves in the position that we are in at the moment. We would also increase incentive payments and build new trade facilities.

What really caught my eye was the trade taster program for year 9 and 10 students to experience trade options. A similar program is currently run by the local service clubs in my area. In March this year I was at Morisset showground, where various high schools from around the region had bussed in year 10 students. The local business community had got together with the local Rotary Club, put their hands up and said, ‘We will donate a day of our business to come to the showground and set up our particular trade.’ There was hairdressing, my local gym, the mechanics and the spray painters. About 70 different trades and trainee-ships were there, and the students had an opportunity to be exposed to about half a dozen of them during the day to see what was required of them to fulfil training, to see what job opportunities were out there and to see whether they were the types of jobs for them. I congratulate Toronto Rotary Sunrise and the other service clubs which were involved as well as the schools that sent their students and the students who came along and actively participated in the program. We would be pleased to see that as a nationwide program to benefit year 9 and 10 students right across our country.

What has been the government’s response to this major economic crisis? It has been to give apprentices a new toolbox when they start their apprenticeship and to import foreign workers to take their jobs. It is an absolute disgrace and says a lot about what this government thinks about trying to support our young people, particularly those young people who are not necessarily going to go to university or even on to year 12. I have a son in that position. He is not
obviously going to go to year 12 or university, but I would like for him, like every other
mother and father in this country would like for their child, to have the option of going into a
trade, getting a job and having the support of the government for that.

The other announcement that I particularly welcomed in Kim Beazley’s budget reply
speech was the commitment to superfast broadband being made available to the majority of
Australians over a five-year period. It is something that I have been a strong advocate for.
Citizens of comparable OECD countries have a broadband speed up to 25 times faster than
Australia’s current available broadband speed. From that, we would get all the flow-on ef-
fects. We would get education advantages for young people and benefits to the economy, to
businesspeople in transacting their business, to the entertainment industry, to government ser-
cvices, to the health industry and the list goes on. It would be a huge advantage to have a
communications system through the internet that is that fast.

Over the last couple of weeks there has been a lot of focus—and so there should be—on
domestic violence, particularly in our Indigenous communities. There was nothing in this
budget to address some of the major issues that go along with that. One of the major issues is
the inability of women, particularly, to access well funded community legal centres, and par-
ticularly women’s Aboriginal legal services. You can just imagine a woman in a domestic vio-
ience situation—maybe her child is being abused as well—crying out for help and just not
having access to those legal services. It is a daunting process for any one of us to go through
the legal system, but for somebody who has been under such attack and who has been under
attack for so long it is very difficult to even take that first step. When they do take that first
step, they need to have those services available to them.

I will quote from the National Association of Community Legal Centres, in relation to this
budget. Their media release of 11 May 2006 said:

Our lawyers, with over 20 years experience, earn the same as the average first year legal graduate.
Without more funds, staff will be lost and services will have to be cut.

To give you a bit of an idea about community legal centres, it says:

Community legal centres have been providing free legal services to the Australian community for over
30 years. 180 centres in urban, regional, rural and remote Australia provide help with family law, hous-
ing, credit & debt, income support, etc. 2.5million Australians have been assisted in the last 10 years
with these bread and butter legal problems.

But it goes on to say:
Community legal centres last year turned away 40,000 people.
I dread to imagine what circumstances those people were in then and what their circumstances
are now since they have not have access to those legal services.

In conclusion and in summary, Kim Beazley’s budget reply to Peter Costello’s 11th budget
outlined and emphasised the gaping holes in the budget and drew on policy areas and direc-
tions in which a Labor government would take Australia. The government had a $15 billion
surplus at its disposal to make some real changes, but what we saw was a political exercise to
shore up the vote of the so-called baby boomers with tax cuts now and for superannuation.
These tax cuts will be eaten away by rising petrol prices, increased mortgage interest rates and
declining take-home pay under the Prime Minister’s industrial relations regime. Kim Beazley
also pointed to the three major areas in need of reform which a Labor government would im-
plement. I have mentioned the areas of the skills shortages in relation to vocational education and training and in relation to child-care places, as well as the commitment to high-speed broadband. The statement delivered by Kim Beazley forms a strong basis on which to further develop to ensure that to take Australia in the direction that we believe we need to go in—that is, economic prosperity with fairness, justice and equal opportunity for all Australians—the next government of this country will be a Labor government with Kim Beazley as Prime Minister.

Mr JOHNSON (Ryan) (6.09 pm)—It is a pleasure to speak in the Australian parliament once again and on this occasion to speak on the Appropriation Bill (No. 1) 2006-2007 and cognate bills. I am delighted that my good friend and colleague the member for Moncrieff—another Queensland federal member—is in the chamber with me. Indeed, Madam Deputy Speaker Bishop, it is an honour to be speaking at the time that you are in the chair.

This is a great budget, delivered by a great Treasurer. Of course, when you have a $1 trillion economy you would not want anyone other someone who knows something about budgets. The Treasurer has delivered quite a few of them; he knows what he is talking about. He knows what it is like to manage the economy and those on this side of the House have every confidence in his stewardship of the federal budget. I am not sure that the shadow Treasurer is quite up to the mark or has the intellectual rigour of the Treasurer, but time will continue to tell.

In any event, when we are talking about the Australian budget and the Australian economy, we are not talking about the economies or the budgets of places like Mali, Rwanda, Bangladesh or Peru that the Labor Party would compare our nation to when talking about economic matters. This is a terrific budget for the people of Ryan, this is a terrific budget for the families of Ryan, this is a terrific budget for the businesses of Ryan and, indeed, throughout the whole community, this is a good budget for the electorate of Ryan. I am very proud to be associated with it. I commend it and I want to spend the time that I am provided with here in the parliament to address a couple of the matters, because they are of great relevance to the electorate of Ryan, which I have the great privilege of representing in this parliament in my fifth year here—and I thank the people of Ryan once again for their confidence in me.

This budget is not only a budget for today; it is also a budget for tomorrow. It is one that invests in people today and it is one that invests in the Australians of tomorrow as well. It addresses very diverse areas, from child care to medical research, as well as a particularly relevant and important aspect of national policy—superannuation.

Firstly, I want to talk about personal tax reform and income tax cuts, because these matters are of great interest and of great relevance to the electorate of Ryan. This budget will provide taxpayers with personal tax cuts worth in excess of $36.7 billion over four years from 1 July 2006. As the Treasurer has alluded to in the parliament, these tax cuts are enormous. They are, in fact, the largest in the country’s history. I think it is important for those of us in government to remind our electorates that this is only possible because of our tremendous management of the economy over the last decade.

I want to put this into some sort of context for the people of Ryan, because it is important that they understand how significant these tax cuts are. In the 10 years during which the Howard government has been in office, the Australian economy has grown by an average of 3.5 per cent. I want to compare this with some of the other economies in our region. By compari-
son, Japan has had four recessions, Singapore has had three recessions, Hong Kong has had three recessions, Taiwan has had two recessions, Korea has had a recession and our good friend the United States went into recession in 2001. I think it is important for us to put this to our electorates, because it really does highlight how important the management of the national economy has been to the Howard government since we came to office in 1996.

But this budget, with its income tax cuts, will make an enormous impact upon the household budgets of the Ryan electorate. The 30 per cent threshold will rise to $25,001, the 42 per cent marginal tax rate will be cut to 40 per cent and the threshold will rise to $75,001. The 47 per cent marginal tax rate will be cut to 45 per cent and the threshold will rise to $150,001. The low-income tax offset will increase to $600 per year and phase out from $25,000, up from $21,600 currently. As I said, this will have a huge impact upon the everyday lives of Australians in the wonderful suburbs of Ryan. This is the sort of policy initiative and action that directly impacts upon everyday Ryan residents. It impacts upon family budgets and the daily lives of all kinds of Australians, irrespective of whether they are looking after families or are in business or are retired and senior Australians.

Let us not forget that last year the federal Labor Party stood against tax cuts, yet they come into this place post budget this year and talk about how much these tax cuts are overdue. I want to remind my electorate again that, last year, when the budget announced tax cuts, the federal Labor Party stood in very strong opposition to those tax cuts being implemented. The fringe benefits tax rate will be cut to 46.5 per cent, and I should place on the record that I personally am in favour of the FBT being reduced even further because of the widespread positive ramifications that will have for the economy.

The changes that the Treasurer alluded to in the budget are supported by the recently completed review by Mr Dick Warburton and Mr Peter Hendy into Australia’s taxation system. These changes will go a very long way to ensure that Australia remains competitive with the other income tax rates of the world and that we are in line with the OECD averages. We do need to be competitive in the global world in which our economy is operated. We do not exist in isolation from the world economy. If any Australians or Australian businesses think that that they can conduct their business outside the global economy, I think they should reconsider that thought.

The superannuation aspects of the budget are very significant for the people of Ryan. The government’s plan to reform superannuation benefits paid to retirees aged 60 or above from a taxed fund will be exempt from tax. Up to 100,000 retirees a year will stand to benefit from this enormously important change. The preservation age will not change, and people will be able to take their benefits before age 60, although they would be taxed under new simplified rules. Tax-exempt benefits would mean that people pay less tax on their work income if they are also drawing on their superannuation. This goes a very long way to increase incentives to continue to work. We all know, of course, that we have an ageing population which will impact tremendously upon our workforce and our productivity if we do not address it. I am pleased that the government is focused very much on that aspect of national policy. Australians would no longer be forced to take their superannuation but would be able to take the benefits when they needed them. These changes will deliver a retirement income system which is easier for 10 million Australians to understand. It also rewards additional savings and, as I mentioned, creates a stronger incentive to continue in the workforce.
As all my colleagues in the government will know, 21 April 2006 goes down as debt-free day, a day that will go down in Australia history, I suspect, as one of the most significant. For young Australians in particular, what this day means—and it is a day worth celebrating—is that they have been set free from the Labor Party’s debt prison. When Labor was in office, the debt that they left the Howard government was effectively a life sentence to younger Australians in particular—nothing to look forward to as they entered into the workforce. But now, it is a great pleasure again in the parliament to remind the Ryan electorate that the $96 billion of net debt left by the Keating government in 1996 is no more. This equates to an annual saving of some $8 billion in interest payments. Just imagine how much money was wasted in interest payments when those $8 billion could have gone to so many more worthwhile causes in our country.

Just today I had the opportunity of ringing some of the principals of schools in my electorate to give them the good news about successful applications for the Investing in Our Schools projects, where they were recipients of much-needed funding. I had the pleasure of contacting the Indooroopilly State High School principal as well as talking to the acting principal of Indooroopilly State Primary School to advise them of the good news of their successful applications. These are the sorts of examples of where that $8 billion in interest payments is now able to go, whereas in the previous years, as we paid off Labor’s debt, we had to address that very important problem that was left to us. I also want to very quickly touch on the other schools that received funding from the government: the Chapel Hill State School, the Jindalee State School and the Kenmore State High School, as well as The Gap State High and The Gap State School. This is just a handful of schools in Ryan that have received funding for Investing in Our Schools projects.

But, in terms of the budget, the Treasurer has delivered his ninth budget surplus in 11 budgets. The budget forecast a cash surplus of some $10.8 billion and economic growth forecasts are some 3¼ per cent for 2006-07. As I think I touched on in the beginning of my presentation, I do want to say to the Australian people and to the electorate of Ryan that the Australian economy is about to hit the $1 trillion mark in terms of its GDP. It is vital that the economic management of this country remains in strong hands and with somebody who is up to the task of managing this economy because, quite frankly, we do not want go back to the days of the Keating government when they mortgaged this country’s future.

I want to touch on the budget’s investment in infrastructure. The AusLink program, which coordinates the construction of Australia’s all important rail and road network, has an allocation of $12.7 billion over the five-year period from 2004-05. The 2006-07 budget provides it with an injection of an additional $2.3 billion, representing an increase of almost 20 per cent. This funding will go towards projects such as accelerating works to improve the safety of the Bruce Highway between Townsville and Cairns and to the Tully flood work projects, which will support North Queensland’s recovery from Cyclone Larry.

While I am on Queensland funding matters, I call again on the Queensland Labor government to spend more of its GST revenue on the very important Moggill Road and Centenary Highway in the Ryan electorate. The Labor government in Queensland has been in office since 1989—bar two years of the Borbidge-Sheldon government—and it is high time that the Premier spent some of the $7.7 billion he receives in GST funding on important roads in the Ryan electorate. I call on the state Labor member for Indooroopilly, Mr Ronan Lee, to get off
his backside and to lobby his Queensland Labor colleagues to invest some money in Moggill Road. This impacts very much on his constituents, who are also my constituents. Mr Lee, get off your backside and lobby your Premier while you are in your last few weeks as the state member for Indooroopilly. In a few weeks the very competent and very highly qualified Mr Peter Turner will become the new state Liberal member for Indooroopilly. I am sure that, with his background and qualifications in infrastructure, he will be doing far more than Mr Lee has done in the years that he has held that position.

On the budget, locally the government will double funding to the Roads to Recovery program, which provides funding to local councils to upgrade their roads. The program, which averages $4.3 billion over five years, will receive an additional $307.5 million before 30 June to double the level of construction. We all know how important the Murray-Darling Basin is to Australia. Some $500 million will be committed to that commission to undertake capital works and improvements to protect the water resources of the basin.

Health policy is vitally important to the Howard government. It is vitally important to me, as the federal member for Ryan. I have in my electorate one of the most impressive hospitals in Queensland, the Wesley Hospital. In fact, I visited Wesley Hospital only a couple of weeks ago to look at some of their facilities, and I am delighted to speak in the parliament about the Howard government’s emphasis on funding for health and medical research. The government intends to ensure that this is a very high priority. This year’s Australian of the Year, Professor Ian Frazer, lives in the Ryan electorate. He is a very distinguished medical researcher. We all know that he has been given high award and honour through being successfully nominated as Australian of the Year. He has a reputation at the University of Queensland for being one of that university’s brightest minds and has come up with a cure for cervical cancer, which is something that will affect many Australian women.

Funding for annual grants to the National Health and Medical Research Council will be increased to over $700 million per year by the 2009-10 year. This represents a fivefold increase of the 1995-96 funding levels. This increase in funding seeks to ensure we retain our best and brightest scientists and medical researchers here in Australia. To ensure that such Australians have the facilities necessary to do their groundbreaking research, funding of $235 million will be provided for the building of new facilities. I again want to remind the people of Ryan of how important this budget was. In excess of $700 million has been allocated to critical health and medical research, which potentially could be life saving for them and for their friends and families. It is important that members of parliament draw their constituents to this important budget measure.

Regrettably I only have a few minutes left of my time here, but in conclusion I want to refer to this budget again, as it is a very significant budget for Australians. It makes a substantial impact on everyday Ryan constituents, whether they are in business, they have families to look after or they are retirees looking to enjoy a slower lifestyle while remaining engaged, perhaps in the part-time workforce. This budget provides for Australians of today as well as Australians of the future, because it invests very significantly in our future. This budget does not throw away the silver—as the Labor Party would have done had it been in office at this time—when the economy is very strong. This budget is highly responsible. This budget accommodates many of the challenges of today but also invests in the future. We are not in the business of mortgaging the future of younger Australians. As I said, it is a very responsible

MAIN COMMITTEE
budget, it is a budget that I am very proud to be associated with and I commend the budget to the House.

Mrs IRWIN (Fowler) (6.26 pm)—For the first time in my memory, this year I did not hear the Treasurer deliver the budget. I was attending the IPU conference in Nairobi, Kenya, with my colleagues the member for Pearce and the member for Riverina. That meant that I did not catch up with the budget detail until some time after the budget was delivered.

It was very different from those days when I would sit with my grandfather and listen to the radio broadcast of Harold Holt announcing the government’s spending. My grandfather would anxiously wait to see whether there would be a few bob extra for the pensioners or whether there would be an increase in the price of beer or cigarettes. My parents would listen to hear whether there was some small amount of assistance for families with two children, like ours. There was no talk of tax cuts or changes to superannuation. Taxes were what you paid so that you could get government services, and superannuation was something that only a few people had access to. But if the Treasurer announced that there would be a few shillings increase in the age pension, my grandfather would spend the next few hours—if not days—working out what added luxuries he could spend the shillings on. He should not have bothered. The few shillings were eaten up in the higher cost of living.

So, when I got to look at the budget detail, like my grandfather I began by looking at what was in the budget for pensioners—and there it was: 98c a week in utility allowance. That is even less than the few bob pensioners got in Harold Holt’s day. For a family on a middle income, there was about $10 a week in tax cuts. But you would not have to spend too much time working out where that would go in the family budget. It has already been spent on higher petrol prices and mortgage repayments.

It is true to say that the importance of the budget is overstated in setting the direction of the Australian economy for the year ahead, but we can say that budgets have some role in influencing how people behave. If we increase the price of beer and cigarettes, we might expect people to consume less of those products. It is the same with the role of income tax and family benefits when it comes to how people participate in the workforce.

If I think back to those times, the 1960s, there were choices open to families when it came to work. At that time it was more likely that women would return to the workforce to help pay for a home extension, as my mother did, or a new car, rather than today, when two incomes are needed by a family to pay the higher mortgage. The child endowment of that time has been transformed from a family allowance to family tax benefits. I have to say that I have always found a term that included the words ‘tax’ and ‘benefit’ to be a contradiction of itself, but today that family tax benefit system is responsible for one of the highest marginal tax rates in our system. That is worth noting because we are told that the tax changes in this budget are designed to bring Australia’s tax rates into line with other developed countries.

We are told the reason that it is necessary is so that Australia can retain skilled workers and to provide an incentive to highly skilled and highly paid workers. So, if you happen to be on average income of up to $63,000 a year, you will be better off to the tune of $10 a week. But, if you are earning $250,000 a year, because you need more incentive to get out of bed in the morning, your tax cut will be $158 a week. Such tax cuts, even of $10 a week, would be welcome in any household. But when they come at a cost of a visible reduction in services then it
is not surprising that so many people in middle Australia would prefer to see the money go to improving those services. I know that the people that I represent in Fowler feel that way.

I come back to the issue of incentives for people to participate in the workforce. I recently went through the exercise of calculating just what sort of incentive there is for people who have the option to work more hours per week. I hope—and I mean this—that my daughter will not mind me using her as an example. My daughter Rebecca teaches at a school in my electorate. She has a gorgeous two-year-old son, my first grandchild, Liam. Rebecca works three days a week. Liam goes to child care two days a week and on the third day he stays with his great nanna. Rebecca recently told me that she was thinking of going back to work full time, five days a week. But when we sat down and worked out the extra cost of child care, the loss of family tax benefit part A, the restart of HECS fees and the other extras, such as petrol and toll charges, the net benefit from working two extra days was a mere $80 a week. That works out at about $5 an hour.

Some families are so desperate for that extra $80 a week that they simply do not have the choice. But the question remains: what sort of incentive are we offering when the net pay from working extra days is $5 an hour? It seems the Treasurer thinks that incentives only work at the big end of town, when we have senior executives earning obscene amounts of $20 million or more. If the Treasurer really wants to increase Australia’s workforce participation then he really needs to take a fresh look at the whole idea of incentives. While young families face high child-care costs, while we have a family tax benefit system that pays $3,000 a year to stay-at-home mums of 17-year-olds and while we have a family tax benefit system that results in marginal tax rates of over 50c in the dollar, tens of thousands of young parents will choose to work fewer hours.

Australia has a much lower workforce participation rate than that of similar developed countries. But this budget does little to reduce the disincentives for mothers to rejoin the workforce or to work more hours. It is all about meeting the expectations of the big end of town. There is precious little for middle Australia. The big winners are those on the top of the income tree. I began my speech by reflecting on the 1950s and 1960s and what a different country Australia was then. It was a time when families had some degree of certainty about their future. Their employment, wages and conditions were guaranteed by an industrial relations system which allowed them to share in the rewards of our nation’s productive capacity. Our society was more equal in that era than at any time before or since, but that is rapidly changing.

The government’s extreme industrial relations laws have set Australia on the road to the American model of industrial relations. While this government crowls about measures of increased wages during its term of office, there are already signs that we are heading down a path of lower wages and living standards for a large proportion of the Australian workforce. Just so that members know what is in store for us, the American system means minimum wages of just $8 an hour. In the US, average wages have gone backwards over the last five years. Of course, the US took the lead in making tax cuts to the wealthy and high-income earners. But the old trickle-down theory just is not working. The benefits of productivity growth are almost entirely going to the wealthiest proportion of the population. Today, we see senior executives earning 500 times as much as average wage earners. In a world where raw material and energy costs are rising, labour costs are under intense pressure. They are the one
area where corporations can increase profits. So, rather than allowing surpluses to trickle
down to workers, everything is being done to restrict wage increases.

This is happening in three ways. Outsourcing has become the strategy of a large part of our
manufacturing and even service industries. Manufacturing jobs in Australia have been shrink-
ing at an alarming rate. It may come as a surprise to some members, but my electorate of
Fowler has the highest proportion of its workforce in manufacturing industries of any elector-
ate in Australia. In Fowler, close to 20 per cent of the workforce depend on manufacturing for
their employment. As we see on almost a daily basis, manufacturing jobs are being lost to
low-wage countries.

But pressure on Australian wage earners is not limited to outsourcing. We now have a new
term to contend with, and that is ‘insourcing’. While Australian jobs in the manufacturing in-
dustry have been sent overseas, we are now finding that, in industries such as building and
construction, heavy engineering, health services and hospitality, overseas workers are being
brought into Australia to do the work that Australian employers are not prepared to pay Aus-
tralian workers a decent wage to perform. All our education and training facilities are unable
to provide sufficient graduates to fill the vacancies. There was a time in Australia when em-
ployers wanting to recruit workers in remote areas, all for different jobs, would pay a pre-
mium to get the workers they needed. Unfortunately, that is changing; now we have insourc-
ing. If an employer needs workers and cannot get any takers at base award rates, they can
bring them in from overseas. We even have apprentices being recruited from overseas. This
has never been the Australian way. It definitely has never been the Australian way. We have
not at any time in the last century taken in large numbers of guest workers, but now it is open
slatter.

In throwing out the industrial relations system that had served Australia for over 100 years,
this government has changed more than just workplace relations; it has changed the nature of
Australian society. We no longer think of things such as a living wage. What was once the
basis of a fair and equitable society has now been destroyed. It will not happen overnight, but
it is happening faster than many people expected. We have already seen the Spotlight case.
And, if you look at the advice being given to businesses in Australia, we can expect to see a
lot more Spotlights in the next few months.

In March this year, Anthony Longland, a Freehills partner, told a law finance conference in
Sydney that employers with low-entry barriers should strongly consider using the opportuni-
ties for restructuring their employment arrangements available under Work Choices or have
their competitors beat them to it. He went on to say that start-ups in low-entry barrier indus-
tries could use the new employer greenfields agreements to set up employment arrangements
that have no penalty rates, no shift allowances and extremely limited hours provisions.
Longland told the conference:

They might be able to get a significant advantage over you in terms of labour costs ... There is real re-
sponsibility... on current employers in that sector to guard against that by looking to the opportunities
available under the Work Choices legislation.

So that is the writing on the wall for employers. The expert advice is to cut penalty rates, to
abolish allowances and to take Australia back into the Dark Ages of industrial relations. As for
the protection of workers’ rights, Longland told the conference that protected conditions under
Work Choices were really ‘a smoke and mirrors exercise’. The provisions were protected but
not protected because they could be forgone if they were specifically overridden by the terms of the agreement. That is exactly what we have seen in the Spotlight case. It is no wonder that Australians are not feeling as relaxed and comfortable as they were a few years ago. And, I might add, more than a few members opposite are not looking as relaxed and comfortable as they were a few months ago either. We see that quite often in question time.

While I began by looking back to the 1950s and 1960s, I do not for one moment suggest turning back the clock to those days, but the measures taken by the government in this budget, when taken together with its extreme industrial relations changes, definitely turn the clock back to the 1850s and 1860s. For over 100 years Australia has run a unique experiment in linking working conditions to the building of a fair and equitable society. Our history of social and economic development shows that the experiment has been a great success. In concluding, I state that we need to build on the history of the last 100 years, not tear it up and go back to a system that has been shown to fail in every country where it has been followed.

Mrs MARKUS (Greenway) (6.43 pm)—I rise tonight to support the Appropriation Bill (No. 1) 2006-2007 and cognate bills which are before the parliament. Since 1996 this coalition government has been committed to providing Australians with an economic framework to build their lives and communities, with more jobs, less tax burden and the provision of services that our constituents expect and deserve. I am proud to support an 11th Howard government budget that takes these achievements and builds upon them further. I am proud to be part of a government that has repaid more than $96 billion in debt that it inherited from the previous Labor government—a government that presided over record interest rates and record unemployment levels and the resultant effects on Australians and their families. I note that one of the members opposite talked about returning to the 1850s. I would like to note that I would not be pleased to see us return to a Labor government and what happened prior to 1996. Instead, under this government, Australians find themselves in a situation where strong economic management has provided the lowest unemployment rate in 30 years, where interest rates remain affordable and where there is investment in infrastructure, education and health for our nation.

I would like to take this opportunity to highlight some of the aspects of this budget that will particularly benefit people in the electorate of Greenway. As a working mother, I understand the time and cost pressures faced by mums and dads who juggle work commitments and family time. It is a delicate balance that requires a great deal of skill and teamwork by couples and families. This budget recognises those time and cost pressures on families. Over 10 years in office, the Howard government really has taken the time to interact and converse with Australian families to learn the challenges they face and the support they require. I would particularly like to highlight the uncapped child-care places in family day care and before and after school care. While it is a job that is never done, child care must change with the social nuances of the time. It is a job that requires active listening and responsiveness. That is why I am very pleased with some of the announcements that will be of significance to families in my local area. Nearly 3,000 families in Greenway alone will benefit from an increase in the family tax benefit part A income threshold to $40,000 per annum. This is an increase in the threshold of nearly $6,000, meaning that thousands more families across Australia will benefit from additional family tax benefit part A payments.
How have we been able to deliver these increases? The answer is simple. Unlike those on the opposite side, we are committed to strong economic management, because strong economic management has given us the capacity to put money back into the pockets of hard-working Australians. Families will further benefit from the extension of the large family supplement to those families with three or more children. This recognises that families with three or more children face great cost pressures and further extends the assistance to help alleviate those cost pressures. Families clearly benefit from changes to the taxation system announced by the Treasurer during this budget. Dual income families with children where the major income provider is on an average wage will pay no net tax until they earn $52,000. When this is coupled with a family tax benefit increase, it is clear that the government has been listening to Australian families.

I would like to turn my attention to the superannuation reforms announced by the Treasurer and signal my unqualified support for those changes. Superannuation has for a long time been a complex minefield for all Australians. The Treasurer announced a series of changes that will make superannuation less complex and much more user friendly, improving retirement outcomes and increasing incentives to work and save in the process. The plan has a number of changes earmarked that are of great benefit. Superannuation benefits paid from a taxed fund, either a lump sum or as an income stream such as a pension, would be tax free for people aged 60 and over. This means that benefits paid from an untaxed scheme would still be taxed, although at a lower rate than they are now for people aged 60 and over.

Complexities in superannuation have needed to be addressed. The current systems have different arrangements for tax on contributions, earnings and benefits. In 1988, the Labor government led by Bob Hawke and Paul Keating brought forward part of the tax which was previously applied to end benefits. The result was a dramatic exacerbation of the complex tax arrangements relating to superannuation in Australia. I am pleased that this government has committed to simplifying the superannuation system. The current system means that a lump sum contribution may be comprised of up to eight different parts, which can be taxed in seven different ways. The level of comprehension required to understand how superannuation works is quite astounding. When people cannot easily understand how their superannuation works and what they will receive upon retirement, they will understandably not have faith in the system. The complexity does not just affect retirees; it affects the decisions of Australians of all ages as they approach retirement age as to whether or not to make additional contributions to their superannuation. The complexity also adds to the administration costs of the funds. Removing tax on superannuation contributions reduces the complexity and benefits retirees. I am very pleased to support tax exemptions on superannuation benefits. This covers 90 per cent of Australians with superannuation benefits, making this an incredibly important announcement for the Treasurer.

The changes provide great assistance for a great number of Australians and a great number of people in my electorate. I want to highlight some very important and exciting changes to curtilage that were announced in the budget. Quite a significant part of my electorate—about half—is rural in make-up, with many families, and particularly Maltese migrants, who have been on the land for up to 50 years, who have worked the land and who have faced some discrimination with regard to pensions. In my electorate I have been fighting the issue of curtilage since I was elected. Nearly 10,000 pensioners across the country—and a significant
number of them reside in my electorate—will benefit greatly from a $17.3 million initiative to improve the treatment of rural land under the pension assets test. The previous system exempted the first two hectares of land surrounding the principal home, on the same title, from the pension assets test. The practical reality of that situation, particularly in a city like Sydney where property values have skyrocketed, is that city residences were exempt from assessing, whereas for rural pensioners their large allotments of land were only partially exempt.

With some colleagues, I have been advocating for this system to be addressed. It was a great moment then, particularly for the pensioners in the northern suburbs—on rural land in Riverstone, Schofields and Marsden Park—to see the new exemption in the budget. The Howard government will now replace the current two-hectare exemption on home property land. A fairer exemption will now apply. Where people have a long-term attachment to the land and where that land, on the same title as the family home, is used for domestic use, it will be exempted from the assets test. That is a much fairer arrangement and it is a response to the concerns that have been voiced by members of my local community.

Government is assessed on many factors. On the key indicators of strong economic management, security and leadership, this government has excelled. I commend the Prime Minister and the Treasurer on their excellent leadership. As a team, they have led Australia to unrivalled economic prosperity and have developed the conditions for low unemployment, strong growth and low interest rates. I differ from the members opposite in that I do not believe that this is a time of uncertainty. I believe that the fear in the community is related to the unfair and untruthful claims by members opposite and the union movement. I can testify that in 1996 the unemployment rate in my electorate was 8.8 per cent; it is now 4.5 per cent. Since December it has dropped from 4.8 per cent to 4.5 per cent. I think this is evidence that the decisions and the economic management of this government are actually lowering unemployment and creating more jobs. Indeed, I encourage people in the electorate of Greenway to see this as a measure to build their confidence for the future.

Our budget is in surplus for the ninth time in 10 years. We have established a Future Fund that has begun to save for the future. With those savings, the next generation will be able to meet the challenges of their time. More than that, changes to the tax system mean that 80 per cent of taxpayers face a top marginal tax rate of 30 per cent or less. That is a real benefit to the residents and the families in my electorate. The results of 10 years of disciplined management are not something that this government take lightly. Strong and disciplined economic management means that we can fund the services that Australians legitimately expect and are entitled to receive. I am proud to be part of a team that has recognised cost pressures on families. This budget is indeed very positive for the people of Greenway.

Mr GEORGANAS (Hindmarsh) (6.54 pm)—I rise to speak, in this debate on the Appropriation Bill (No. 1) 2006-2007 and related budget bills, about the effects of the budget on people who live in the western suburbs of Adelaide in my electorate of Hindmarsh. The people make the area, and this area, in which I have lived all my life, is composed of a mix of people from all over the world. We have people from Italy, Greece, Vietnam, China and recent arrivals from Somalia and the Sudan. There are over 49 different nationalities in the electorate of Hindmarsh, and that is what makes it so vibrant.

This area has its activity and vibrancy because of the people who live there. In many cases this vibrancy is evident, throughout the suburbs, in people engaging in life who are clearly of
retirement age. Hindmarsh has a higher concentration of senior Australians than anywhere else in the country and the western suburbs of Adelaide gain so much from their presence—their histories, their activities, their values and, most importantly something we can learn from older people, the regard that they have for each other as fellow Australians and the kindness and consideration that makes this manifest.

This is a population to whom we all owe much. Many of these people have served in world wars. They have paid their taxes all their lives, and they have worked hard all their lives. It is humbling to speak with, for instance, recipients of World War II Commemorative Medallions and learn a little of what they endured for the benefit of this great nation of ours. People you see on the street every day all did their bit for this country, like virtually no other generation. So it hurts all of us, I think, when we see our senior Australians hurting; certainly, it hurts me.

A major consideration of most is, of course, being able to finance their lives—to pay their bills, buy their food and pay for a roof over their head. The forms and degrees of wealth among senior Australians in the western suburbs of Adelaide are as diverse as the precious wildlife within our neighbouring Gulf St Vincent. I am glad that this federal budget acknowledged this in doing the right thing by many senior Australians through a variety of measures, each designed to help the person with a particular form of wealth—or lack thereof.

The senior Australian tax offset, when introduced, gave maximum benefit to those retirees who, in terms of the single pensioner, had a total income of twice the dollar figure of the age pension. That was all the way back in the 2000-01 financial year—five years ago—and it has not been touched since, leaving the original dollar figure of maximum benefit to decrease as a proportion of the age pension for singles, from 200 per cent of the pension all the way down to around 135 per cent. That is about a third. Talk about bracket creep—this is one area where bracket creep has really had an effect.

While the parliament has been good enough to tie the age pension for singles to 25 per cent of average male earnings, seeing a moderate increase in the dollar figure of the pension from around $10,000 per annum to approximately $12,000, the government’s much exalted senior Australian tax offset has decreased in value by about a third.

The consequence of this has been that pensioners on the same amount of money, in real terms, have been increasingly paying outrageous effective marginal tax rates on an income that was supposed to be Australian tax office tax-free. Right now, with the tax offset peaking at $20,500 for single pensioners, a retiree with an income of $22,000 is paying an effective marginal tax rate of 52 per cent; with an income of $23,075 is paying at a rate of 80 per cent; with an income of $23,780 is paying 69 per cent; with an income of $27,481 is paying 68 per cent; and a retiree with an income of $34,560 is paying a 66 per cent effective marginal tax rate, according to the Parliamentary Library figures. That is remarkable. It is astonishing that those figures and those rates are put on people who have worked all their lives and have already paid taxes.

I hope the Treasurer and his colleagues have also sensed people’s dissatisfaction with the pharmaceutical allowance paying the same dollar figure for a couple as for an individual. Many electors would appreciate this allowance being addressed, and certainly people in my electorate have been calling my office to ensure that they let me know how they feel so that I, in turn, could convey their feelings here in this chamber. The allowance should be made equally available for individuals, irrespective of their domestic situation.
I think it is only proper that, if a government introduces a measure, it should maintain the value of that measure in real terms and not withdraw the benefit it offers people by neglect. The adjustment of the senior Australian tax offset does help those who have an income over $20,000. Those who do not earn such amounts face the continuation of the effective marginal tax rate that they are familiar with but nonetheless disapprove of for its similarity to the tax rates soon to be paid by people with incomes over $75,000.

An average age pensioner suspending his or her retirement for a few hours a week, going out and doing what work is available and living on perhaps approximately $18,000 per year is on an effective marginal rate equal to the income tax rate that will be paid by someone earning $80,000 per year. This pensioner’s effective marginal rate is higher than that paid by companies and higher than capital gains tax—and only for working when one should traditionally have fully retired, for working a number of hours here and there to gain a few extra dollars to fund their volunteer work, perhaps, their help at the local club or perhaps an annual trip to visit their grandchildren.

Means testing has not always been an absolute, a given. In the sixties and seventies, universalism was a policy pursued by both sides of politics. While means testing is here today and I expect that it is here to stay, age pensioners see their effective marginal tax rate of 40 per cent as a bit steep and due to be lowered in the overall context of the pension withdrawal and income tax equation.

My electorate office in Hindmarsh has been receiving many calls from people solely reliant on the age pension, people to whom $100 is a lot of money. I do not know whether members opposite can comprehend that but, yes, $100 is a lot of money to many people, especially given the increases in the cost of living that people are enduring—the extra costs of petrol, the slight rises in interest rates and a whole range of other things. A one-off payment equal to the annual utilities allowance is welcome. It will help, but it smacks of tokenism. It appears to be an afterthought, a gesture designed to suggest that the government does care for the recipients, their troubles and their lives.

In the context of this budget, with tens of billions being donated to individual interests around the country, I guess there may be a few full pensioners who might consider themselves fortunate for not being totally ignored. But I spoke recently in the electoral office with a person whose mother was a veteran, an 80-year-old woman, a volunteer with 20-plus years of service, a person who deserves our respect. I heard stories that she had been in the Flinders medical hospital for up to 12 weeks because of the lack of an available nursing home bed—and I am sorry, but that $100 will not see her through. Certainly when we hear stories like this we wonder where the economic prosperity is taking us and for whom it is. It is certainly not for this woman who waited for 12 weeks in a public hospital bed to find a bed in a nursing home.

I am not going to tell her that the $100 is not worth much. If she had buckets of superannuation, perhaps I would be able to say to her, ‘You could pay for your own home care,’ but unfortunately this woman does not have buckets of superannuation. Certainly that is not the way that we should treat our elderly. All I can tell her is that, after ringing around all over the place, my office has not been able to find her anything remotely acceptable, but we will not stop there. We are not going to wash our hands of this problem, blame the private sector and return our focus to our $30-odd billion in giveaways. We are not going to suggest, either, that
her mother take a bed that is closer to the Flinders Ranges than to her family and then laugh and snigger with colleagues over next year’s anticipated $10 billion surplus. Older people have played an important role in our society. As I said earlier, many of them have fought in wars, they have paid their taxes and they have worked all their lives. The best we can do for them is to ensure that we give them some sort of comfort in their twilight years instead of torturing them in a public hospital bed for 12 weeks, with those poor people not knowing where they are going to go next.

Not one dollar of that $10 billion will be going into an area of prime importance to the health of Australians. We see that there was no dental care in this budget. I know that those opposite will debate and say that it is a state responsibility, but it clearly states in our Constitution under section 51 that dental care is a Commonwealth responsibility.

Mr Danby—It used to be a federal government program.

Mr GEORGANAS—It certainly was, and it was cut in 1996. We have seen over 650,000 Australians, most of them age pensioners, waiting to have their teeth fixed. Those opposite will argue, but it is clearly stated in section 51 of the Constitution that it is a Commonwealth responsibility.

This government says it has done the right thing by dental care through funding private health insurance—that is what those opposite will tell us—and the dental services some people access as a result of having private health insurance. But, almost in the same breath, after patting themselves on the back for fulfilling to some extent their responsibility towards those needing dental care, they say that any other provision of dental service has nothing to do with them and they wipe their hands of it. They do not want to help and they do not want to know about it. It is just another area of public administration where the blindingly obvious is misrepresented in words and ignored in deeds. All you have to do is read section 51 of the Constitution, which clearly states whose responsibility it is. It is the responsibility of the federal government and it should be reinstated, as it was prior to 1996.

I would like to welcome the government’s commitment to increase its contribution to the Murray-Darling Basin Commission for future gains under the Living Murray initiative. This new contribution will bring the commitment shared by the federal and state governments to a total of $1,000 million. Water is a big issue in South Australia. We are at the end of the River Murray, and it has always been a big issue. We have recently had water restrictions or water conservation measures put in place to ensure that we grapple with the issue of a lack of water so that we have water for the future and come up with a program that ensures that we can all have the use of water that we have had for many years. But I think we have to change our attitudes to the way that we have been using water. We need to look at the way it is being used upstream and ensure that the River Murray starts to flow again.

I know that the money the federal government have said they will spend sounds like a lot of money. It sounds like it should produce some results in which the stakeholders can be proud—maybe one day, but nobody is expecting anything within the next 12 months. At the 2004 election, the Prime Minister promised us that 500 gigalitres would be flowing through the River Murray. Thus far, we have seen not one extra drop go through the Murray. There are four projects that are supposed to have the potential to achieve half of the water savings required to meet the environmental flow target of 500 gigalitres, and these are estimated to cost approximately $250 million between them. One would think that this is highly relevant to
establishing the first-step project as a whole—the funding, the targets and the outcomes are useful and achievable—but where are these projects right now? Are any states contributing a part of their share of the original $500 million to fund them? Where are the business plans that are supposed to exist and be available through the Murray-Darling Basin Commission? Their information officer either has not been able to tell me or my office or is not interested. We have made a number of inquiries but to no avail.

Beyond this, the availability and release of any environmental flows is supposed to be in accord with the best scientific advice available, which I am sure is provided by highly competent people. But the limitations put on the development of this advice must be compromised by either poor or a lack of fundamental information, such as who is draining how much water from the system on a daily, weekly or monthly basis. A lack of water-accounting mechanisms is certainly not going to help the assessment of consequences to actions. It is encouraging that the government is committing additional resources to these endeavours, and I hope, for our nation’s sake, that the hurdles that resemble razor wire between us here and a healthy river system can be cleared.

This is not only with the Murray-Darling, of course; there are many catchments around Australia that need investment to improve and maintain the health of river systems and that of the water they carry—river systems that catch water in and around urban centres and our capital cities; river systems that have traditionally been seen either as a nuisance to the bungalow builders in the rivers’ vicinities or floodplains or as a problem to be solved by having the water remove itself from our midst as soon as possible and without another thought. We cannot afford for this water to continue to be wasted indefinitely, nor can some of us afford to have it wasted while suspending the toxins and gunk ending up in coastal regions that are precious economically, biologically and environmentally.

Local governments and local catchment boards, state governments and their agencies and the federal government—each in their own way can contribute to developing these resources for our continued use and enjoyment. We need them to do so for the sake of ourselves, our children and our children’s children and, in many cases, the preservation of something that is fundamentally good. Many good ideas have come from in and around the electorate of Hindmarsh. The Morphettville racecourse has been capturing water from run-offs, ensuring that the water is reused in wetlands and anything extra is sent back into the aquifer. Proposals have been made by the West Torrens Council, the Adelaide City Council, the Charles Sturt Council and the Marion Council, talking about capturing the entire run-off that occurs from the Adelaide Hills into the Adelaide Plains, reusing it and sending back into the aquifers whatever is left over. They are great ideas, but no-one is listening. We need people to listen to these ideas. We need people to ensure that we grapple with the issue of water. I think it will be one of the most fundamental issues to face us in the near future.

I suppose this budget delivered a form of economic prosperity. We all talk about the prosperity of the economy at the moment, but what sort of prosperity is it? Is it prosperity without a purpose, when we look at the social ills in our society; when we hear of the woman I spoke of earlier who has been waiting for 12 weeks to be accepted by a public hospital for an aged care bed; when we hear that 40,000 child abuse cases are reported per year, which is a figure that is predicted to double in the next few years, in the minister’s own words; when we hear of massive crime rates; and when we hear of drug abuse playing havoc with our children?
We must sit and measure what economic prosperity is. Where is social prosperity? Certainly we need economic prosperity, but we also need a government to concentrate on the social prosperity of a society. As I have said, I represent one of the oldest electorates in the country. As 25 per cent of my constituents are 65 years and over, I see many pensioners struggling on a daily basis—because, for whatever reason, they do not have superannuation or, for whatever reason, they were not able to save during their working lives. We need to give those people the dignity they deserve—the dignity that society should give people who have worked all their lives and have contributed to and built the foundations of this nation.

We need to ensure that, as a society, we measure our prosperity not only through our economy but also through the society we have become. As I said earlier, when we see 40,000 child abuse cases reported per year, with that number predicted to double in the next few years; when we see pensioners who have no dental care, whose teeth are rotting in their mouths because of lack of services; and when we see drug abuse taking place constantly, we have to look at what we are heading towards and what governments are there to do.

Certainly, we must concentrate on economy. Without economy, everything else falls apart. But, certainly, this government has shown no initiative in concentrating on the social aspects of what makes our society good—what has made our society into what it has been for all these years to what it now has become. We have always been an equitable society—a society where we have not had to worry about being sacked unfairly because of new industrial relations laws that have been enacted and a society where you can go to university without having to worry about paying off your HECS fees over many years into the future. I hear regularly from people who have dropped out of university because they have been worried about the thought of not being able to pay off their fees after finishing and receiving their degree. It is sad when people have to give up studying for this reason.

The IR laws that have been put into place will certainly change our society from the way we now know it. They will ensure that people no longer have security at work; people will live constantly with the fear of being sacked for no reason. I am told every day by people that, under this new IR legislation, they fear getting a contract stuck under their nose and being asked to sign it—and their fear is real. If they say, ‘I am not signing it,’ the boss will simply point to the door and say, ‘There’s another 100 people waiting to take your spot.’ We are not talking about the high-skilled workforce; we are talking about production-line workers, cleaners and people like those we heard about this week at Spotlight. How would you feel if a contract were shoved under your nose and you were told to sign it, knowing that you would lose $90 a week? That is real money. All the economic prosperity in the world will never solve the ills facing us on the road that we are going down at the moment under this current government. Certainly, there is neither social prosperity nor any aim by this government in trying to lead us down a road where we only look towards economic prosperity and not towards social prosperity. (Time expired)

Mr Henry (Hasluck) (7.15 pm)—It has certainly been interesting to hear some of the comments of the previous speaker, the member for Hindmarsh. I must pick up on the point that he made: that the Howard government has shown no initiative. Let us have a look at the record. The Howard government’s record stands alone, with a 16 per cent increase in net wages over the last 10 years or so compared with the previous Labor administration, which had a net wage increase of less than one per cent over 13 years. We have the lowest unem-
ployment in 30 years. In fact, if we had the same unemployment levels, the 10.9 per cent, that we had during the Labor administration, we would have 1.2 million people currently unemployed. So let us look at who has the initiatives.

The previous speaker referred to the Murray-Darling Basin initiative and the extra $500 million that the budget allocated to that initiative together with the National Water Initiative, which is a very positive program to address the serious issues of water supply and water usage in this country—and it will go a long way to doing that. It happens to be one of the issues I want to speak about tonight.

Not many people know that former US President Herbert Hoover began his career as a mining engineer and spent several years working in Kalgoorlie in my home state of Western Australia. He arrived in 1897 and, during his time here, he served on Kalgoorlie’s water supply board and was involved in the water planning for the area. His writings about those years recall that, in forecasting water demand, the board used overseas figures and did not take into account the local community’s incredible commitment to and innovation in water efficiency. The result was that they overestimated demand at that time by over 70 per cent. It is interesting to note that in 1995-96 the Kalgoorlie community saved an additional 400 megalitres of water per annum by introducing a range of water efficiency programs, which were very well received and which included retrofitting programs in domestic residences.

There is much to be proud of in Australia since Herbert Hoover lived here, but the dramatic rise in our water usage, other than in the Kalgoorlie example, is not among them. Although no-one wants to go back to the harsh lifestyles of the 1800s, it is a sobering fact indeed that most of the increase in our consumption has taken place over the last 30 to 40 years and that our per capita water use increased 65 per cent between 1985 and 1997 alone. I am afraid that this is followed by more sobering facts.

Australia’s average domestic daily water use, for example, is 350 litres per person. Allow me to emphasise that: domestically we use 350 litres for each and every one of us. Before anyone resorts to the easy out of blaming farmers or irrigators or even industry, I will reiterate that this is domestic consumption—that, on average, 268 litres of water is used by each urban Australian as drinking-quality water each day, yet only around one per cent of that is actually used for drinking.

The contrast between the extravagance and complacency of our water use with the dryness of our continent is stark indeed, especially when we compare ourselves to other developed nations where, despite higher water availability, their communities generally use far less per capita than we do. Using 260 litres per day of top-quality drinking water for each urban residence puts Australia 30 per cent higher than the OECD average. In Copenhagen, for example, this figure is only 125 litres per day, which is less than half our consumption rate. I understand that the German ecovillage of Flintenbreite in Lubeck has a consumption of only 77 litres per person per day.

I would argue strongly that much of our water consumption situation is due to a fragmentary state-dominated approach to water supply that dates back to federation. The state based arrangements have affected everything from major infrastructure to plumbing training, standards and manufacturing. During my previous role as executive director of the Master Plumbers and Mechanical Services Association and as Vice-Chairman and then Chair of the World
Plumbing Council, I was glad to see genuine progress between the states in their attempts to achieve consistency in some aspects, such as regulations and training standards.

This government’s new Water Efficiency Labelling Scheme, WELS, is an important sign of the innovative and recent progress in this area. WELS officially began last July and moves into its next phase in just a few weeks, on 1 July. It has been developed in collaboration with the state and territory governments and offers huge potential to reduce our water use right across the nation. But today I would like to make a case for another collaborative national approach to water use, which I believe would complement the WELS program and represent significant value to the community, especially in financial and environmental terms. I am proposing a nationwide retrofit initiative focused primarily on replacing the approximately 2.8 million low-efficiency toilets that remain in use in Australia.

Water-flushed toilets are a remarkable human innovation and they have dramatically improved our sanitation and public health. But, by the 1980s, it had become generally accepted that toilets were using far too high a proportion of our precious water supply, and greater toilet water efficiency was urgently needed. Since 1987, Australia has had legislation requiring all new toilets to be dual-flush models and this has certainly helped. New technology, in part driven by legislative changes, has also meant that dual-flush technology has improved over this period. Currently, the widely accepted six/three litre toilets are the maximum standard requirement, with the new, even better 4.5/three litre technology now available achieving a four-star WELS rating. But, with 2.8 million low-efficiency toilets still in operation in Australia, we are not taking full advantage of this progress.

Let’s imagine these 2.8 million toilets were only used once each day. The reality is likely to be much higher—in fact, I understand that it is up to five times a day. Replacing these with high-efficiency toilets would reduce daily water use by over 14 million litres. In one year, that would save 5.26 billion litres and, in five years, it would save more than 26 billion litres of water. Now, if those toilets are used more than once a day, this figure will multiply even more dramatically. The facts and figures quoted on the WELS website, for example, indicate that, on average, replacing an old-style single-flush cistern toilet with a modern high-efficiency dual flush can save 51 litres per person per day.

A minimum water efficiency standard will apply to all toilets sold in Australia. An old-style single-flush toilet can use up to 12 litres of water in one flush, but more water-efficient dual-flush toilets average less than four litres, saving a considerable amount in terms of the cost of water. Operating a single-flush toilet costs around $760 over 10 years, compared to only $250 for a water-efficient dual-flush system. That is a 67 per cent reduction. Using water-efficient dual-flush toilets reduces household water use by many thousands of litres per household per year.

Retrofit or replacement programs overseas have typically fallen into one of four categories: rebates, vouchers, distribution or direct installation programs. The pros and cons of these vary according to circumstances, but overall the key issues are cost management, program control, minimising free-riding and fraud, implementation logistics, the capacity to involve other stakeholders and local politics and demographics. At face value, such programs do not seem cheap, but they are bargains over the long term. In Los Angeles, for instance, a continuous free distribution program supplies 3,000 to 4,000 high-efficiency toilets each month. Elsewhere in California, municipalities run occasional events that supply 1,000 to 2,000 toilets in
a single weekend. But of course the key question is: are these programs worth while? Do they work? Do they provide value for public funds? To address this I want to cite a few examples from the US and then outline the benefits as I see them.

The first case is New York City, which in the early 1990s found itself faced with the multi-billion-dollar prospect of expanding water supply and treatment infrastructure to ensure security and standards of supply. Instead, they wisely opted to spend a few hundred million on waste reduction through a toilet rebate program, which overall cost less than one-third of the projected cost of expanding their water supply and treatment facilities. The program offered $240 for the first replaced toilet in each residence and $150 for commercial or additional domestic toilets.

New York City spent $290 million in rebates between 1994 and 1997, but the results speak for themselves. Participating apartment buildings reduced their water use on average by 29 per cent. Over the entire city the per capita water use dropped by 16 per cent. The city also introduced fire hydrant locks and an underground leak detection initiative. Together with the toilet rebate program, these efforts achieved a 25 per cent reduction in New York City’s water use. These results were confirmed by similarly reduced inflows to waste treatment plants.

Los Angeles is another example. Although its population has increased by over 700,000 over the last 20 years, its total water use today is on par with the mid-1980s. The City of Los Angeles credits this to reducing the demand for water through ‘sustained implementation of water conservation programs and the city’s culture of conservation as a way of life’. The one measure it cites as being more effective than any other is its toilet replacement program which has replaced 1.24 million old technology toilets since 1990.

In Seattle, Washington, a toilet replacement program has been a key feature for 15 years, and over that time they have not only halted the trend towards increased demands but reversed it. In the last few years per capita consumption has fallen to levels not seen since the 1970s. For us in Australia, it is especially worth noting that Seattle had a period of mandatory water restrictions during a drought in the early 1990s. This resulted in a temporary drop in water use which disappeared immediately afterwards. The long-term trend contributed to by the toilet replacement program, however, has continued, despite this blip on the graph, and it has now brought water consumption down to lower than it was with the mandatory restrictions.

Water does not exist in isolation naturally, and it does not work in isolation in human communities. Our use of water is tied closely to our overall productivity, and a key part of this is the link between our water use and our energy use. At a recent COAG skills acquisition action group conference, one expert paper estimated that in commercial buildings around 76 per cent of energy use is connected to plumbing. It also quoted data from Melbourne Water which indicates that 4.4 tonnes of greenhouse gas emissions are produced for each megalitre of water we use—2.2 tonnes of this comes from the delivery process and 1.8 tonnes from the treatment and disposal process.

It can be all too easy to forget how much energy is needed to provide our water, but we must not forget. These figures mean that, for Melbourne, with a population of 3.7 million, over 580,000 tonnes of greenhouse gases are produced just to meet annual water demand levels. Plumbing industry estimates suggest that improving our plumbing offers water and energy savings of up to 40 per cent. In direct financial terms alone, these water and energy supply
savings are impressive. Even more valuable, however, are the indirect benefits from reduced greenhouse gas emissions and a reduced need for new supply infrastructure, including power generation and water treatment facilities, as well as supply networks.

My years in the plumbing industry have long convinced me that, in general, our water utilities are seriously underperforming in leakage prevention in the water distribution infrastructure. Although hard data on quantities is difficult to come by on this, as it is largely ignored, reducing our water use will inevitably also reduce the proportion of high-quality water we are losing through system leakage and thereby providing another add-on benefit. Similarly, with the retrofit of toilets—a lot of old toilets are consistently leaking—significant water savings are to be made there as well.

Perhaps most valuable of all is that by doing this we would make a very clear national statement of priorities. We would be demonstrating and communicating unequivocally that increasing our water efficiency is a major national priority and a responsibility in which all Australians share. We would be investing cultural change in a permanent new mind-set that says: ‘Water is precious. It’s the lifeblood of all Australians. Indeed, it’s the lifeblood of all humans and animals. It’s too important to waste or take for granted.’

Together these benefits also offer another advantage of this approach: reducing our water demand would give us breathing space to make wise decisions about other water options such as desalination plants. It would give us the luxury of time and perspective within which we could have sensible, informed public debate, based on sound research, about what path we want to follow in the future.

At the moment, almost wherever you look in our nation, we seem to be rushing into intensive capital works projects that do not address the underlying program of inefficiency in the way we use our water. Even if we built 100 desalination plants and ran pipes from 100 aquifers, this would never be enough without getting water efficiency under control. All we would do is spend a great deal of money to postpone facing up to changing our ways. I suggest that changing our toilet technology is a very palatable and easy way to change our ways.

There is no silver bullet for our water challenges. Most utilities are taking a diversified approach, for risk management as well as cost control reasons. This is all well and good but water is a national problem and, if we are serious about making progress, we need national approaches like the WELS initiative and an intergovernmental retrofit project. It would need meaningful commitment by the Commonwealth as well as state, territory and local governments. Ideally, it would also support greater uptake of grey water technology as the safest, cheapest form of waste water reuse. (Extension of time granted) As a nation, and as individuals, we can do so much more. I have already cited Copenhagen’s daily consumption rate of only 125 litres per capita, but I should also note that it plans to reduce this to 110 litres by 2010. Melbourne, by comparison, has a consumption of 328 litres per person, per day and its 2010 goal is only to reduce this to 306 litres.

To return to those facts I started my speech with, the most sobering one of all is that 40 per cent of the world’s population, or around 2.4 billion human beings, do not yet have decent sanitation. Meanwhile, we in Australia are allowing billions of litres of water to flush away. This water is better quality than that which most of our fellow human beings ever get to drink and we needlessly flush it away down toilets that should have been decommissioned and re-
cycled years ago. So I say to all members of parliament and our fellow Australians that we can and should expect more of ourselves. We have no excuses and plenty of good reasons.

The DEPUTY SPEAKER (Mr Hatton)—I understand it would suit the convenience of the Committee if the debate is adjourned and the resumption of the debate be made an order of the day for the next sitting.

Main Committee adjourned at 7.32pm
QUESTIONS IN WRITING

Telstra Mobile Online Short Message Service
(Question Nos 1162 and 1171)

Mr Martin Ferguson asked the Minister representing the Minister for Immigration and Multicultural Affairs, in writing, on 10 May 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 Ruddock—The Minister for Immigration and Multicultural Affairs has provided the following answer to the honourable member’s question:

(1) The Department does not provide such a service to its Ministers or their staff.

(2) Not applicable.

Telstra Shares
(Question Nos 2515 to 2533)

Mr Ripoll asked all ministers, in writing, on 31 October 2005:

(1) Has the Minister’s department or any agency in the Minister’s portfolio traded Telstra shares or any financial derivatives based on Telstra shares between 11 August and 7 September 2005; if so, what was the reason for the trade(s) and the net result.

(2) Has the Minister’s department or any agency in the Minister’s portfolio traded Telstra shares or any financial derivatives based on Telstra shares between 15 October 1997 and 10 August 2005; if so, what was the reason for the trade(s) and the net result.

(3) Is it standard practice and consistent with Government policy for government departments and agencies to speculate on the share market in relation to a company in which the Government is the majority share holder.

Mr Costello—The Minister for Finance and Administration has supplied the following answer on behalf of all ministers to the honourable member’s question:

(1) Department of the Prime Minister and Cabinet and Agencies (PM&C)
   No.

Department of Foreign Affairs and Trade and Agencies (DFAT)
   No.

Department of the Treasury and Agencies (Treasury)
   No.

Department of Defence and Agencies (Defence)
   No.

Department of Transport and Regional Services and Agencies (DoTARS)
   No.
Department of Health and Ageing and Agencies (DHA)
No.

Attorney-General’s Department and Agencies (AGD)
No, except for the Insolvency and Trustee Service Australia Agency (ITSA).

ITSA
In the course of administering bankrupt estates and realising assets that have vested in the Official Trustee, the ITSA, acting on behalf of the Official Trustee, has sold Telstra shares which vested in the trustee during the period 15 October 1997 to 7 September 2005. The Official Trustees does not “trade” in Telstra shares, it only sells shares in accordance with its statutory duty to realise property as expeditiously as possible and does not speculate.

During this period the Official Trustee has also sold Telstra shares as a controlling trustee under Commonwealth Proceeds of Crime legislation.

Detailed records of these sale transactions are not readily recoverable. All such shares were acquired pursuant to the vesting provisions of the Bankruptcy Act 1966 or pursuant to Proceeds of Crime court orders. No shrews were acquired through purchase.

Department of Finance and Administration and Agencies (Finance)
No, except for the Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation Scheme (PSS) Boards.

CSS/PSS Boards
The PSS and CSS Boards would have held shares in Telstra as trustee for the PSS and PSSAP Funds and the CSS Fund, respectively. It is likely that those shares would have been traded during the period 11 August and 7 September 2005, however none of those transactions would have involved public moneys. It would involve an unreasonable level of resources to provide details of all of these transactions by the Boards’ numerous funds managers.

Department of Immigration and Multicultural and Indigenous Affairs and Agencies (DIMIA)
No, except for the Indigenous Land Corporation (ILC).

ILC
Yes, the ILC did trade in Telstra shares and financial derivatives based in Telstra shares between 11 August and 7 September 2005.

The ILC invests its surplus funds through the use of external investment managers. In accordance with the ILC’s Statement of Investment Objectives and Policy the Board has delegated responsibility for the selection, retention and realisation of investments to investment manager. Consequently, it is the investment manager who makes the decision to hold or trade Telstra shares.

The ILC’s investment is either through pooled investment products or invested directly. The net result for trades between 11 August and 7 September 2005 where the ILC is invested directly through a fund manager is as follows:

Telstra Shares: A loss of $4,405.44
Financial Derivatives based on Telstra shares: Not traded

Department of Education, Science and Training and Agencies (DEST)
No.

Department of Families and Community Services and Agencies (FaCS)
No.
Department of Industry, Tourism and Resources and Agencies (DITR)
No.

Department of Employment and Workplace Relations and Agencies (DEWR)
No.

Department of Communications, Information Technology and the Arts and Agencies (DCITA)
No, except for Telstra.

Telstra
During the period 11 August 2005 and 7 September 2005, Telstra GrowthShare, a Telstra wholly owned entity, would have purchased shares on market in accordance with the Growth-Share Trust Deed. This did not result in any change to Telstra’s issued capital.

Department of Environment and Heritage and Agencies (DEH)
No.

Department of Agriculture, Fisheries and Forestry and Agencies (DAFF)
No.

Department of Human Services and Agencies (DHS)
No.

Department of Veteran’s Affairs and Agencies (DVA)
No.

(2) PM&C
No.

DFAT
No.

Treasury
No.

Defence
No.

DoTARS
No.

DHA
No.

AGD
No, except for the ITSA who have responded as set out in the response to question 1 above.

Finance
No, except for the CSS/PSS Boards. This excludes shares transferred by the Commonwealth of Australia in association with the T1 (November 1997) and T2 (October 1999) share offers.

CSS/PSS Boards
The PSS and CSS Boards would have held and traded shares in Telstra as trustee of the PSS and CSS Funds during the period 15 October 1997 and 10 August 2005. Any transactions undertaken on behalf of the PSS or CSS Boards do not involve public moneys. It would involve
an unreasonable level of resources to provide the details for each transaction by the Boards’ numerous investment managers.

**DIMIA**

No, except for ILC.

**ILC**

Yes, the ILC did trade in Telstra shares and financial derivatives based in Telstra shares between 15 October 1997 and 10 August 2005.

The ILC invests its surplus funds through the use of external investment managers. In accordance with the ILC’s Statement of Investment Objectives and Policy the Board has delegated responsibility for the selection, retention and realisation of investments to investment manager. Consequently, it is the investment manager who makes the decision to hold or trade Telstra shares.

The ILC’s investment is either through pooled investment products or invested directly. The net result for trades between 15 October 1997 and 10 August 2005 where the ILC is invested directly through a fund manager is as follows:

Telstra Shares: A loss of $137,166.25

Financial Derivatives based on Telstra shares: A profit of $431.66

**DEST**

No.

**FaCS**

No.

**DITR**

No.

**DEWR**

No, except for the Coal Mining Industry (Long Service Leave Funding) Corporation has advised that between 15 October 1997 and 14 November 2003 they traded in Telstra shares which were recorded by the Corporation’s previous custodians:

(i) the State Street Trust Bank who sold the business of custody management to

(ii) the Commonwealth Bank who, in turn, sold the business to the present custodian (J P Morgan) in November 2003.

The reason for share trading relates to normal trading activity. However, the previous custodians have archived their records of transactions prior to 2003 (including net result) and they are not readily available.

The present custodian advises that:

(a) during the period 14 November 2003 to 10 August 2005 the two appointed investment managers entered into a total of 78 separate trades as part of the normal trading activity on the Portfolio in Telstra shares;

(b) the net result of these trades was a loss of $144,319.75; and

(c) there is no record of any trading in derivatives of Telstra shares – the appointed managers are precluded from trading in other than cash-backed derivatives under the terms of their appointment.

**DCITA**

No, except for Telstra and the National Portrait Gallery.
Telstra

During this period, from time to time Telstra GrowthShare Pty Ltd would have purchased shares on market in accordance with the GrowthShare Trust Deed. This did not result in any change to Telstra’s issued capital.

During the period 15 October 1997 and 10 August 2005 as a matter of public record, Telstra undertook two off-market buy-backs conducted under ASX listing rules and with ASIC relief. The net result of these buy-backs was a decrease in listed capital as reported to the market in 2003 and 2004.

National Gallery of Australia

Yes. The National Gallery of Australia is the trustee of the Gordon Darling Australasian Print Fund. The Gordon Darling Australasian Print Fund holds shares in Telstra. All trading in Telstra shares from 15 October 1997 and 10 August 2005 is detailed in the table below. The share trading was the result of investment portfolio management decisions.

<table>
<thead>
<tr>
<th>Transaction Date</th>
<th>Number of Shares Purchased</th>
<th>Number of Shares Sold</th>
<th>Price Per Share</th>
<th>Total cost of Purchase</th>
<th>Total proceeds from sale</th>
<th>Balance of Holding</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/07/1999</td>
<td>4500</td>
<td></td>
<td>$8.81</td>
<td>$39,645.00</td>
<td></td>
<td>4500</td>
</tr>
<tr>
<td>27/07/1999</td>
<td>10900</td>
<td></td>
<td>$8.52</td>
<td>$92,868.00</td>
<td></td>
<td>15400</td>
</tr>
<tr>
<td>18/11/2000</td>
<td>9960</td>
<td></td>
<td>$7.40</td>
<td>$73,704.00</td>
<td></td>
<td>25360</td>
</tr>
<tr>
<td>5/07/2002</td>
<td>5360</td>
<td></td>
<td>$4.73</td>
<td>$25,352.80</td>
<td></td>
<td>20000</td>
</tr>
<tr>
<td>13/12/2002</td>
<td>4000</td>
<td></td>
<td>$4.52</td>
<td>$18,080.00</td>
<td></td>
<td>16000</td>
</tr>
<tr>
<td>24/11/2003</td>
<td>5766</td>
<td></td>
<td>$4.20</td>
<td>$24,217.20</td>
<td></td>
<td>10234</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td></td>
<td><strong>$206,217.00</strong></td>
<td><strong>$67,650.00</strong></td>
<td></td>
<td><strong>10234</strong></td>
</tr>
</tbody>
</table>

DEH

No.

DAFF

No.

DHS

No.

DVA

No.

(3) It is not standard practice for Government Departments and Agencies to engage in speculative trading.

ILC

The ILC is subject to the Commonwealth Authorities and Companies Act 1997 (CAC Act). Section 18(3) of the CAC Act sets out what an authority may invest surplus monies. The ILC is specifically exempt from section 18(3) of the CAC Act by virtue or section 193K(1) of the Aboriginal and Torres Strait Islander Act 2005.

Telstra

Telstra is a listed entity and must abide by the ASX listing rules and the Corporation’s Act which prevent companies from trading their own shares.
National Gallery of Australia
Share trading for the Gordon Darling Australasian Print Fund is the only such activity undertaken by the National Gallery of Australia.

ITSA
The Official Trustees does not “trade” in Telstra shares, it only sells shares in accordance with its statutory duty to realise property as expeditiously as possible and does not speculate.

CSS/PSS Boards
The Telstra share holdings and trading referred to in the answers to questions 1 and 2 are part of the PSS and CSS Boards’ responsibilities to manage the PSS, PSSAP and CSS Funds. These Funds comprise moneys that are not public or Commonwealth moneys rather they comprise contributions from members and their employers which are invested to maximize the retirement incomes of members. The PSS and CSS Boards do not directly determine the holdings in a particular company such as Telstra - the Boards’ contracted investment managers are responsible for decisions regarding shareholdings and tradings in stocks.

Unlawful Detention
(Question No. 2551)

Mr Georganas asked the Minister representing the Minister for Immigration and Multicultural Affairs, in writing, on 1 November 2005:

(1) How many incidents of wrongful immigration detention of persons legally in Australia is the Government aware?
(2) What is the longest period of wrongful detention?
(3) What has been the total cost of all the known periods of wrongful detention?
(4) What does the Government intend to do to compensate those wrongfully detained in immigration detention centres.
(5) What are the legal mechanisms available to those who are wrongfully detained and wish to challenge their detention.

Mr Ruddock—The Minister for Immigration and Multicultural Affairs has provided the following answer to the honourable member’s question:

(1) As at 21 March 2006 the Commonwealth has paid compensation in 11 matters in response to claims for unlawful detention since 1995. In 4 of those matters, a Court found that the Commonwealth was liable and awarded damages to the individual. In the remaining 7 matters, the Commonwealth resolved the matters by way of out of court settlement on the basis of legal advice that it was appropriate to do so consistent with the Attorney-General’s Legal Services Directions.

Further to these, the Government is aware that Ms Alvarez and Mr T were wrongfully detained.

(2) Approximately 20 months.

(3) The Commonwealth has paid out $816,075 in response to claims for unlawful detention since 1995.

(4) Pursuant to the Legal Services Directions issued by the Attorney-General the Commonwealth must behave as a model litigant and deal with claims promptly, endeavour to avoid litigation wherever possible and pay legitimate claims in accordance with legal principle and practice. In accordance with these obligations the Commonwealth has compensated affected individuals upon receipt of legal advice of a legitimate claim.
Additionally, a ‘Reconnecting People Assistance Package’ (RPAP) was made available on 12 December 2005. It provides for ex gratia assistance to Australian citizens and permanent residents who may have been “adversely affected by inappropriate detention”.

Of the 220 cases bearing the descriptor “released not unlawful”, the department has identified 26 cases involving Australian citizens. Access to the RPAP may be an option for these people.

(5) Any individual can bring a legal proceeding seeking court orders for their release from immigration detention and an award of damages arising out of an alleged period of unlawful detention.

Legal Services
(Question No. 2707)

Ms Roxon asked the Minister for Agriculture, Fisheries and Forestry, in writing, on 28 November 2005:

(1) What sum did the Minister’s department spend during 2004-2005 on external (a) barristers and (b) solicitors (including private firms, the Australian Government Solicitor and any others)?
(2) What sum did the Minister’s department spend on internal legal services?
(3) What is the Minister’s department’s projected expenditure on legal services for 2005-2006?

Mr McGauran—The answer to the honourable member’s question is as follows:

(1) (a) $455,799.13 (including GST). (b) $3,584,406.80 (including GST).
(2) $3,276,698.84 (including GST).
(3) $6,973,000.00 (excluding GST).

Visas
(Question No. 3188)

Mr Georganas asked the Minister for Immigration and Multicultural Affairs, in writing, on 27 March 2006:

(1) Are persons on a Bridging Visa E allowed to work in Australia; if so, under what conditions; if not, why not?
(2) How many persons are currently on a Bridging Visa E in each State and Territory?

Mr Ruddock—The Minister for Immigration and Multicultural Affairs has provided the following answer to the honourable member’s question:

(1) Protection visa applicants and permission to work on a BVE:

Everybody on a Bridging Visa E (BVE) who applies for a protection visa within 45 days of entering Australia (in the 12 months preceding their application), who can demonstrate a “compelling need to work”, is provided with work rights. Those who apply for a protection visa, more than 45 days after entering Australia, do not obtain work rights, but may be eligible to apply for Asylum Seeker Assistance.

The 45 day rule was introduced to discourage persons who had no legitimate claims to asylum from applying for a protection visa in order to obtain work rights and delay their departure from Australia.

Non-protection visa applicants and permission to work on a BVE:

Where a non-citizen is granted a BVE and is making acceptable departure arrangements, or is the subject of acceptable departure arrangements, the no work condition is mandatory on the initial grant. The grant of permission to work is then discretionary for subsequent grants. This discretion will be exercised where the person can demonstrate a “compelling need to work”.

QUESTIONS IN WRITING
All applicants:
Where a non-citizen is granted a BVE on merits review grounds, the grant of permission to work is discretionary, and looks to the person to demonstrate a “compelling need to work”.
Non-citizens granted a BVE on judicial review grounds cannot be granted permission to work.
It is the usual policy to make the initial grant of a BVE, for applicants at any stage of review, without permission to work. Most applicants may then apply for permission to work.
A notable exception to this is where a BVE has been granted, by operation of law, because there was no decision on the visa application within the prescribed period. These BVEs must be subject to the no work condition. There is no discretion for a re-grant with permission to work upon a subsequent application for a BVE.
Where the legislation requires that an applicant can demonstrate financial hardship, and that applicant is a parent, it is policy that all family members included in the combined BV application (including minors) are eligible for full permission to work.

Ministerial Intervention:
Generally, the no work condition is imposed on the grant of a BVE where the non-citizen is the subject of a written request for ministerial intervention.
However, if a non-citizen is the holder of a BVE granted on ministerial intervention grounds, and they apply for a subsequent BVE with permission to work, and I am personally considering the exercise of my powers to substitute a more favourable decision, where the person can show they have a compelling need to work the no work condition will not be imposed on the grant of that BVE.

(2) As at 6 April 2006, DIMA records indicate that 7,081 persons held Bridging Visas E (BVE). The breakdown by the state or territory where the visas were granted is:

<table>
<thead>
<tr>
<th>State/Territory</th>
<th>Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>4,343</td>
</tr>
<tr>
<td>Vic</td>
<td>1,588</td>
</tr>
<tr>
<td>Qld</td>
<td>413</td>
</tr>
<tr>
<td>ACT</td>
<td>287</td>
</tr>
<tr>
<td>WA</td>
<td>218</td>
</tr>
<tr>
<td>SA</td>
<td>191</td>
</tr>
<tr>
<td>NT</td>
<td>24</td>
</tr>
<tr>
<td>Tas</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,081</strong></td>
</tr>
</tbody>
</table>

Commonwealth Carelink Centres
(Question No. 3245)

Mr Tanner asked the Minister representing the Minister for Ageing, in writing, on 28 March 2006:

(1) What is the projected expenditure for Commonwealth Carelink Centres for (a) 2006-2007, (b) 2007-2008, and (c) 2008-2009.

(2) What proportion of the projected expenditure is committed or otherwise obligated for (a) 2006-2007, (b) 2007-2008, and (c) 2008-2009.

Mr Abbott—The Minister for Ageing has provided the following answer to the honourable member’s question:
(1) and (2) Commonwealth Carelink Centres operate in combination with Commonwealth Carer Respite Centres in regions across Australia. The following table provides a breakdown of projected expenditure and proportion committed for the Commonwealth Carelink Centre component of these combined operations.

<table>
<thead>
<tr>
<th></th>
<th>(a) 2006-2007</th>
<th>(b) 2007-2008</th>
<th>(c) 2008-2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Projected expenditure</td>
<td>$13.1</td>
<td>$13.4</td>
<td>$13.7</td>
</tr>
<tr>
<td>(2) Proportion of the projected expenditure committed</td>
<td>100%</td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>

## Recruitment Agencies

(Question No. 3293)

Mr Bowen asked the Minister for Agriculture, Fisheries and Forestry, in writing, on 29 March 2006:

1. Will the Minister provide a list of the recruitment agencies which were used by the Department and each agency in the Minister’s portfolio in 2005?
2. What sum was paid to each agency identified in (1).
3. For 2005, what sum was spent on recruitment agencies by the Department and each agency in the Minister’s portfolio.

Mr McGauran—The answer to the honourable member’s question is as follows:

1. The Department of Agriculture, Fisheries and Forestry and agencies used the following recruitment agencies in 2005:
   - Adecco Australia Pty Ltd
   - AG People
   - Allstaff Australia
   - Alliance Recruiting Australia
   - Candle IT&T Recruitment
   - Cantlie Recruitment Services
   - Careers Unlimited
   - Catalyst Recruitment
   - CBC Staff Selection
   - CK Recruits
   - David Sladden
   - Effective People Pty Ltd
   - Green and Green Group
   - Hays Personnel
   - Hender Consulting
   - Home-Biz.net
   - Hudson TMP
   - ICON Recruitment
   - IT Matters Recruitment Service
Jobwire
Julia Ross Recruitment
Kowalski Consulting Pty Ltd
Link Recruitment
M.A.D Recruitment
Manpower Services (Australia)
National Capital Communications
Paxus
Prestige Staffing Personnel
Proactive Staffing Solutions
Professional Careers Australia
Recruitment Management Company
Smalls Recruiting
Spencer Stuart
Spherion Recruitment Solutions
Staffing and Office Solutions
Stelle International
Talent 2
The Public Affairs Company
Verossity
Westaff
Wizard Personnel and Office Solutions
Zelda Recruitment

(2) The totals paid to each agency identified in (1) are:

<table>
<thead>
<tr>
<th>Agency</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adecco Australia Pty Ltd</td>
<td>$54,490.66</td>
</tr>
<tr>
<td>AG People</td>
<td>$28,354.27</td>
</tr>
<tr>
<td>Allstaff Australia</td>
<td>$921.90</td>
</tr>
<tr>
<td>Alliance Recruiting Australia</td>
<td>$7,132.01</td>
</tr>
<tr>
<td>Candle IT&amp;T Recruitment</td>
<td>$233,779.59</td>
</tr>
<tr>
<td>Cantlie Recruitment Services</td>
<td>$2,166.50</td>
</tr>
<tr>
<td>Careers Unlimited</td>
<td>$5,926.41</td>
</tr>
<tr>
<td>Catalyst Recruitment</td>
<td>$36,502.49</td>
</tr>
<tr>
<td>CBC Staff Selection</td>
<td>$6,120.00</td>
</tr>
<tr>
<td>CK Recruits</td>
<td>$637.78</td>
</tr>
<tr>
<td>David Sladden</td>
<td>$7,122.80</td>
</tr>
<tr>
<td>Effective People Pty Ltd</td>
<td>$1,180.20</td>
</tr>
<tr>
<td>Green and Green Group</td>
<td>$80,155.20</td>
</tr>
<tr>
<td>Hays Personnel</td>
<td>$205,469.32</td>
</tr>
<tr>
<td>Hender Consulting</td>
<td>$43,971.23</td>
</tr>
<tr>
<td>Home-Biz.net</td>
<td>$1,090.91</td>
</tr>
<tr>
<td>Hudson TMP</td>
<td>$220.00</td>
</tr>
<tr>
<td>ICON Recruitment</td>
<td>$129,721.40</td>
</tr>
<tr>
<td>IT Matters Recruitment Service</td>
<td>$157,187.96</td>
</tr>
</tbody>
</table>
Opinion Polls
(Question No. 3307)

Mr Bowen asked the Minister representing the Minister for Immigration and Multicultural Affairs, in writing, on 29 March 2006:

(1) Did the department or any agency in the Minister’s portfolio conduct or commission an opinion poll, focus group, or market research in 2005; 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 identified in (1).

(3) For 2005, what sum was spent on conducting or commissioning opinion polls, focus groups or market research surveys by the department and each agency in the Minister’s portfolio.

Mr Ruddock—The Minister for Immigration and Multicultural Affairs has provided the following answer to the honourable member’s question:

<table>
<thead>
<tr>
<th>1 (a) Purpose</th>
<th>1(b) Cost for each</th>
<th>2 Name of organisation</th>
<th>Postal address</th>
<th>3 Total cost for 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opinion poll</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Focus group</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>
Financial Assistance Grants
(Question No. 3522)

Mr Jenkins asked the Minister for Local Government, Territories and Roads, in writing, on 22 May 2006

What sums were allocated in local government financial assistance grants for (a) 2005-2006 and (b) 2006-2007, to the (i) City of Whittlesea, (ii) City of Banyule, (iii) Shire of Nillumbik, and (iv) City of Darebin.

Mr Lloyd—The answer to the honourable member’s question is as follows:

The estimated entitlements for Financial Assistance Grants for 2005-06 for the four councils were determined in August 2005 and are set out below. Due to the requirements specified in the Local Government (Financial Assistance ) Act 1995, the entitlements for grants for 2006-07 for councils will not be determined until August 2006 and cannot be provided at this time.

<table>
<thead>
<tr>
<th>Council Name</th>
<th>2005-06 Estimated Entitlement</th>
<th>2006-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Whittlesea</td>
<td>$7,075,530</td>
<td>Not available</td>
</tr>
<tr>
<td>City of Banyule</td>
<td>$4,377,210</td>
<td>Not available</td>
</tr>
<tr>
<td>Shire of Nillumbik</td>
<td>$2,871,743</td>
<td>Not available</td>
</tr>
<tr>
<td>City of Darebin</td>
<td>$5,383,233</td>
<td>Not available</td>
</tr>
</tbody>
</table>