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SITTING DAYS—2006

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- **GOSFORD** 98.1 FM
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- **GOLD COAST** 95.7 FM
- **MELBOURNE** 1026 AM
- **ADELAIDE** 972 AM
- **PERTH** 585 AM
- **HOBART** 747 AM
- **NORTHERN TASMANIA** 92.5 FM
- **DARWIN** 102.5 FM
FORTY-FIRST PARLIAMENT
FIRST SESSION—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 Barry Wayne Haase, Mr Michael John Hatton, the Hon. Duncan James Colquhoun Kerr SC, 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

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

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<td>Vasta, Ross Xavier</td>
<td>Bonner, Qld</td>
<td>LP</td>
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<tr>
<td>Wakelin, Barry Hugh</td>
<td>Grey, SA</td>
<td>LP</td>
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<tr>
<td>Washer, Malcolm James</td>
<td>Moore, WA</td>
<td>LP</td>
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<tr>
<td>Wilkie, Kim William</td>
<td>Swan, WA</td>
<td>ALP</td>
</tr>
<tr>
<td>Windsor, Antony Harold Curties</td>
<td>New England, NSW</td>
<td>Ind</td>
</tr>
<tr>
<td>Wood, Jason Peter</td>
<td>La Trobe, Vic</td>
<td>LP</td>
</tr>
</tbody>
</table>

### PARTY ABBREVIATIONS

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

### Heads of Parliamentary Departments

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

(The above ministers constitute the cabinet)
<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
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<tbody>
<tr>
<td>Minister for Justice and Customs and Manager of Government Business in the Senate</td>
<td>Senator the Hon. Christopher Martin Ellison</td>
</tr>
<tr>
<td>Minister for Fisheries, Forestry and Conservation</td>
<td>Senator the Hon. Eric Abetz</td>
</tr>
<tr>
<td>Minister for the Arts and Sport</td>
<td>Senator the Hon. Charles Roderick Kemp</td>
</tr>
<tr>
<td>Minister for Human Services</td>
<td>The Hon. Joseph Benedict Hockey MP</td>
</tr>
<tr>
<td>Minister for Community Affairs</td>
<td>The Hon. John Kenneth Cobb MP</td>
</tr>
<tr>
<td>Minister for Revenue and Assistant Treasurer</td>
<td>The Hon. Peter Craig Dutton MP</td>
</tr>
<tr>
<td>Special Minister of State</td>
<td>The Hon. Gary Roy Nairn MP</td>
</tr>
<tr>
<td>Minister for Vocational and Technical Education and Minister Assisting the Prime Minister</td>
<td>The Hon. Gary Douglas Hardgrave MP</td>
</tr>
<tr>
<td>Minister for Ageing</td>
<td>Senator the Hon. Santo Santoro</td>
</tr>
<tr>
<td>Minister for Small Business and Tourism</td>
<td>The Hon. Frances Esther Bailey MP</td>
</tr>
<tr>
<td>Minister for Local Government, Territories and Roads</td>
<td>The Hon. James Eric Lloyd MP</td>
</tr>
<tr>
<td>Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence</td>
<td>The Hon. Bruce Frederick Billson MP</td>
</tr>
<tr>
<td>Minister for Workforce Participation</td>
<td>The Hon. Dr Sharman Nancy Stone MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Finance and Administration</td>
<td>Senator the Hon. Richard Mansell Colbeck</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Industry, Tourism and Resources</td>
<td>The Hon. Robert Charles Baldwin MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Health and Ageing</td>
<td>The Hon. Christopher Maurice Pyne MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Defence</td>
<td>Senator the Hon. John Alexander Lindsay (Sandy) Macdonald</td>
</tr>
<tr>
<td>Parliamentary Secretary (Trade)</td>
<td>The Hon. De-Anne Margaret Kelly MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs</td>
<td>The Hon. Andrew John Robb MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Prime Minister</td>
<td>The Hon. Malcolm Bligh Turnbull MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Treasurer</td>
<td>The Hon. Christopher John Pearce MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for the Environment and Heritage</td>
<td>The Hon. Gregory Andrew Hunt MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry</td>
<td>The Hon. Sussan Penelope Ley MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Education, Science and Training</td>
<td>The Hon. Patrick Francis Farmer MP</td>
</tr>
<tr>
<td>Parliamentary Secretary (Foreign Affairs)</td>
<td>The Hon. Teresa Gambaro MP</td>
</tr>
</tbody>
</table>
SHADOW MINISTRY

Leader of the Opposition
Deputy Leader of the Opposition and Shadow Minister for Education, Training, Science and Research
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
Shadow Attorney-General
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
Shadow Minister for Regional Development
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
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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The SPEAKER (Hon. David Hawker) took the chair at 9 am and read prayers.

BUSINESS

Mr ABBOTT (Warringah—Leader of the House) (9.01 am)—I move:

That so much of the standing and sessional orders be suspended to enable the following to occur during the periods set aside in standing order 34 for government business on Wednesday 14 June and Thursday 15 June 2006:

1. in relation to proceedings on the Fuel Tax Bill 2006 at the conclusion of the second reading debate or at 10.30 a.m. on Wednesday 14 June 2006, whichever is the earlier, a Minister to be called to sum up (for a period not exceeding 5 minutes) the second reading debate and thereafter, without delay, the immediate question before the House to be put, then any question or questions necessary to complete the remaining stages of the bill to be put without amendment or debate; and

2. immediately after proceedings on the Fuel Tax Bill 2006 have been concluded; the Fuel Tax (Consequential and Transitional Provisions) Bill 2006 to be called on and the immediate question then before the House to be put, then any question or questions necessary to complete the remaining stages of the bill to be put without amendment or debate and any Government amendments that have been circulated for at least two hours shall be treated as if they have been moved together; and

3. in relation to proceedings on the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2006 at the conclusion of the second reading debate or at 12 noon on Wednesday 14 June 2006, whichever is the earlier, a Minister to be called to sum up (for a period not exceeding 5 minutes) the second reading debate and thereafter, without delay, the immediate question before the House to be put, then any question or questions necessary to complete the remaining stages of the bill to be put without amendment or debate; and

4. in relation to proceedings on the Tax Laws Amendment (2006 Measures No. 3) Bill 2006 at the conclusion of the second reading debate or at 1.30 p.m. on Wednesday 14 June 2006, whichever is the earlier, a Minister to be called to sum up (for a period not exceeding 5 minutes) the second reading debate and thereafter, without delay, the immediate question before the House to be put, then any question or questions necessary to complete the remaining stages of the bill to be put without amendment or debate and any Government amendments that have been circulated for at least two hours shall be treated as if they have been moved together; and

5. immediately after proceedings on the Tax Laws Amendment (2006 Measures No. 3) Bill 2006 have been concluded; the New Business Tax System (Untainting Tax) Bill 2006 to be called on and the immediate question then before the House to be put, then any question or questions necessary to complete the remaining stages of the bill to be put without amendment or debate; and

6. in relation to proceedings on the Petroleum Resource Rent Tax Assessment Amendment Bill 2006 at the conclusion of the second reading debate or at 5.30 p.m. on Wednesday 14 June 2006, whichever is the earlier, a Minister to be called to sum up (for a period not exceeding 5 minutes) the second reading debate and thereafter, without delay, the immediate question before the House to be put, then any question or questions necessary to complete the remaining stages of the bill to be put without amendment or debate; and

7. immediately after proceedings on the Petroleum Resource Rent Tax (Installment Transfer Interest Charge Imposition) Bill 2006 have been concluded; the Petroleum Resource Rent Tax Assessment Amendment Bill 2006 to be called on and the immediate question then before the House to be put, then any question or questions necessary to complete the remaining stages of the bill to be put without amendment or debate; and
(8) in relation to proceedings on the Australian Research Council Amendment Bill 2006 at the conclusion of the second reading debate or at 7.00 p.m. on Wednesday 14 June 2006, whichever is the earlier, a Minister to be called to sum up (for a period not exceeding 5 minutes) the second reading debate and thereafter, without delay, the immediate question before the House to be put, then any question or questions necessary to complete the remaining stages of the bill to be put without amendment or debate; and

(9) in relation to proceedings on the Migration Amendment (Designated Unauthorised Arrivals) Bill 2006 at the conclusion of the second reading debate or at 1.20 p.m. on Thursday 15 June 2006, whichever is the earlier, a Minister to be called to sum up (for a period not exceeding 5 minutes) the second reading debate and thereafter, without delay, the immediate question before the House to be put, then any question or questions necessary to complete the remaining stages of the bill to be put without amendment or debate; and

(10) on Wednesday 14 June 2006 any division called for between 12 noon and 2.30 pm shall be deferred until the resumption of government business after the discussion of the Matter of Public Importance has concluded that day; and

(11) any variation to this arrangement to be made only by a Minister moving a motion without notice.

I do not propose to spend an enormous amount of time debating this, simply to say that the government regrets the need to somewhat curtail debate on these bills but believes that the amount of time allocated is sufficient to do reasonable justice to the bills in question. The bills in question are reasonably straightforward. Except for the Migration Amendment (Designated Unauthorised Arrivals) Bill 2006, the bills are unlikely to excite great passion. The government did propose to the opposition that we could somewhat extend sitting times and accommodate the very large number of people that the opposition had placed on the speakers list if there had been a preparedness on the part of the opposition to limit contributions to 10 minutes, but the opposition was unwilling to accept that. Therefore, we are proposing to go down this path. As I said, the government regrets any limitation on debate; nevertheless we do believe this proposal allows matters to be adequately debated given the issues in question. I commend the motion to the House.

Ms GILLARD (Lalor) (9.03 am)—I move:

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

(1) the House reaffirms the right of all members to assert their views on each and every bill that comes before the House;

(2) paragraph 9 of the motion be omitted so as to prevent a gag on the debate of the Migration Amendment (Designated Unauthorised Arrivals) Bill 2006, which the government is imposing so as to hide the division in its own party on that bill.

Today the opposition is not protecting its rights; it is protecting the rights of every member in this House. Something that government members should understand very clearly when they vote on the motion moved by the Leader of the House is that it is about preventing full debate on bills about which the government is divided, most particularly the Migration Amendment (Designated Unauthorised Arrivals) Bill 2006, which is excising all of Australia from the migration zone and ensuring that everybody is taken to either Manus or Nauru for processing.

Anybody who reads the newspapers or listens to the radio knows that the government is divided about this bill and that, if there were full debate, a number of government members would express a variety of views on the topic. That is as it should be: members in this House should be entitled to come into the House and to put whatever view they like...
on behalf of their constituents. Every member of this chamber should have the right to come into the House and put whatever view it is that they believe best represents their constituents and best meets their needs. In moving this motion, the Leader of the House is ensuring that not only opposition members will lose that right but government members will lose that right.

I ask the government members who are sitting there now thinking, ‘What I do at this time in the morning if I see the Leader of the House moving a motion is automatically vote for the motion because it is something to do with the government,’ to be a little more analytical this morning and think a little more clearly about these issues on their own behalf and on behalf of their constituents. If you have a view on any of these bills—and it might not be the migration bill; it might actually be one of the other bills—you are voting to prevent yourself from putting forward that view in this House.

We know what will happen with these time limits, this gag. Basically, what will happen is that the government minister and perhaps some of the most senior government members will get an opportunity to speak but government backbenchers sitting there now—whether it is the member for Greenway, the member for Ryan, the member for Pearce or the member for Kooyong—will not get an opportunity to speak. This motion is guaranteed to ensure you do not get an opportunity to speak. I honestly do not know how you would face your constituents and say: ‘My job is to go into the parliament and vote to make sure I have no role in government decision making. My job is to go into the parliament and be an automatic number for the government and to act like a robot, to act like I am a person without views and deny myself the opportunity to speak.’ That is what you are doing if you support this motion.

The SPEAKER—Order! I ask the member to address her remarks through the chair.

Ms GILLARD—I apologise for that and I will endeavour to do so. Whilst the migration bill is the bill that has attracted the most public notice because of its highly controversial provisions, it is not the only bill that is being guillotined in this motion about which there is concern. I am advised by the member for Hunter, Mr Fitzgibbon, that the opposition had an amendment, to be moved at the consideration in detail stage, to the Fuel Tax Bill 2006 concerning the way in which fuel tax is calculated and moneys are rebated back to small businesses that have paid fuel tax. I am advised that the new arrangements being proposed by the government are highly controversial amongst small business and have been the subject of debate on the government backbench, and that the scheme that Labor is proposing—or would propose, if it were given the right to move a consideration in detail amendment in this House—would remedy this problem for affected small businesses, and a number of government backbenchers are attracted to the scheme that Labor is proposing in its amendment. So yet again—

Mr Dutton—Rubbish!

Ms GILLARD—Well, if you think it is rubbish, debate it out. If you think it is rubbish, you walk over here, you vote against the guillotine and you have the courage to debate it out. But when you are going to hide behind the Leader of the House—

Mr Dutton interjecting—

Ms GILLARD—Don’t shout at me. If you want to debate it out, debate it out. If you have not got the guts to do that, then don’t.

The SPEAKER—Order! The member for Lalor will address her remarks through the chair.
Ms GILLARD—If the same courtesy is returned, that would be very gratefully received. The Minister for Revenue and Assistant Treasurer is screaming and shouting, but of course he has not got the courage, he has not got the simple guts, to debate Labor’s amendment. He is hiding behind the Leader of the House, cowing like a coward, because he does not want to come into this chamber and debate Labor’s amendment. I wouldn’t be surprised if, before this motion was cooked up last night, the Minister for Revenue and Assistant Treasurer sneaked into the office of the Leader of the House saying, ‘Can you save me from this debate?’ and the Leader of the House said, ‘Oh well, I was only going to cook up a guillotine for the immigration motion, but if you are that fragile, I will try to fix you up as well.’

Mr Schultz—Get on with it, you windbag!

The SPEAKER—Order! The member for Hume!

Ms GILLARD—The member for Hume, if he had the courage of his convictions, would actually be moving a motion about Telstra, but we all know that he has not got the courage of his convictions. The member for Hume is a windbag when he is back in his electorate and in the media, but he never does anything very courageous in here—not once, not ever. I have never seen him cross the floor and I don’t think I ever will.

Here we have government members jeering at simple democratic norms in this House. The only thing you can conclude—and it is a tragic thing to have to conclude—is that they do not care about these democratic norms. They actually do not care about the functioning of this House. They actually do not care about their status as members of the House of Representatives, because they do not think about themselves in those terms. They are not parliamentarians; they are members of the Howard government, and when they are required to choose between those two roles—oh, here we are, bully boy with the gag. Here we go!

Mr ABBOTT (Warringah—Leader of the House) (9.10 am)—I move:

That the question be now put.

Question put.

The House divided. [9.15 am]

(The Deputy Speaker—Hon. IR Causley)

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

AYES

Question agreed to.

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

The House divided. [9.22 am]

(The Speaker—Hon. David Hawker)

<table>
<thead>
<tr>
<th>Ayes</th>
<th>78</th>
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<tbody>
<tr>
<td>Noes</td>
<td>54</td>
</tr>
<tr>
<td>Majority</td>
<td>24</td>
</tr>
</tbody>
</table>

AYES
- Abbott, A.J.
- Andrews, K.J.
- Bailey, F.E.
- Baird, B.G.

NOES
- Baldwin, R.C.
- Barth, K.J.
- Billson, B.F.
- Bishop, J.L.
- Cadman, A.G.
- Cobb, J.K.
- Downer, A.J.G.
- Dutton, P.C.
- Entsch, W.G.
- Fawcett, D.
- Forrest, J.A.*
- Georgiou, P.
- Hargrave, G.D.
- Henry, S.
- Hull, K.E.
- Jensen, D.
- Jull, D.F.
- Kelly, D.M.
- Laming, A.
- Lindsay, P.J.
- Macfarlane, I.E.
- May, M.A.
- Moylan, J.E.
- Nelson, B.J.
- Pearce, C.J.
- Pyne, C.
- Richardson, K.
- Ruddock, P.M.
- Scott, B.C.
- Slipper, P.N.
- Sonny, A.M.
- Stone, S.N.
- Ticehurst, K.V.
- Truss, W.E.
- Turnbull, M.
- Vasta, R.
- Washer, M.J.

* denotes teller

Adams, D.G.H.
Beazley, K.C.
Bird, S.
Burke, A.E.
Byrne, A.M.
Edwards, G.J.
Ellis, A.L.
Emerson, C.A.
Ferguson, M.J.
Garrett, P.
George, J.
Griffin, A.P.
Hatton, M.J.
Hoare, K.J.
Jenkins, H.A.
King, C.F.
Macklin, J.L.
McMullan, R.F.
Murphy, J.P.
O’Connor, G.M.
Plibersek, T.
Ripoll, B.F.
Sawford, R.W.
Smith, S.F.
Tanner, L.
Vamvakoumis, M.
Windsor, A.H.C.

Adams, D.G.H.
Beazley, K.C.
Bird, S.
Burke, A.E.
Byrne, A.M.
Edwards, G.J.
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Emerson, C.A.
Ferguson, M.J.
Garrett, P.
George, J.
Griffin, A.P.
Mr LLOYD (Robertson—Minister for Local Government, Territories and Roads) (9.24 am)—I move:

That, in accordance with section 5 of the Parliament Act 1974, the House approves the following proposal for work in the Parliamentary Zone which was presented to the House on 13 June 2006, namely: Lobby Cafe improvements on Sections 2 and 34, Parkes.

The National Capital Authority has received an application for proposed improvements to the existing Lobby Cafe. These works are to be located on sections 2 and 34, Parkes. The works have been designed so that they can be easily removed in the future and will provide an enclosed all-weather seating area for the existing cafe. The proposed improvements will have an outlook over the National Rose Gardens, which will enhance the visitors’ appreciation of the heritage listed gardens. The finishes include natural wood finishes, clear glass windows and neutral fabric colours. The use of the existing concrete footpaths and the addition of a small new area of concrete paving will ensure that there is little or no disturbance to the drip lines and the roots of the rose garden beds and existing nearby trees. The National Capital Authority has advised that it is prepared to grant works approval to the proposal pursuant to section 12(1)(b) of the Australian Capital Territory (Planning and Land Management) Act 1988. The approval of both houses is sought under section (5)(1) of the Parliament Act 1974 for the Lobby Cafe improvements.

Ms ANNETTE ELLIS (Canberra) (9.26 am)—I want to briefly take the opportunity to welcome the initiatives that have just been outlined by the Minister for Local Government, Territories and Roads. As many members in this place would be aware, there has been much discussion over many years about how we can improve public amenity, particularly in the Parliamentary Triangle and also around the Lake Burley Griffin area. The works that have been referred to by the minister for territories I know will be very welcome. Our national capital committee has not had an opportunity to look at them in detail, but that is not a concern. I am of the view that these works will be welcomed and I thank the minister for the encouragement in relation to the moving of the motion. I look forward to seeing the works completed.

Question agreed to.

Mr LLOYD (Robertson—Minister for Local Government, Territories and Roads) (9.27 am)—I move:

That, in accordance with section 5 of the Parliament Act 1974, the House approves the following proposal for work in the Parliamentary Zone which was presented to the House on 13 June 2006, namely: Installation of temporary sculptures on Section 57, Parkes.

The National Capital Authority has received a works approval application from Questacon to install two sculptures along Parkes Place. These sculptures are the Einstein and rock music sculptures respectively. The Einstein and rock music sculptures are proposed to be located along the eastern boundary of
section 57, Parkes, outside the Questacon building, facing the High Court of Australia. The sculptures are intended to be in place for a period of five years.

The Einstein sculpture has been designed to create different images depending on the viewing position. The sculpture will consist of a metal base with the formula $E=mc^2$ in relief style on the base front. The upper element of the sculpture will be cut out of metal plate and will have a dipped, galvanised finish. The sculpture is to be set on a newly paved area and is to be 3.3 metres in height and 1.8 metres in width.

The rock music sculpture comprises two large metal structures that have a musical bed of nails trapped between them. Visitors to the sculpture will be able to pour small stones into the bed of nails and these stones will strike the nails and a musical sound will be created. The sculpture is to be set on stones and gravel. The sculpture is to be 1.9 metres in height and have a maximum width of one metre at the base stand and 0.9 of a metre at the sculpture itself.

Mr Wilkie—Can you hum the tune?

Mr LLOYD—As they say, art is in the eye of the beholder!

Mr Gavan O'Connor interjecting—

Mr LLOYD—Absolutely. The National Capital Authority has advised that it is prepared to grant works approval to the proposal pursuant to section 12(1)(b) of the Australian Capital Territory (Planning and Land Management) Act 1988. The approval of both houses is sought under section (5)(1) of the Parliament Act 1974 for the temporary sculptures at Questacon.

Ms ANNETTE ELLIS (Canberra) (9.30 am)—Again, I want to endorse the comments just made by the Minister for Local Government, Territories and Roads. I am sure that he will agree with me that Questacon is one of those remarkable institutions not just in Canberra but in this country. The way it works is very highly regarded, particularly with our younger population but with the population in general. The hands-on experience of science within Questacon is just so fantastic. It sounds like we now have coming on stream an external-to-the-building experience of similar magnitude. I am sure the minister and many others in the House, like me, are looking forward to what sounds like a musical experience with a scientific base. Questacon is to be congratulated on the work it does. I look forward to seeing its completion and hearing about the experiences people are going to enjoy as a result of this initiative.

Question agreed to.

COMMITTEES
Public Works Committee
Report

Mrs MOYLAN (Pearce) (9.31 am)—On behalf of the parliamentary Joint Standing Committee on Public Works, I present the ninth and 10th reports for 2006 of the committee relating to HMAS Cairns redevelopment, Cairns, Queensland and construction of housing for Defence at Fairview Rise, Ipswich, Queensland.

Ordered that the reports be made parliamentary papers.

Mrs MOYLAN—by leave—Defence submitted that the purpose of the proposed works is to provide facilities at HMAS Cairns for the berthing and effective operation of the new Armidale class patrol boats and to refurbish and reinvest in ageing base infrastructure. This will be achieved by the acquisition of increased berthing access at the adjacent commercial wharf and the refurbishment of existing shore facilities at HMAS Cairns.
One issue raised in submissions to the inquiry was with regard to proposed property acquisition by Defence. At the public hearing the committee heard evidence from representatives of Defence, the Cairns Navy League and the Training Ship Endeavour on this matter. After questioning witnesses, it became clear to the committee that there were still unresolved issues and that further consultation and negotiation had to be undertaken by Defence. At the hearing, Defence reaffirmed its commitment to the Training Ship Endeavour and to working with all stakeholders to resolve the property acquisition issue in the best interests of the cadets. As a result, the committee recommends that the Department of Defence keep it informed of progress and the outcome of negotiations in respect of the acquisition by Defence of the Training Ship Endeavour land and facilities.

Defence submitted that an environmental impact assessment undertaken at HMAS Cairns had identified certain requirements for the construction work that would be incorporated into the project’s construction and environmental management plan. Defence added that, in addition to the project specific construction and environmental management plan, HMAS Cairns already had a base environmental management plan, which is currently under review. The committee recommends that the Department of Defence supply it with an updated copy of the HMAS Cairns base environmental management plan, which will be amended to include the new works. Having given detailed consideration to the proposal, the committee recommends that the proposed HMAS Cairns redevelopment proceed at an estimated cost of $76.3 million.

The committee’s 10th report of 2006 presents findings in relation to the proposed construction of housing for Defence at Fairview Rise, Ipswich, Queensland with the Defence Housing Authority as the proponent agency for the work. The purpose of the proposed work is to provide modern community standard housing to meet the operational needs of the Australian Defence Force and the requirements of Defence in south-east Queensland, particularly for Australian Defence Force members located at RAAF Base Amberley. The long-term Defence planning for RAAF Base Amberley has contributed to the increase in the Australian Defence Force housing requirement forecast for the Ipswich area. Fairview Rise is located close to community facilities, shops and schools and is approximately six kilometres from Ipswich and eight kilometres from RAAF Base Amberley. All proposed 162 DHA residences will be four-bedroom detached houses with ensuite, family room, double garage and at least 18 square metres of covered outdoor living area.

The committee inspected the site of the proposed development and conducted a public hearing in Ipswich on 16 May 2006. Issues explored at the hearing include house design, project delivery, traffic considerations, consultation and a range of environmental issues. At the public hearing, the committee sought assurance from DHA that adequate water, electricity, gas and telecommunications connectivity would be provided to the site. While DHA were able to confirm the provision of these site services, they could not at the time confirm broadband internet facilitation for the site. Given the growing demand and importance of this service, the committee recommends that DHA advise it on the provision of broadband connectivity within the Fairview Rise estate.

DHA stated in their statement of evidence that an extended bus route could be introduced to the site, bringing the majority of residents to within 400 metres of the nearest bus stop. After further questioning, DHA confirmed that the main arteries are suffi-
cient to accommodate a bus route. However, they are still in discussion with the Ipswich City Council on an extended bus route. In this regard the committee recommends that DHA advise it on the provision of an extended bus route for the site. Having examined all the evidence presented to it, the committee recommends that the proposed construction of housing for Defence at Fairview Rise, Ipswich proceed at an estimated cost of $50.7 million. I wish to thank my committee colleagues and all those who assisted with the public hearings. I commend the reports to the House.

ROYAL COMMISSIONS AMENDMENT BILL 2006

Returned from the Senate

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

FUEL TAX BILL 2006

Cognate bill:

FUEL TAX (CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL 2006

Second Reading

Debate resumed from 13 June, on motion by Mr Dutton:

That this bill be now read a second time.

upon which Mr Fitzgibbon moved by way of amendment:

That all words after “That” be omitted with a view to substituting the following words: “whilst not declining to give the bill a second reading, the House:

(1) condemns the Government for failing to properly consult with commercial fuel users on the appropriate model for payment of fuel tax;

(2) condemning the Government for circulating major amendments less than two hours before debate on the bill is to be resumed;

(3) calls upon the Government to reduce our dependency on foreign oil and to promote:

(a) existing alternatives like liquid petroleum gas, ethanol and biodiesel;

(b) emerging alternatives such as compressed natural gas, liquid fuel from gas and stored electricity; and

(c) future fuels, such as hydrogen as Labor has committed to in its Fuels Blueprint;

(4) condemns the Government for ignoring the impact of rising petrol prices on Australian families;

(5) condemns the Government for increasing petrol prices in regional Australia through the abolition of the Fuel Sales Grants Scheme at a time of very high petrol prices;

(6) condemns the Government for failing to strengthen the Trade Practices Act to protect competition in the petroleum industry; and

(7) condemns the Government for failing to guarantee that the money saved as a result of the abolition of the Fuel Sales Grants Scheme will be specifically directed to roads in regional, rural and remote Australia”.

Mr Fitzgibbon—Mr Deputy Speaker, on indulgence: can I inform the minister that we intend to move the amendment we have been denied in the House today when this bill gets to the Senate.

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (9.38 am)—In summing up debate on the Fuel Tax Bill 2006 and the Fuel Tax (Consequential and Transitional Provisions) Bill 2006 I thank the members who have taken part in this debate. These bills contain positive improvements to the system of providing fuel tax relief, giving effect to the government announcement of major reform in its energy white paper Securing Australia’s energy future to modernise and simplify the fuel tax system. Further, the changes will lower compliance costs, reduce tax on business and remove fuel tax for thousands of businesses and households. When the fuel tax credit system is fully implemented, fuel tax will be
effectively applied only to fuel used in private vehicles and for certain other private purposes, fuel used on road in light vehicles for business purposes and aviation fuels where tax is imposed for cost recovery reasons.

In response to some of the issues considered in this debate I make the following points. The government has provided generous support for the alternative fuels industry in this country, including a $37.6 million capital grants program to support new biofuels production capacity, effective excise-free treatment until 2011, a full year phase-in of effective excise and 50 per cent discount on the energy content excise rates that would otherwise apply to these bills. I note that the member for Hunter criticised the abolition of the Fuel Sales Grants Scheme as part of his contribution. This is the height of hypocrisy, given that during the last election campaign Labor had proposed to abolish the Fuel Sales Grants Scheme from 1 January 2005. The government’s plan redirects savings from this scheme to the AusLink program to improve transport infrastructure in outer metropolitan, rural and remote areas.

I would like to take the opportunity to answer some of the questions raised by members in this debate. A number of members spoke on the time line for phasing in effective excise on biofuels. It has to be noted that these bills have no effect on the time frames for applying effective excise on biofuels. The Energy Grants (Cleaner Fuels) Scheme Act 2004 contains the arrangements for phasing in effective excise on these fuels between 2011 and 2015. Solvent packers—those who pack fuels such as kerosene, turpentine and white spirit in small containers for retail sale in hardware stores and the like—are eligible for a fuel tax credit and are also eligible to make an early claim for payment under the transitional arrangements I announced on 1 June. Where a solvent is produced by mixing fuel with other substances, the Australian Taxation Office can determine that the product is no longer a fuel. In such cases, a fuel tax credit is available to the producer. The Taxation Office has draft determinations on its website for consultation on this matter.

In relation to energy security, the government has undertaken a comprehensive review of its energy policies and approaches and has developed a long-term framework to ensure that our energy advantage is utilised for the benefit of all Australians. The government released its energy white paper Securing Australia’s energy future on 15 June 2004.

The government moved parliamentary amendments to these bills. The first clarifies claiming arrangements for taxpayers who become members of the Greenhouse Challenge Plus program and are able to claim certain fuel tax credits that were denied prior to their membership of the program. The second amendment ensures that the current definition of ‘minerals’ will be retained and activities currently eligible under the Energy Grants Credit Scheme will continue to be eligible for an energy grant and will become eligible for a fuel tax credit from 1 July 2006. I am also tabling an addendum to the explanatory memorandum revising costs in light of this change and due to the announcement in the budget not to increase the road user charge for heavy vehicles.

The final set of parliamentary amendments moved to these bills provides a two-year transitional measure to help affected businesses adjust to the new system. Eligible businesses will be able to make early claims for their fuel tax credits rather than waiting to make claims on their business activity statements. These reforms simplify the existing arrangements for providing fuel tax relief and provide this relief to thousands of businesses and households that cannot currently
access these concessions. The government has decided that the transitional arrangements should apply only for a set period due to the costs and complexities that would be involved for both taxpayers and the Australian Taxation Office in maintaining two separate processes for making claims on an ongoing basis. These bills contain positive improvements to the system of providing fuel tax relief and give effect to the government announcement in its energy white paper to modernise and simplify the fuel tax system. I table the supplementary explanatory memorandum to this bill with a supplementary explanatory memorandum and an additional supplementary explanatory memorandum to the Fuel Tax (Consequential and Transitional Provisions) Bill 2006. I commend these bills to the House.

Mr Fitzgibbon—I take a point of order, Mr Deputy Speaker. We have been gagged and denied an opportunity to make a contribution in the third reading debate. I put a number of questions to the minister during my second reading contribution. He has not answered one of them.

The DEPUTY SPEAKER (Mr Jenkins)—Order! That is not a point of order.

Mr Windsor—Mr Deputy Speaker, I seek leave to move—

The DEPUTY SPEAKER—Order! The honourable member will resume his seat. The question is that the words proposed to be omitted stand part of the question.

Question agreed to.

Original question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

The DEPUTY SPEAKER—Before proceeding, I think that the chair should clarify an interpretation of the resolution of earlier this day by the House. In the past, resolutions of this kind have set time limits for the full debate on legislation. This is not the first occasion on which this type of resolution has allowed for a minister, following that time, to sum up and also has allowed that amendments circulated by the government at least two hours before being treated as moved. A literal reading of the resolution of earlier this day could give an interpretation that the whole proceedings on this bill cease now that the second reading has been dealt with and does not go through to 10.30 am. I do not believe that that was the spirit of the resolution, and I will allow the continued discussion of this bill to 10.30 am, unless the House has an objection to that course of action.

Mr Fitzgibbon—Mr Deputy Speaker, is this my opportunity to make a further contribution in the consideration in detail stage? While the Clerk is being consulted, I hope that is the case, because this is a very—

The DEPUTY SPEAKER—I indicate to the member for Hunter that I am allowing the House the opportunity to give the chair guidance on whether we now proceed to a consideration in detail discussion, which would then conclude at 10.30 am, or it is the intention of the House to proceed directly to put all motions that are consequential upon the second reading being carried.

Mr Fitzgibbon—The House should proceed to the in detail stage of debate.

Mr Dutton—Mr Deputy Speaker, on a point of order: it is my understanding that is not the government’s intention.

Mr Fitzgibbon—It is your intention just to destroy democracy.

The DEPUTY SPEAKER—Order! The honourable member for Hunter is not assisting.
Mr Dutton—The government’s intention is to have this matter dealt with now.

The DEPUTY SPEAKER—I seek clarification: without debate or with debate?

Mr Martin Ferguson—It’s a guillotine on a guillotine. You guillotine the guillotine!

The DEPUTY SPEAKER—Order! The honourable member for Batman is not assisting.

Mr Dutton—that is the case, Mr Deputy Speaker.

The DEPUTY SPEAKER—Without debate.

Mr Fitzgibbon—Mr Deputy Speaker, that is an outrageous—

The DEPUTY SPEAKER—Order! The honourable member for Hunter will resume his seat.

Mr Fitzgibbon—That is an outrageous—

The DEPUTY SPEAKER—The honourable member for Hunter will resume his seat. The question before the chair, therefore, is that the government amendments—

Mr Martin Ferguson—I do not think the government knows what it is doing.

Mr Gavan O’Connor—Get your act together!

Third Reading

The DEPUTY SPEAKER (Mr Jenkins)—The question before the chair is that the remaining stages of this bill, including the government amendment as circulated, be agreed to.

The government amendment read as follows—

(1) Clause 65-5, page 32 (after line 29), at the end of the clause, add:

(5) Subsection (4) does not apply in respect of the whole or a part of a fuel tax credit that you are not entitled to take into account under subsection 45-5(1) (Certain entities to be members of Greenhouse Challenge Plus Programme).

The DEPUTY SPEAKER—The honourable member for Hunter on a point of order—because there can be no debate.

Mr Fitzgibbon—Mr Deputy Speaker, I seek leave to table the amendments I intended to move during the in detail stage of this debate—

The DEPUTY SPEAKER—Order! Is there any objection to leave being granted?

Mr Fitzgibbon—which would have allowed small businesses and businesses generally—

The DEPUTY SPEAKER—The honourable member for Hunter will resume his seat! Leave not granted.

Mr Windsor—Mr Deputy Speaker, I seek leave to incorporate the amendments that I was to present in this debate so that the farming community’s and the renewable energy community’s voice can be heard—

The DEPUTY SPEAKER—Is there any objection to leave being granted?

Mr Wilkie—That’s your question. Der!

Mr Dutton—Thanks, Kim. You are contributing well, mate.

Mr Wilkie—Try and answer some questions and then we will get some contributions.

Leave granted.

The amendments read as follows—

(1) Clause 2-1, page 3 (line 10), omit

“This Act provides a single system of fuel tax credits.”;

substitute:

“This Act provides a single system of fuel tax credits, other than fuel tax credits related to primary production businesses.”

(2) Clause 41-5, page 10 (lines 8-10), omit subsection (1), substitute:
“(1) You are entitled to a fuel tax credit for taxable fuel that you acquire or manufacture in, or import into, Australia to the extent that you do so for use in *carrying on your *enterprise, provided that your enterprise does not comprise a primary production business.”

Opposition members interjecting—

Mr Fitzgibbon—Mr Deputy Speaker, on a point of order: how can the Minister for Revenue and Assistant Treasurer possibly justify allowing the member for New England to table his proposed amendments but deny the opposition the same right? You are a disgrace!

The DEPUTY SPEAKER—There is no point of order. The honourable member will resume his seat. The question before the chair is that all remaining stages of this bill be agreed to.

A division having been called and the bells being rung—

The DEPUTY SPEAKER—The member for O’Connor on a point of order.

Mr Gavan O’Connor—Corio.

The DEPUTY SPEAKER—We are going well!

Mr Gavan O’Connor—Mr Deputy Speaker, can I seek clarification on this. As I understand it, the honourable member for Hunter sought leave to table his amendment and that was refused by the government. The honourable member for New England—

The DEPUTY SPEAKER—Order! The honourable member for Corio will resume his seat. I call the honourable member for Batman.

Mr Martin Ferguson—Mr Deputy Speaker, the government has indicated its willingness to now consider the amendments as a formal part of this debate. On that basis, I think it is more appropriate that we give time to proper consideration of these issues, and the opposition, therefore, withdraws its request for a division.

Mr Dutton—Mr Deputy Speaker, on the point of order: the point that I was trying to make before was that the government, in accordance with normal practice, is happy for the amendment to be put after the third reading.

The DEPUTY SPEAKER—We are only talking about incorporating the amendments and not about debating the amendments?

Mr Price—It is when the Deputy Speaker will call it off.

The DEPUTY SPEAKER—Order! The Chief Opposition Whip is being very unhelpful at this stage.

Mr Price—I am trying to be very helpful.

The DEPUTY SPEAKER—The Chief Opposition Whip should be very careful.

Honourable members interjecting—

The DEPUTY SPEAKER—Order! The chair is in a very difficult position, because the chair is not privy to any agreements that have been made. If the Chief Opposition Whip has made an agreement, he might make sure that the chair is aware of it and that the government is aware of it.

Mr Price—The government has agreed.

The DEPUTY SPEAKER—Lock the doors!

Opposition members interjecting—

The DEPUTY SPEAKER—Lock the doors! The question is that the remaining stages of this bill be agreed to. The ayes will pass to the right of the chair, the noes to the left. I appoint the honourable members for Mallee and Corangamite as tellers for the ayes and the honourable members for Chifley and Shortland as tellers for the noes.

Mr Price—Mr Deputy Speaker, I appreciate you are in an invidious position; however, there was an accommodation offered by
the government and the opposition accepted that and respectfully requests that the division be called off. It is to facilitate the business of the House and the good conduct of the House, not a reflection on you. These things do occur from time to time. I apologise.

The DEPUTY SPEAKER—Would the Chief Opposition Whip articulate his understanding of the agreement.

Mr Price—My understanding is that the amendments will be allowed to be incorporated at the third reading stage.

The DEPUTY SPEAKER—So the Chief Opposition Whip is happy not to have the debate?

Mr Price—Yes.

The DEPUTY SPEAKER—I think it would suit the convenience of the House, therefore, if I were to call off the division.

Question agreed to.

Bill read a third time.

FUEL TAX (CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL 2006

Second Reading

Debate resumed from 29 March, on motion by Mr Dutton:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Messages from the Governor-General recommending appropriation for the bill and proposed amendments announced.

The DEPUTY SPEAKER (Mr Jenkins)—In accordance with the resolution agreed to earlier today, I put the question that the remaining stages of the bill, including the government amendments as circulated, be agreed to.

Mr Fitzgibbon—Mr Deputy Speaker, just to ensure there is no confusion—this is a cognate debate—I seek leave to incorporate into Hansard the amendments attached to this bill. I inform the Minister for Revenue and Assistant Treasurer that there is no stunt here. This is a cognate debate and the amendments I was seeking to have incorporated last time are the same amendments. I just want to make sure that they end up attached to the correct bill.

The DEPUTY SPEAKER—The member for Hunter is seeking leave to have his second reading amendment to this bill incorporated?

Mr Fitzgibbon—No, they are consideration in detail technical amendments which amend the government amendments to ensure that businesses in this country are allowed to use the current system ad infinitum—

The DEPUTY SPEAKER—Order! The member will not debate the amendments.

Leave granted.

The amendments read as follows—

(1) Government amendment (4) – Omit from the heading of proposed Part 4A: “arising between 1 July 2006 and 30 June 2008”.

(2) Government amendment (4) – Omit from the heading of proposed section 12A: “between 1 July 2006 and 30 June 2008”.

(3) Government amendment (4) – Omit proposed paragraph (1)(a).

(4) Government amendment (4) – Omit proposed paragraph (1)(b).

Mr Windsor—Mr Deputy Speaker, I seek leave to incorporate in Hansard and table my amendments to the Fuel Tax (Consequential and Transitional Provisions) Bill 2006.

The DEPUTY SPEAKER—The member for New England has had two bob each way there. I think he is seeking leave to have the
The amendments incorporated, not tabled. Is there any objection to the amendments being incorporated? There being no objection, the amendments will be incorporated.

The amendments read as follows—

(1) Schedule 3, item 3, subsection 2, page 11, (lines 10-11), omit the subsection:
substitute:
“(2) You are not entitled to an on-road credit if you purchase or import on-road diesel on or after 1 July 2006, unless your purchase or importation relates to your primary production business.”

(2) Schedule 3, item 5, subsection 2, page 11, (lines 22-23), omit the subsection:
substitute:
“(2) You are not entitled to an off-road credit if you purchase or import off-road diesel fuel on or after 1 July 2006, unless your purchase or importation relates to your primary production business.”

(3) Schedule 3, item 6, paragraph (db), page 12, (lines 2-5), omit the paragraph:
substitute:
“(db) if the claim is for payment of an energy grant in respect of on on-road credit for on-road diesel fuel, or an off road credit for off-road diesel fuel—and does not relate to a primary production business—must be given to the Commissioner before the earlier of:
(i) 1 July 2016; and
(ii) the end of 3 years after the start of the claim period; and”.

(4) Schedule 3, item 9, paragraph 1(a), page 13 (lines 6-8), omit the paragraph:
substitute:
“(a) you purchased or imported on-road diesel fuel or off-road diesel fuel between 1 July 2005 and 30 June 2006 (inclusive) and the purchase or importation does not relate to a primary production business; and”.

(5) Schedule 3, item 10, paragraph (1)(b), page 14, (lines 11-12), omit the paragraph:
substitute:
“(b) you acquire, manufacture or import the fuel for use in carrying on your enterprise, provided that your enterprise does not comprise a primary production business, other than:”.

(6) Schedule 3, item 11, paragraph (7)(b), page 17, (lines 18-19), omit the paragraph:
substitute:
“(b) you acquire, manufacture or import the fuel between 1 July 2016 and 30 June 2020 (inclusive).”

(7) Schedule 3, item 13, paragraph (da), page 19, (lines 9-13), omit the paragraph:
substitute:
“(da) if the claim is for payment of an energy grant in respect of an on-road credit for on-road alternative fuel—and does not relate to a primary production business—must be given to the Commissioner before the earlier of:
(i) 1 July 2016; and
(ii) the end of 3 years after the start of the claim period; and”.

(8) Schedule 3, item 17, paragraph (1)(a), page 20 (lines 10-11), omit the paragraph:
substitute:
“(a) you purchased or imported on-road alternative fuel before 1 July 2010 other than for use in carrying on a primary production business; and”.

Third Reading

The DEPUTY SPEAKER (Mr Jenkins)—The question is that the remaining stages of the bill, including the government amendments as circulated, be agreed to.

The government amendments read as follows—

(1) Clause 2, page 2 (table item 15), omit the table item.

(2) Schedule 4, items 1 and 2, page 26 (lines 4 to 14), omit the items.

The further government amendments read as follows—

(1) Clause 2, page 2 (table item 8), omit “Parts 1 to 4”, substitute “Parts 1 to 4A”.

(2) Clause 2, page 2 (after table item 10), insert:
10A. Schedule 3, Part 8, Division 1AA
Immediately after the commencement of the

(3) Clause 2, page 2 (after table item 11), insert:
11A. Schedule 3, Part 8, Division 1A
1 July 2008.

(4) Schedule 3, page 18 (after line 24), after Part 4, insert:

Part 4A—Early payments of fuel tax credits arising between 1 July 2006 and 30 June 2008

12A. Fuel acquired, manufactured or imported between 1 July 2006 and 30 June 2008

(1) The Commissioner must make you an early payment of a fuel tax credit for taxable fuel if:

(a) before 31 December 2006, you elect, in the approved form, to receive early payments under this item; and

(b) you acquire, manufacture or import the fuel between 1 July 2006 and 30 June 2008 (inclusive); and

(c) either of the following applies to you:

(i) you, another member of a GST group of which you are the representative member or another participant in a GST joint venture of which you are the joint venture operator was entitled to an energy grant under the Energy Grants Act;

(ii) you acquire, manufacture or import the fuel for a use described in subparagraph 10(1)(b)(iv), (v) or (vi) of this Schedule (certain uses other than as a fuel); and

(d) you are:

(i) entitled to the credit under section 41-5 or 41-10 of the Fuel Tax Act (as affected by this Act); or

(ii) taken to be entitled to the credit under Part 4 of this Schedule; and

(e) either:

(i) if you account on a cash basis and you acquire the fuel—the credit, or a part of the credit, is attributable to the current tax period, or a later tax period, applying to you; or

(ii) otherwise—the credit is attributable to the current tax period applying to you; and

(f) you have not previously received an early payment of the credit for the fuel; and

(g) you make a claim for the early payment in the approved form.

Note 1: See Division 3A of Part IIB of the Taxation Administration Act 1953 for the rules about how the Commissioner must pay you. Division 3 of Part IIB of that Act allows the Commissioner to apply the amount owing as a credit against tax debts that you owe to the Commonwealth.

Note 2: Interest is payable under the Taxation (Interest on Overpayments and Early Payments) Act 1983 if the Commissioner is late in paying the amount.

(2) The amount of the early payment is the amount of the credit to which you are entitled.

(3) If you receive an early payment under this item, then for the purposes of the Fuel Tax Act:

(a) if you account on a cash basis, you acquire the fuel and, in a tax period, you provide part of the consideration for the fuel:

(i) you have an increasing fuel tax adjustment of the amount of the early payment, but only to the extent that you provide the consideration in that tax period; and

(ii) the adjustment is attributable to that tax period; or

(b) otherwise:
(i) you have an *increasing fuel tax adjustment* of the amount of the early payment; and

(ii) the adjustment is attributable to the earliest tax period to which the credit can be attributed.

Note: You will still claim the credit for the tax period, but the credit will be offset by the amount of the increasing fuel tax adjustment.

(5) Schedule 3, Part 8, page 23 (before line 4), before Division 1, insert:

**Division 1AA—Amendments commencing on 1 July 2006**

**Fuel Tax Act 2006**

23A Subsection 65-10(1) (note)

Omit “item 9”, substitute “items 9 and 12A”.

23B Section 110-5 (at the end of the definition of *increasing fuel tax adjustment*)

Add “of this Act and item 12A of Schedule 3 to the *Fuel Tax (Consequential and Transitional Provisions) Act 2006*”.

(6) Schedule 3, Part 8, page 24 (after line 6), after Division 1, insert:

**Division 1A—Amendments commencing on 1 July 2008**

**Fuel Tax Act 2006**

34A Subsection 65-10(1) (note)

Omit “items 9 and 12A”, substitute “item 9”.

34B Section 110-5 (definition of *increasing fuel tax adjustment*)

Omit “of this Act and item 12A of Schedule 3 to the *Fuel Tax (Consequential and Transitional Provisions) Act 2006*”.

Question agreed to.

Bill read a third time.

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**TAX LAWS AMENDMENT (MEDICARE LEVY AND MEDICARE LEVY SURCHARGE) BILL 2006**

**Second Reading**

Debate resumed from 1 June, on motion by Mr Dutton:

That this bill be now read a second time.

upon which Mr Fitzgibbon moved by way of amendment:

That all words after “That” be omitted with a view to substituting the following words: “whilst not declining to give the bill a second reading, the House:

(1) condemns the Government and Minister for Health for squandering the opportunity to fundamentally reform our health system;

(2) condemns the Government for failing to invest in rebuilding our health system, including Medicare, for the future, focused on prevention, early intervention and an ageing population; and

(3) condemns the Government for its failings in relation to our health system, as evidenced by delivering a Budget containing hidden cuts and the related decision to sell off of Australia’s biggest not for profit health insurer, Medibank Private”.

**Mr TUCKEY** (O’Connor) (10.00 am)—In concluding my remarks on the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2006, when this bill was before the House I was talking about the huge conflict of interest in our health administration resulting from the fact that we virtually have a public sector health insurance scheme known as Medicare, operated by the Health Insurance Commission, competing with Medibank Private which is, at this point, a government-owned private insurance provider. Because these two services are available to the community, there is a dichotomy between those who at least believe they are young and healthy, and those who, as they approach older age, end up with a lot of non-elective surgery requirements...
which, with modern-day technology, are increasing in their effectiveness and also, unfortunately, their cost.

The response in years gone by to those with arthritic hips was to give them either a pair of crutches or a wheelchair. Whilst that did not give much relief, it certainly had a finite associated cost. Today, fortunately, we can have all sorts of medical interventions, but they have substantial costs. People’s hips and knees are a common area of so-called elective surgery—though, considering the pain that people experience, it is hardly elective. Eye operations, particularly for cataracts, are also available through day surgery. Highly skilled practitioners are required and they expect to be remunerated accordingly. Recently, I had a report of such an operation costing $8,000. I know that in some cases it does cost less.

The fundamental principle of insurance is that you must have an adequate cross-section of low- and high-risk members. Because of the Medicare/private health dichotomy—age is so relevant in health services requirements—a huge percentage of our community, frequently quite highly remunerated, say, ‘I’ve paid my taxes; I’ve paid my Medicare levy’—which this legislation deals with—‘and that’ll do me.’ Notwithstanding other issues I have raised of public hospitals and their budgeting arrangements, if you are young and you get hit by a bus, have a car accident or suffer a sporting injury, or even have a premature heart attack, the public health system will respond promptly to those sorts of outcomes. And that is fine. But people operate in that knowledge and, consequently, make no contribution to the costs incurred by the elderly in terms of elective surgery. Therefore, it has been my longstanding argument that we should go one way or the other—though in my philosophical position there is only one choice. You either have an English public health system—which I oppose—where you aggregate all funds on that side of the ledger, or have everybody involved in a private health insurance concept. In other words, you do not have the public health commission competing with the private insurance sector in a very special form of insurance where risk is so easily identified. It is not like your house burning down, or the other types of damage, from a cyclone or whatever; you can cast the odds on that.

Obviously, you could not just say to the community, ‘As of tomorrow, there is no Medicare.’ In the process of selling Medibank Private, I would also sell the private Health Insurance Commission and hope that thereby it all got into the private health arena. But that of course raises an immediate question: how would many people afford those premiums? We have already got that criteria covered, but in a non-targeted fashion, with the private health insurance rebate—a flat 30 per cent and then jumps to 35 and 40 per cent at 65 and 70 years. My argument is that a better form of targeting would be, for instance, to say to full-fledged age pensioners: ‘We will increase your pension on the actuarial establishment of your private health insurance premium.’ I would do the same for children. And I would provide, at a very high level, targeted assistance to other persons of pensionable age.

Back in 1988, I did those numbers, and it was surprising how easily they can be achieved—with outlays below the present budget cost. That is not by cheapskating; that is because of the fundamental principle of insurance: if all the money is available to the private insurance sector, they are able to lower fees. The reason fees were running amok during the last year or two of Labor—and I think it was a conspiracy—was that there was no assistance to people in private insurance, and every time the premiums went up the better risks left and the premiums
went up further. That has been ameliorated to some extent by the application of the subsidy. I think the subsidy is not targeted and it should be targeted. But I would rather see it targeted in the concept of everyone in private health insurance, with targeted assistance according to their financial position, their age and other factors. It is very much achievable, according to the arithmetic. It would make the services of health cheaper. Above all, it would pay all hospitals, government and private, a fee for service, and that wipes out waiting lists.

When the Labor government sold the Hollywood repatriation hospital to the private sector, their waiting lists—which were 10 months, typically—disappeared in three months by the simple act of the private operator opening the operating theatres on Saturdays. These are the sorts of responses that the private sector can have on a fee-for-service basis. The member for Lalor might think a bit about those words.

Ms GILLARD (Lalor) (10.09 am)—I am glad that I ensured that the member for O’Connor got his remaining time in this debate because, in the few minutes that were available to him in continuation on the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2006, he has revealed clearly the until now secret agenda of the Howard government, which is to eradicate Medicare, to eradicate the public health system and to move the whole nation onto a private health insurance system.

Mr Tuckey—Mr Deputy Speaker, I raise a point of order. I wish I had that degree of influence. Nobody else supports me, but I—

The DEPUTY SPEAKER (Mr Jenkins)—There is no point of order.

Ms GILLARD—We have now had the member for O’Connor indicate that he is not a man of influence. I believe that he is a man of very great influence within the Liberal Party, having made and broken leaders in the past. Obviously he is a man who knows what the Howard government’s secret agenda is—that is, the abolition of Medicare and ensuring that people can only be assisted by our health system if they have private insurance.

Mr Deputy Speaker, you would be well aware that that is an American style health system, where you must be privately insured in order to get care. There are some very residual low-level assistance programs to people who are poor or old, but there are 45 million Americans, mainly low-income working Americans, who neither qualify for the assistance programs nor can afford the private health insurance, and they simply go without care. That is obviously where the Howard government wants to take this nation. We have had it revealed by the member for O’Connor today, and here we are in this House with that before us. I think every Australian would want to know that John Howard clearly has not given up his long-stated ambition to abolish Medicare, and we have had that confirmed by no less than the member for O’Connor today.

Mr Lloyd—That is a long bow.

Ms GILLARD—I am being told by the Minister for Local Government, Territories and Roads at the table that this is a long bow. He might want to read his Prime Minister’s statements throughout the 1970s, the 1980s and into the early 1990s, where he opposed the creation of Medibank, opposed the creation of Medicare and then went to a number of elections promising the complete abolition of Medicare. That is his genuine view, whatever he wanders around publicly expressing now for the purpose of hoodwinking the electorate.

This bill amends the Medicare Levy Act 1986 to increase the Medicare levy low-income thresholds for individuals and families. The dependent child/student component
of the family threshold will also be increased. The increases are in line with movements in the consumer price index. The increase to the Medicare levy low-income threshold for pensioners below pension age is made so that they do not have a Medicare levy liability when they do not have an income tax liability. The bill also amends the A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Act 1999 to increase the Medicare levy surcharge low-income threshold in line with movements in the CPI.

The member for Hunter has moved a second reading amendment to this bill. It talks about the big issues in our health system. I will direct some of my remarks now to the contents of the second reading amendment and the reasons it ought to be carried by this House.

When you look across our health system, it is clear that the Howard government is squandering opportunities for reform and cutting back areas of our health system which need appropriate support. The Howard government is committed to the sale of Medibank Private, irrespective of public opinion, irrespective of the impact on premiums and irrespective of what that will mean for the future for people with private health insurance. Polling tells us that the vast majority of Australians want Medibank Private retained in public ownership. As revealed in a recent Newspoll survey, 64 per cent of people did not believe that Medibank Private should be sold. Furthermore, 74 per cent of people thought that the sale of Medibank Private would lead to increased premiums.

It seems to me remarkable that we can have a Prime Minister who will wander out one day, as he did last Friday, and say that the Howard government is backflipping on the sale—the privatisation—of the Snowy Hydro because it has been overwhelmed by public opinion. The only reason the Prime Minister gave for the change in his view about the Snowy Hydro was that he was convinced by the weight of public opinion. If it is public opinion that changes the Prime Minister’s mind when it comes to privatisation issues then the Prime Minister must change his mind on Medibank Private, given that the overwhelming weight of public opinion is against the sale.

We have not seen any indication yet that the Prime Minister is prepared to backflip on the sale of Medibank Private, but if he does not we should all remember for all time that this is a government that ran out and sold an important public asset despite public opinion and in the face of that public opinion. This is a government that is making false and irresponsible claims about the effect of the sale. The Minister for Health and Ageing and the Minister for Finance and Administration have said that the sale of Medibank Private will put downward pressure on premiums. The Minister for Finance and Administration has said that the sale would put less upward pressure on premiums. But all of this is about creating an impression that somehow the sale of Medibank Private will lead to either reduced premiums or, at worst, moderations in premium increases. But we have heard this all before, and it is a pocket of empty promises. This is the government that campaigned for the 2001 election by saying that its policies would lead to reduced premiums for private health insurance, and we have actually seen premiums go up by a staggering 40 per cent in the time in between. When you have a government that once made you a promise which it broke in a startling fashion, why should you believe the government when it makes effectively the same promise in relation to the Medibank Private sale?

We know that the sale of Medibank Private is all about grabbing the money, and our
suspicion in that regard has been confirmed by the Minister for Finance and Administration, as recently reported in the Australian. The Howard government wants to earn, and expects to earn, about $1.5 billion from the sale. It is only worried about getting a good price. It is most certainly not worried about the future for Medibank Private premium holders. As revealed in a leaked tender document for ‘Project good guys’, a PR project for Medibank Private, there is a frank acknowledgment by Medibank Private that members are discontented with the sale and they expect a class action. Indeed, there is a frank admission that Medibank Private can give members no guarantees about what will happen to them after the sale. If you rang up Medibank Private today and said: ‘I’m a premium holder; I’ve paid good money over years and years into Medibank Private. What is going to happen to me after Medibank Private is sold?’ the truthful answer that Medibank Private would give you is: ‘We don’t know, and there is no guarantee we can give you. We can’t give you any guarantee about premiums, and we can’t give you any guarantee as to whether or not your policy will be honoured, when you choose to use it or when you have to use it.’ That is a disgraceful position for Medibank Private members to be in.

The government also claims that the sale of Medibank Private will lead to increased competition in the private health insurance sector, yet it is keeping this parliament and the Australian people in the dark about the mechanics of the sale. It seems far more likely than not that Medibank Private will be disposed of in a trade sale, which is likely to lead to increased market consolidation in the private health insurance sector, fewer players and less competition rather than more competition. So the claims about competition are completely spurious.

What is remarkable about all this is that the Department of Health and Ageing do not know, are not involved and do not care about the sale of Medibank Private. In last week’s Senate estimates hearings—the last sitting week—we heard about how indifferent the minister and his department are about the sale of Medibank Private and its effect on its members. Only recently did the department of health confirm that they did not receive a copy of the second Medibank Private scoping study, which determines how and when Australia’s biggest private health insurer will be sold. In answers to questions put on notice in November last year, the department of health have admitted that they are hardly involved in the updated scoping study and will not receive a copy of the report when it is completed. But again last week the department confirmed that they have not commissioned any work on the impact of the sale on premiums and they have no intention of doing so.

It is truly amazing that Australia’s biggest private health insurer could be sold, that the government could sell it and that the department of health and the minister for health are just moseying around like Brown’s cows completely unconcerned about this matter—not even in the loop for information and not pressing to be in the loop. It says something pretty clear about the incompetence of the minister for health that he would rather wander around in blissful ignorance than involve himself in the sale of Medibank Private and in making sure that, whatever happens, Australia’s health system is the best it can be. He has washed his hands of the responsibility to look after Australia’s health system. He has just completely disconnected from the sale of Medibank Private, and that is a gross act of incompetence.

It is not just incompetence in the sale of Medibank Private that we see from this government and this minister for health; the Howard government is failing to deliver in the area of the Pharmaceutical Benefits
Scheme, which is obviously one of the major federal government programs to make sure that Australians are kept as healthy as they can be and that they have the ability, through having access to appropriate medication, to be well enough to be participants in the economy and in the community. The Howard government is not worried about health outcomes under the Pharmaceutical Benefits Scheme; instead, it is interested only in slashing the PBS budget and making Australians pay more and more out-of-pocket costs for their essential medicines. This is not about making the PBS sustainable into the future, and it is not about getting expensive new medicines listed on the PBS; it is all about the Howard government’s obsession, as revealed in today’s debate by the member for O’Connor, with the Americanising of our health care system and the undermining of the PBS.

The Howard government introduced a 21 per cent increase in PBS copayments in January 2005 and followed this with the subsequent introduction of a 12.5 per cent generic policy accompanied by a number of special patient copayments and then slashes to the PBS safety net. Since then we have seen the net rate of growth of the PBS drop from around nine per cent to below two per cent for the 2005-06 financial year—lower than the inflation rate of three per cent. That is despite all of the doom and gloom rhetoric of the Treasurer about PBS costs being out of control, being unsustainable, about them going to bankrupt the nation and about having to cut them back—the sort of thing that the Treasurer says very frequently.

As opposed to the Treasurer’s scare campaign, the truth is that the current growth rates in the PBS are lower than the inflation rate—that is, expenditure on the PBS is reducing in real terms. The Treasurer’s drive to slash back the PBS can no longer be explained by real concerns about growth rates in the PBS; it is not about that anymore. It is an obsession about getting rid of what has been a tremendous scheme to ensure that Australians can access medicines at affordable prices. The threat to the PBS in this country is not from runaway growth rates; it is from the Howard government.

We know that many people at the moment need prescriptions for mental illness treatment and to assist them to manage their heart attack risks. They need to take statins, which are drugs to help protect people at risk—especially those with diabetes—from heart attacks. We know that the prescription uptake of statins is going down and that the uptake of a range of mental illness medications is going down. That is not because there has been an outbreak of wellness in our community but because the combined effect of the Howard government’s policies has meant that a category of chronically ill Australians can no longer afford to take their medication consistently—and, of course, in managing chronic and complex conditions, like mental health conditions or cardiovascular risks, medication only works if taken consistently.

The minister and his minions have come up with a whole raft of explanations for the decreasing prescription uptake rate for these Australians. Firstly, they said that the data did not include hospital drugs—it never has. Secondly, they said that the data did not take into account the fact that Vioxx has been withdrawn from sale—this has had no real impact. Then they said that the data did not include drugs with prices below the copayment—it never has. Then my personal favourite excuse that they have managed to stumble out is that the data did not take into account the number of public holidays. What rational human being would say that the number of public holidays is somehow mak-
ing such a huge change to prescription patterns in Australia? That is just laughable. Public holidays have not changed significantly, although perhaps they will under the government’s extreme industrial relations laws.

But the government’s excuses cannot hide the mounting evidence that increasing numbers of Australians cannot now afford their needed medications. That is going to be a health crisis in the making. If people are not taking their needed medications, they do not suddenly get well. They end up presenting at hospital at some time in the future, sicker than they needed to be. It is just ridiculous.

At the same time, the minister for health is sitting on a number of listings for the PBS for drugs that the PBAC, the expert committee that looks at drugs on our PBS, says should be listed. A number of drugs have been ticked off by the PBAC and the minister for health has yet to list these drugs on the PBS—and, once again, that is without explanation.

Finally, I turn to another aspect of the second reading amendment—it relates to a matter raised in question time yesterday by the minister for health—that is, Australia’s medical workforce crisis. We had the minister for health in this place yesterday boasting about the number of doctors he has imported into this country in recent times. He boasted that, in the last 10 months, Australia has approved visas for 1,704 doctors, 2,555 nurses and 1,150 other health professionals. He boasted that we have imported more than 5,000 health professionals into our health service. A country like this turns away more than 5,000 kids each year who desperately want to be doctors and nurses and who are appropriately qualified to take the course. What the minister was boasting about yesterday is actually a national disgrace. We are refusing to train Australians to work in our health system and, meanwhile, we are scouring the developing world to see if we can poach doctors and nurses.

Yesterday the minister for health referred quite hysterically to visa class 457 and said that the Howard government relies on that visa class to import our medical workforce. There was then an attempt by the minister for health to create a scare campaign to say that, under a Labor government, we would abolish this visa class and we would not be able to get these needed health professionals. The truth is that, under a Labor government, we would still be able to issue visas to these needed health professionals. At no point have Labor said that it would abolish visa class 457, but I will tell you what we would do: we would train sufficient Australians to meet the needs of the Australian health system—something this government has not done, will not do and apparently does not believe in doing. The minister for health thinks it is a matter of boast that he imports doctors and nurses. We think it is a national disgrace. We should be training Australians first and training Australians now. With those words, I commend the second reading amendment.

Mrs ELLIOT (Richmond) (10.29 am)—There certainly are many pressing health matters, particularly in my electorate of Richmond, which has many elderly people. A lack of federal funding for these health matters causes so much concern and ill will amongst those people who, particularly at their age, desperately need extra health care.

I rise today to support the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2006 and the amendment moved by the member for Hunter. The bill contains some routine annual amendments to the Medicare Levy Act that are required for the indexation of annual thresholds. The bill amends the Medicare Levy Act to increase the Medicare levy low-income
thresholds for individuals and for families. The dependent child/student component of the family threshold will also be increased. The bill also increases the Medicare levy low-income threshold for pensioners below the age pension age so that they do not have a Medicare levy liability where they do not have any income tax liability.

I support the second reading amendment moved by the member for Hunter in this House, which states that the House:

1. condemns the Government and Minister for Health for squandering the opportunity to fundamentally reform our health system;
2. condemns the Government for failing to invest in rebuilding our health system, including Medicare, for the future, focused on prevention, early intervention and an ageing population; and
3. condemns the Government for its failings in relation to our health system, as evidenced by delivering a Budget containing hidden cuts and the related decision to sell off Australia’s biggest not for profit health insurer, "Medibank Private".

As I said, I support this bill and the amendment moved. These changes to the Medicare levy are an annual event and they ensure that people are not disadvantaged by increases to the consumer price index. But it is the lack of funding within our health care system and the massive disadvantages listed in the amendment that I just spoke of that I specifically want to refer to today.

This government and the Minister for Health and Ageing should be concentrating on fixing our health system, a system that has many flaws. In particular, we need a health system that will be able to cater for our ageing population. This really is a pressing issue in the electorate of Richmond. Because 20 per cent of the population is aged over 65 years, health and health care are such important matters. I will discuss this later on.

The recent budget was very disappointing for a variety of reasons but in particular for health. What we should have seen from this government were a number of major health reforms. The first one should have been the restoration of the Commonwealth Dental Scheme, to get the 650,000 Australians waiting for dental care off waiting lists. The average wait for some people is often two years, which is an incredibly long time to wait to get your teeth fixed. It is outrageous that in this country currently people have to wait for two years on average and sometimes for longer.

We also needed to see from the government in the recent budget an investment in our medical workforce supply. We desperately need to have a far greater medical workforce. We also need to see more funding for the PBS. Instead, we got cuts which will greatly impact upon people. A study by Access Economics shows that the budget provided for spending on health will increase more slowly than government spending generally. This means that spending on health will fall as a percentage of all government spending. The budget growth rate in health spending is only 4.5 per cent, which is well below the rate of health inflation.

Given that the government is spending less in real terms on health for each Australian, at the end of the day the result will be that people will have to make up the shortfall by paying for it themselves or, as is often the case, people will have to opt to go without care because they simply cannot afford it. People that I speak to, particularly elderly people, often say that that is the option that they have to choose—to go without care. It is an outrageous situation that families with young children have to make a choice between paying bills or taking their children to the doctor. I quite often hear that this is the case. In this day and age, it is an outrageous situation that families have to make those
choices about the health care needs that they are confronted with. It certainly is a worsening situation, particularly for people on low incomes and the elderly.

Access Economics has also outlined that the minister for health has failed to deliver an agenda for the future of our health system by planning for how our health system is going to cope with an ageing population. It really is a lost opportunity to build a reformed health system, particularly a health system that is focused very much upon prevention and early intervention. We really need to see some national leadership on that front, and we did not see that delivered by the Howard government in the budget.

As I said, the government should be providing for the health of our ageing population. It is vitally important. Twenty per cent of Richmond’s population is aged over 65—one of the highest proportions in the country. Inadequate funding for health and also for aged care and the constant cuts to the PBS make it very difficult and very stressful for elderly residents as they desperately try to meet all their health care needs. The Howard government really has a shameful record, particularly when it comes to health. I certainly see it first-hand every day in the concerns that people have.

There are many pressures on local seniors within the electorate of Richmond, especially the 13,000 on fixed pensions. As I said, 20 per cent of the population is aged over 65—one of the highest proportions in the country—so of course our health needs are major. We often hear predictions that, in 2040, 20 per cent of the Australian population will be aged over 65 years. That is in 2040, but in 2006 that is what we have on the ground in Richmond. We have that now. We see first-hand how desperate the need will be and how there is a need to plan for the future, when that will be the situation across the board. We have to get it right on the ground for these people now.

There is indeed a national crisis in our health workforce, and we are not seeing the Howard government doing anything effective to fix that problem. Again, this situation is only going to get worse with an ageing population. Every day, locals tell me about the difficulties they have in finding a GP—and they have lots of difficulties in finding one who bulk-bills. This is a major concern. In all areas, but particularly in regional areas, finding doctors who bulk-bill can be extremely difficult and, of course, very stressful for elderly people.

The full-time equivalent GP numbers monitored by the Department of Health and Ageing show a very critical shortage across the nation. The national average of people per full-time equivalent GP has hit 1,451. The government’s own recommended figure is closer to 1,000 people per GP. The Department of Health and Ageing regards areas with a figure of more than 1,400 as an area of need under the More Doctors for Outer Metropolitan Areas program. The figure for Richmond is 1,314, and the figure for the neighbouring electorate of Page is especially dire, at 1,589.

Given that the Northern Rivers has one of the highest proportions of elderly people in the country, this crisis is worsened. The demand for GPs obviously increases with age. Local GPs are often telling me that, when they are seeing a large number of elderly people, the demands on them are much greater and often more complex because of their health needs. The time constraints often make it very difficult, particularly with the complexity of their health problems.

GP numbers are dwindling as a result of an underinvestment by the Howard government in university places and GP training places. Indeed, the situation is much worse in
regional areas because the Howard government does not provide enough incentive to attract them to areas where we desperately need to be seeing more GPs. The situation is exacerbated even more so by the enormous HECS debts that many young doctors now have when they leave university. They often have little choice but to stay in the cities to earn more to pay off these massive HECS debts. They cannot afford to move to regional areas, and the government is not providing enough incentive for them to come to our areas to service the great need for more GPs.

Instead the Howard government is continuing to rely on importing overseas trained doctors. This is a very shameful situation. The Howard government should be providing leadership when it comes to addressing the critical shortage in the health workforce. But the reality is that the Howard government is not providing leadership. The message is clear: it should be investing in universities, training more GPs, training Australians first and training them now. I certainly see first-hand in Richmond how desperate this need is and how we have to have more of them trained.

Another major health issue in Richmond is dental health. This is an issue that I have raised many times in this House and will continue to raise because it is one that elderly people speak to me about constantly. There is a dire need for federal funding for dental health, and under the Constitution it is indeed the responsibility of the federal government. Particularly for those elderly people within my electorate, it is shameful that the Howard government are not prepared to invest federal funding in this area. Let us remember that it is seniors who built this nation. They are the ones who worked hard, paid their taxes and defended our country. They have done the hard yards and they have retired. There is no doubt that the elderly are one of the groups most disadvantaged by the Howard government not providing federal funding for dental care.

As we all know the Howard government scrapped the $100 million a year Commonwealth dental health scheme. The reality is that dental health can affect your overall health. That is why it is so important that people have access to dental health services. In the past, the minister for health himself has said in relation to Labor’s dental health scheme:

The Keating government’s program did reduce waiting times. No doubt about that. That is the reality. We need to have federal funding back to fix this problem. There are only about 240 public dentists to cater for more than 2.5 million health care card holders, children and the elderly across Australia. This compares with more than 3,000 private dentists that treat the rest of the population. We always hear the Howard government blaming the states. I am sick of their buck-passing. It is time for them to fix the problem. It is their responsibility under the Constitution. They are obligated to provide this dental health care.

It is often heart wrenching to hear stories from people, particularly our local elderly, who are in pain because they cannot access the dental care they need and are often unable to eat. A lot of them are often too embarrassed to even go out because of critical dental problems. I have provided many examples. One of them, Mrs Julia Morton, an 83-year-old pensioner from South Tweed, waited years and years to get her teeth fixed. Eventually she gave up and ended up paying for them herself on her credit card. She says she is lucky because she had some help from her family, but she is concerned for the many other local pensioners who just cannot access that. It is outrageous that she had to wait many years and was being forced to rely on
her family to get her teeth fixed so she could actually eat. There are so many pensioners who just cannot afford to get the urgent dental work that they need.

It is not just the dental health of Australians that is at risk—it is not just about getting their teeth fixed; many studies have shown that poor dental health can lead to a range of general health problems, including strokes, heart disease and chronic infections. It can also make diabetes a lot more difficult to manage.

It is time the Howard government stopped trying to pass the buck and showed the national leadership necessary to provide locals with the dental care they urgently need and deserve. As I said, I have raised this issue on many occasions. I would like to see government members stop trying to pass the buck, admit that it is a federal responsibility and take some action. I will certainly continue raising it in this House until we see the federal government prepared to stand by their constitutional obligation and make sure there is funding for dental care.

Another major health concern for Richmond residents is the Howard government’s constant attacks on free prescription medicines, which also puts the health of my local elderly at risk. We have basically seen a war being waged on our PBS by the health minister and the Treasurer. This has resulted in a dramatic drop in the number of prescriptions being filled. Indeed, 2005 saw a drop in the number of scripts being filled. Almost two million fewer scripts were filled in 2005 compared to 2004, and the trend looks set to continue in 2006. Two million fewer scripts is a huge amount. With an increasing as well as an ageing population, such as in Richmond, it is quite crazy to argue that people would be requiring fewer medicines, because in fact they need more. The reality is that they just cannot afford to access them.

The health minister’s mismanagement of our PBS has also led to delayed listings and a significant drop in the number of scripts being filled. Many groups have been calling on the health minister to expand PBS access to some cholesterol-lowering drugs. This matter has been with the health minister for over two years. In July the PBAC will assess an application for Herceptin, which assists with breast cancer, to be listed on the PBS. How long is it going to take the health minister to enact a recommendation for Herceptin, which is so desperately needed within the community? Just last week a local woman, Trudie Douglas, came to see me. She has advanced breast cancer and desperately needs to access Herceptin. Her husband, Ian Douglas, was involved in a serious car accident on New Year’s Eve and obviously also has his own very complex health needs. They are in a situation where they just cannot access Herceptin. They may have to sell the house. They are looking at $60,000 to get access to Herceptin. It really is a heart-wrenching situation. It is people like Trudie Douglas that need to see the health minister doing something about their health needs.

Another example I would like to speak about is the removal of calcium from the PBS, which we saw last year. There was a huge outcry in relation to this, particularly in my electorate. We held a major forum where so many people spoke about their concerns about it being taken off the PBS. It was because of this community campaign and because of the pressure that was put on the health minister right across this country that calcium was returned to the PBS—but just for renal conditions, not for osteoporosis.
Those people suffering from osteoporosis—or those who want to prevent it, as we have been told we all have to do—desperately need to have access to calcium. It is shameful that the Howard government does not put calcium back on the PBS for those suffering from osteoporosis. Again, this very much affects the elderly in my electorate, who desperately need to access calcium.

As I said, we saw so many cuts to the health budget, including the $1.3 billion cut from the PBS last year and the $500 million from Tony Abbott’s ‘rock solid, ironclad’ Medicare safety net. While PBS medicine affordability declines, we can expect at the end of the day to see a lot more hospital admissions and greater health care costs in the future because that money is not going into prevention and early cures. We are going to see much worse health conditions. We also saw changes in last year’s budget that greatly impact on pensioners, who now have to wait until they use 54 scripts a year before they are entitled to free medicine, with this number going up to 60 by 2009. All of these changes to the PBS make life so much harder for the elderly, who of course are very stressed with their complex health problems.

Another issue I wanted to speak about was the sale of Medibank Private. The Howard government is committed to the sale of Medibank Private. There are certainly many concerns about competition and also about health insurance premiums and how much more they are going to rise once it is sold. Families and pensioners are already doing it so tough, with petrol prices increasing, interest rates going up and wages being lowered due to the government’s extreme industrial relations changes. Now, on top of that, we are going to see health insurance premiums go right up, with the sale of Medibank Private.

The government are going to spend a huge amount on a major marketing campaign for Medibank Private. I think it is incredibly unfair. When Australians are finding it hard to get to a doctor and our hospitals are under pressure, how can the Howard government justify spending millions on the sale of Medibank Private? A number of months ago we saw the Medibank Private office in Tweed Heads close, which greatly impacted—

The DEPUTY SPEAKER (Mr Lindsay)—Order! Member for Richmond, this bill is about the Medicare levy surcharge. Could you relate your comments to the Medicare levy surcharge, please.

Mrs ELLIOT—Yes, absolutely, Mr Deputy Speaker. As I said earlier, this is in reference to the second reading amendment and the failure of the government to make sure that there was proper investment within our health care system. There are so many areas of need, and the sale of Medibank Private will indeed greatly impact upon people’s incomes and their access to health services.

I want to make a point about some of the hidden cuts to the health budget. We have seen $1.5 million ripped out of the More Doctors for Outer Metropolitan Areas measure and $6 million ripped out of the Better Access to Radiation Oncology program. Again, these hidden cuts will greatly impact upon people in regional areas such as mine. Right across the board, when it comes to funding for the health needs of our present and our future generations, we have not seen any national leadership or vision that is going to fix a lot of the problems that we have in our health system.

In fact, it is only going to get worse in the coming years, particularly with an ageing population, when the health needs are so great. To not see funding being placed in prevention and cure is going to make a huge
difference. But, as I stated, there are some particular areas of need, especially restoring the federal dental plan, and the failure to do this will continue to cause so many problems in my electorate and right throughout the country, as will the cuts to the PBS. We are seeing first-hand that people are not accessing those medicines. They are staying in their homes, getting sicker and exacerbating the situation.

I fear that the fact the Howard government has failed to take action on this will continue to impact upon the elderly, and they are the ones who desperately need support from this government to ensure their future health care needs at a time in their lives when their health needs are very complex. We certainly need to see a greater investment in a whole range of areas, particularly for the future, because we do have a rapidly ageing population. We have the opportunity to get it right in Richmond at the moment, with 20 per cent of the population aged over 65, and we have to get it right now for those elderly people who are very stressed and unable to cope.

Mr GEORGANAS (Hindmarsh) (10.49 am)—I rise to speak on the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2006. One of the more notable things about this year’s budget was how little attention was given to health. Perhaps it was the absence of the Minister for Health and Ageing around the time of the budget—I do not recall seeing him do too many interviews that week. Perhaps the government did not want to create too many distractions from its plan to address income tax bracket creep and superannuation suggestions. But it did lack the drive, the vision and the determination to advance our nation’s health that some had hoped for.

The Access Economics report written for the AMA identifies the budget as spending slightly more than 18 per cent of its value on health outlays next financial year and factors in growth over the forward estimates of 4.5 per cent. The implication is that, as a percentage of total outlays, the proportion spent on health may actually decrease. The situation is even worse for public hospitals, with the budget only providing for 3.6 per cent growth in spending. Health inflation will run well ahead of this figure, meaning a cut in real terms in funding to public hospitals. All this comes with the pressures of an ageing population.

A 4.5 per cent increase would not even renew the government’s subscription to private health insurance. The cost of private health insurance has been increasing year in, year out by seven per cent. It has increased by well over 30 per cent since the year 2000, absolutely eating away at the government’s rebate—cancelling it out altogether. A 4.5 per cent increase is more of an inflationary adjustment—a minor alteration over time to prevent the budget from slipping too far backwards. But the issues our country faces increasingly over time are not likely to be solved with the status quo in real terms, so I cannot say I recognise where the government is heading, other than towards either a decrease in the level of services available to the public or a greater reliance on fees and charges for services from our constituents.

The sale of Medibank Private is an important issue. It is an issue that will affect the way that we look at health in this country. The sale of Medibank Private will have a great impact on the Australian public. The budget has confirmed the sale of Australia’s biggest not-for-profit private health insurance fund, Medibank Private. However, it does not go into how the sale will impact on Medibank Private members. Will there be increases in their premiums? What safeguards have been put in place? The government may well expect competition to reduce, the brakes to come off private health insur-
ance premiums and the annual increases to surpass those of recent years, which have topped seven-odd per cent per annum. I regret that the budget does not instead have a plan to keep premiums in check. It does not have a policy of delivering a sustainable private health system that will not continually rip the incentive out of the pockets of mums and dads, grandmums and granddads across the country. I regret that it does not have any reason for people within my electorate of Hindmarsh to expect not to have their health expectations decreased without paying more and more.

With repeated premium increases well above the CPI, private health insurers are failing to offer value for money products, and the situation may get noticeably worse after the sale of Medibank Private. Many people actually believe they should be paying for private health insurance, if they are able. And they want to be able. They save and go without and scrape together the monies required to keep often long-term policies going. I fear for those people’s hopes that the sale of Medibank Private will not lead to the loss of their ability to afford to do what they believe is the right thing to do.

The budget allocates some $50 million to a general marketing campaign for private health insurance, which will be jointly funded with the private health insurance sector. When Australians are finding it hard to get a doctor when they need one and hospitals are under pressure, how can this government justify spending $49 million out of the health budget to pay for advertising for private businesses?

On 26 April 2006 the Minister for Finance and Administration said that the sale will increase competition and put downward pressure on premiums. During the 2001 election campaign this government claimed their policies would lead to reduced premiums; however, since 2001 private health insurance premiums have increased by almost 40 per cent on average.

The Minister for Health and Ageing has tried to bury a series of health cutbacks in the budget papers. Under the boasts of increased health spending lie cutbacks that will hurt average Australian families. The biggest hidden cut is a $260 million cut to the Pharmaceutical Benefits Scheme. The budget refers to the cut as a ‘parameter variation’, but this means that budget estimates on PBS spending have been cut because fewer sick Australians are filling prescriptions than were originally expected. This continues a long series of cuts to the health budget, including $1.3 billion from the PBS last year and $500 million from the minister for health’s ‘rock solid, ironclad’ Medicare safety net. While PBS medicine affordability declines, we can expect more hospital admissions and greater health care costs in the future.

This budget also makes cuts to the government’s 2004 ‘Strengthening Medicare’ election campaign, an advertising campaign that cost $20 million. Both the workforce measures and bulk-billing incentive measures for concession card holders and children, which were key aspects of ‘Strengthening Medicare’, have not been funded beyond 2009. This proves that ‘Strengthening Medicare’ was nothing more than a pre-election con, just like the ‘rock solid, ironclad’ guarantee about the Medicare safety net that we heard.

It is clear from this year’s budget that the health minister is not running health in this country. Most health initiatives in this year’s budget are being driven and delivered by someone other than the health minister: 62 per cent of the total health budget is allocated to measures driven by the Council of Australian Governments and 20 per cent of the total health budget is allocated to meas-
ures driven by the sale of Medibank Private. The minister for health should be concentrating on fixing our health system and building the health system of the future, a health system that will be prepared for an ageing population.

There are many other areas where this budget did not deliver. It did not deliver on after-hours medical services to take pressure off emergency departments. We have all seen people who do not have a doctor available in their area or who cannot afford to pay the gap turning up at emergency departments and putting pressure on hospitals. The budget should have reinstated the Commonwealth Dental Scheme to get the 650,000 Australians waiting an average of two years for dental care off waiting lists. We all know that dental care is a Commonwealth responsibility; it is clearly stated in the Constitution under section 51 that it is the responsibility of the Commonwealth, along with health. The budget should have redesigned and invested in our medical workforce supply and distribution systems and reformed the relationship between the Commonwealth and state governments to reduce waste and stop the buck-passing and blame shifting in our health system.

There is also the issue of a shortage of doctors. Within Adelaide’s western suburbs the number of GPs has decreased from 280 in 2000 to 193 last year. That is a loss of 87 GPs in the past five years. This trend shows no sign of slowing. The number of practices fell from 164 to 103 in the same period, through either closure or consolidation. According to the Adelaide Western Division of General Practice, which serves 220,000 people, the vast bulk of the decreases in doctors results from retirement. Those left need to work harder to keep up with the demand. The average GP in the area is in his or her 50s, and more doctor retirements can only be expected to make the problem worse.

There are 2,800 training positions available this year through Backing Australia’s Future. There are also 246 available from last year’s ‘Strengthening Medicare’ package. The federal government announced a funding boost of $250 million in early April 2006 to fund new health professional places by 2009, including 400 medical places. The AMA responded that the shortage is still a long way from being over—160 of the 400 are quarantined within Victoria and the remaining 240 may be accessed by any state or territory, including Victoria. The 240 places will be determined by COAG. Adelaide university wants 40 of those 240 places but Queensland is demanding 325 training places to meet demand. So as you can see there will still be a huge shortage of doctors. We need to be training more doctors to meet the demands, which will only grow with the ageing of the population in the future.

Access Economics has also supported Labor’s view that the minister has failed to deliver an agenda for the future of the Australian health system and has squandered an opportunity to build a reformed health system with a focus on prevention and early intervention that would meet the needs of average Australian families. The Access Economics report describes the Howard government as ‘slow moving’ and explains that the government has ‘passed up opportunities to improve health outcomes’ and is ‘ducking’ areas like obesity and increasing pressures on public hospitals. The 2006-07 budget is full of hidden cuts and squanders the opportunity to fundamentally reform our health system and invest in creating a much better health system for all Australians in the future.

Ms CORCORAN (Isaacs) (11.00 am)—I rise to speak on the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2006. Way back in 1984, when Medicare was introduced, a levy was struck
to help to meet the costs of this new and very welcome universal health care scheme. I remember the introduction of its predecessor, Medibank, and the changes that that system brought us. Medicare did the same when it was introduced in 1984, after the Fraser government dismembered and then effectively abolished Medibank. In his second reading speech on the introduction of Medibank back in 1973, the Hon. Bill Hayden said that the purpose of Medibank was to provide the ‘most equitable and efficient means of providing health insurance coverage for all Australians’.

The objectives of the original Medibank were a universal health care system, the equitable distribution of costs and an administratively simple system to manage. The original intention was that Medibank would be funded by a levy of 1.35 per cent of taxable income. However, this levy was removed by the hostile Senate and Medibank was funded out of general revenue. On its introduction, doctors were given the option of continuing to bill their patients and doing the follow-up work in chasing slow payers or bulk-billing the Health Insurance Commission at the end of each month for the patients they had seen. If this option was taken up, the doctor was paid 85 per cent of the schedule fee for all the services they had provided for their patients in that month. Many doctors immediately saw the advantage of this in administrative savings and a return to a focus on medicine rather than bookkeeping and chasing slow payers.

Not long after the introduction of Medibank, the Whitlam government lost office and the Fraser administration arrived. Under Fraser, Medibank was firstly changed to include a levy of 2.5 per cent, with an option of not paying it by taking out private health insurance. In 1978 medical benefits were reduced to 75 per cent of the schedule fee and bulk-billing was restricted to holders of pensioner health benefits cards and those deemed by the doctor to be, in the minister’s words, ‘socially disadvantaged’. The health insurance levy and the compulsion to insure were abolished in 1978. In 1979 Medibank benefits were limited to the difference between $20 and the schedule fee. In 1981 access to free hospital and medical care was restricted to pensioners with a health care card, sickness beneficiaries and those meeting stringent means tests. An income tax rebate of 32 per cent was introduced for those with private health insurance. Essentially, at this point Medibank had died.

In 1984 the Hawke government tossed all this out and reintroduced Medibank under the new name of Medicare. One difference was that this time the government was able to introduce a levy—one per cent in this case—to help fund the system. There was a low-income threshold of $7,110 for a single person and $11,803 for a family, below which the levy was not payable. For the record it should be noted that in 1995 the one per cent levy was increased to 1.5 per cent and in 1997 a surcharge of another one per cent was introduced for high-income earners who did not have private health insurance.

Medicare was to be a health care system that ensured that everyone could get good, affordable health care. For a long time Medicare was an excellent system. At its height in the middle 1990s we saw something like 80 per cent of doctors bulk-billing. Unfortunately, over the last 10 years it has been allowed to deteriorate and it is no longer the shining star of health services that it once was. This decline is a direct result of the present government’s deliberate actions or lack thereof, and this is a shameful decision by this government. The Australian government’s Medicare website describes Medicare as follows:

Medicare ensures that all Australians have access to free or low-cost medical, optometrical and
hospital care while being free to choose private health services and in special circumstances allied health services.

I am here to tell the government that this is no longer the case. I have said it before and I have to say it again, because the situation has still not improved. A number of factors are slowly but surely creating a divide in Australia between those who have access to good health services and those who need access but are not seeking or getting those services because they do not have the money to pay for them. The contributing factors to the reducing effectiveness of our health care system in providing affordable care for everyone include the absolute refusal of this government to reinstate the Commonwealth Dental Scheme; the crazy, back-to-front and inequitable Medicare safety net scheme; the changes to the Pharmaceutical Benefits Scheme; the reluctance or at least slowness of the government to get new drugs onto the PBS; the threatened sale of Medibank Private; the government's refusal to enter into serious negotiations with the state governments to end the buck-passing and the waste of money that occurs because of the dual nature of our health delivery system; and the simply mind-boggling stupidity of this government's cuts to university funding and the deleterious effect this is having on the numbers of doctors, nurses and other medical professionals we are training.

The latest interesting move was last week's news that the government is negotiating with the banks to see whether they will process Medicare refunds. Let us just deal with that thought first—the news that the four major banks are negotiating with the Minister for Human Services about processing Medicare transactions as part of the government's smartcard project. I understand these negotiations involve fees for the banks to process our refunds. The obvious question that follows from all this is: who will ultimately pay these bank fees? If the intention is that these fees will be able to be passed onto Medicare clients then this is clearly not acceptable. Other options that spring to mind are that the government intends meeting these costs out of the health budget or out of the smartcard budget, which has already blown out. Or does the government mean to close down Medicare offices altogether? We need answers to these questions.

The Medicare safety net cannot be talked about without us remembering the rock solid, ironclad guarantee that the Minister for Health and Ageing gave the electorate in the last election campaign period. That guarantee was that the threshold for the safety net would not be increased. Of course, it is history now and the threshold has been increased—right back up to where the government wanted it in the first place, before it had to lower it to get it through the Senate that existed before the last election. The original safety net was introduced in the lead-up to the last election to quieten a fractious electorate, who were becoming more and more vocal about the deterioration of Medicare. This concern was chiefly about the increasing difficulty in many areas, including outer suburban areas, of finding a bulk-billing doctor.

At the same time that bulk-billing was declining, the gap that patients were asked to pay when they visited their non-bulk-billing doctor was growing. This was made even worse because many doctors were asking patients to pay their fees up front. This was putting enormous stress on many people, and we have heard awful stories of people not going to the doctor when they needed to because they did not have in their pockets the $40 or $50 they needed to get in the front door. I want to make it clear that I am not blaming the doctors for all of this. They are in business, they are entitled to make a living...
and they are dealing in their own way with the deterioration of Medicare.

The government recognised that they had to be seen to be doing something. It would have been better if they had done something useful. The government introduced a safety net arrangement. The government hoped that, if the patient or family could see that the doctor’s bills would not grow beyond a certain level, they would be reassured and stop agitating for issues facing Medicare to be addressed. The safety net does not address the problem of giving access to affordable health care and it was never going to. That point was made at the time by the opposition and by many in the health sector. The argument was and is that the safety net simply writes a blank cheque on health costs, whilst not assisting many of those finding it hard to afford decent health care.

The financial constraints around Medicare are a regulation on how much the doctor is paid—that is, the rebate amount. Whilst there is criticism of the current level of the rebate, that does not take away the function of the rebate as a regulating device. The safety net is no such regulation. It is unregulated and uncapped—in other words, it is a blank cheque. The scheme pays 80 per cent of an unregulated fee for an indefinite time. The scheme was always going to be hard to control, and this is exactly what has happened. The scheme does not assist those who really need assistance. Once a person or household reaches the threshold, the scheme will help, but until that point it is of no help at all. The patient still has to look into their purse to see if they have enough money up front to get in to see their doctor. If the cash is not there right now, no promises of future relief will help. The person on a tight budget is still left looking in their purse first and ringing the doctor second.

It is worth noting some interesting statistics which show very clearly that this scheme is not helping those in real financial need. A recent report showed that 15,520 people in the electorate of Isaacs have spent enough at the doctors to qualify for the safety net. This compares with 27,906 people next door in the electorate of Goldstein, which covers suburbs such as Brighton and Sandringham. The Treasurer’s seat of Higgins has 23,985 people who qualify. The average income in Isaacs is $35,713, whilst those in Goldstein earn on average $51,631 and those in Higgins $55,498. The total received from the safety net in Isaacs is $1.6 million, Goldstein has received $4.3 million and Higgins has received $4.5 million. Just to complete this miserable picture of how the safety net is not helping the people who need it most, those in Isaacs who have qualified received on average $368 per person, those in Goldstein received $524 per person and those in Higgins $652 per person. Clearly, the safety net dollars are not going to those who need them most.

The proposal the government is running at the moment to sell Medibank is causing concern in my electorate. People do not want to see this major provider of health insurance move into private ownership. I join with my colleagues who, after seeing the backflip on the sale of the Snowy Hydro scheme, are calling for a similar backflip on the proposed sale of Telstra and I am saying let us add Medibank to that list. The issue to keep to the fore in thinking about the proposed sale is: what about the users of our health system? The sale of Medibank will not improve access to decent and affordable health care. In fact, it will do the reverse. The sale will reduce the number of players in the field of health insurance. This will reduce competition and lead to an increase in the price of health insurance. Private health insurance premiums have increased dramatically over
the last few years. They have gone up 40 per cent in the last five years. We do not need any more pressure on these prices. Australians want Medibank Private retained in public ownership. As revealed in a recent survey, 64 per cent of people did not think Medibank Private should be sold and 74 per cent of people thought it would lead to increased premiums. I have to agree with them.

Access to affordable and good health care includes access to affordable medicines, but this seems to have escaped the notice of this government. The Treasurer has noted in the recent budget that there are savings of $260 million more than the government expected on the PBS. The government was expecting savings following the changes to the PBS safety net and changes to the patient contributions, but not as much as has actually happened. I worry that these savings are nothing to do with people suddenly not needing medicines but more to do with the fact that people cannot afford to buy the medicines in the first place.

At the same time, much needed drugs are not getting onto the PBS. Lantus, a drug for diabetics, is one that a number of my constituents are asking about. This drug releases insulin slowly and suits many people better than the alternatives. One constituent describes it as giving him much better blood glucose readings in the morning and better control of his glucose levels during the day. Although this drug has been approved by the PBAC for listing on the PBS, the minister has still to take it to cabinet for a final sign-off. Meanwhile, my constituents are paying over $100 per month for Lantus—that is, the ones who can afford it.

An issue related to Medicare is the workforce issue being faced by general practitioners. My local GPs tell me that many doctors are no longer prepared to work the long hours that doctors used to work and that many are not interested in working full time. Some simply work part time, whilst others will work as a GP for a few days per week and then work elsewhere, still using their medical skills but not in the local GP practices. This means that some local GPs are facing very long hours each week as well as limited periods for holidays or time off. This adds to the other burdens of the relative falling value of Medicare rebates and the increasing costs which most practices are facing. The answer to these problems is not simple. Nevertheless, the problem must be addressed in a concerted effort by federal and state governments.

So, whilst I am not for a minute disputing the purpose of the bill before us, I do note that much needs to be done to get our health system back up to where it should be. We must address the problem of access to affordable health care—be that access to the local GP, access to affordable medicines or to other health services. We have to stop thinking of health costs as costs. We must see good health as the right of everyone—not just of those who can afford it. It is important for us all to take care of our collective health and to take preventative steps to avoid ill health. For those of us focused on the financial line, this makes good financial sense too. Ill health is expensive and if we can avoid it we should do so. We must quickly act to ensure that everyone has access to affordable health care. This is not the case right now and it is to our shame that we allow this to happen when it can be addressed.

Mr PRICE (Chifley) (11.14 am)—Before I address the specifics of the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2006, I would like to point out that this bill is subject to the guillotine motion moved by the Leader of the House, Mr Abbott, earlier this morning. In fact, it is my understanding we need to conclude this bill by 12 noon. The Leader of the
House said that the opposition had been offered longer sitting hours, but on the condition of limiting their speeches. I need to place on the record a couple of things. Firstly, the government, when in opposition, never, ever agreed to limit their speeches. They never limited their speeches, so why should we as an opposition agree to limit ours? There have been occasions when I have agreed to the limitation of some speakers and debate, but I am always very reluctant to do it for the very reason that the Manager of Opposition Business stated—that is, all members of this House have a responsibility to scrutinise legislation and keep this government accountable. So why shouldn’t everyone exercise their proper right, as a member of this House, to make a contribution on this bill?

Secondly, one of the most frequent refrains in question time from the Leader of the House is that the Howard government is the best friend Medicare ever had, yet we have already run out of government speakers, who are shy about Medicare and unable to make any contribution to this bill and its impact on their own electorates. I find it ironic. Of course, I would suggest that Saddam Hussein is the best friend the Howard government ever had through the ‘wheat for weapons’ scandal, but that is another issue. The honourable member for Hunter has moved a second reading amendment, which reads:

“whilst not declining to give the bill a second reading, the House:

(1) condemns the Government and Minister for Health for squandering the opportunity to fundamentally reform our health system;

(2) condemns the Government for failing to invest in rebuilding our health system, including Medicare, for the future, focused on prevention, early intervention and an ageing population; and

(3) condemns the Government for its failings in relation to our health system, as evidenced by delivering a Budget containing hidden cuts and the related decision to sell off of Australia’s biggest not for profit health insurer, Medibank Private”.

I want to make it clear that I am totally in favour of the amendment moved by the member for Hunter.

It is clear that the people of Australia value having an affordable and accessible health system that they have been used to for many years in this country. It is my view that the biggest black hole is in the hospital system, where the states are not receiving assistance from the federal government to make our hospital system even better. Locally, over the last couple of years there has been a great deal of community concern that the Mount Druitt Hospital would close or, alternatively, would become a nursing home. This was never going to be the case. Both Richard Amery, the state member for Mount Druitt, and I served on the board of the hospital. Our esteemed late friend, Tony Johnson, as the previous member for Mount Druitt, was instrumental in getting the hospital and it has proved its worth over the years. Indeed, for all the royalists in the gallery, it was opened by Her Majesty the Queen back in the seventies.

Given the background of community concern about Mount Druitt Hospital closing, I wanted to rattle off a few statistics. The number of patients waiting more than 12 months for elective surgery has been reduced by 88 per cent since March 2005, from 59 patients in March last year to just seven this year. The total surgical waiting list for Mount Druitt has been reduced by 22.9 per cent, from 580 patients last year to 447 in March this year. Attendance at the Mount Druitt accident and emergency unit in March 2006 was up 17.4 per cent to 2,137 people. In addition to this, the hospital is dealing with
more serious cases. In March this year, there were over 315 admissions to wards for surgery and specialist care from the accident and emergency unit, 37 per cent more than March last year.

It is true that there has been a rationalisation between Mount Druitt and the new Blacktown hospital, recently completed by the Carr Labor government. The specialities that Mount Druitt has are working well. The idea that somehow the accident and emergency unit at Mount Druitt would be shut down has proved way off the mark. As I pointed out, these statistics are showing an even busier hospital. I guess the point I wish to emphasise is that, if the government would only make a greater financial commitment to our public hospitals, even these figures could be reduced quite significantly. The Howard government will throw a lot of money around in health but never, ever to a public hospital.

The other thing I want to point out is in respect of the dental clinic at Mount Druitt Hospital—the May Cowpe Centre. The late May Cowpe was a lovely person, although I suspect she might have been of a different political persuasion from mine. But that matters not. For many years she headed up the hospital’s ladies auxiliary, and they have done a fabulous job. Statistically, I think more money has been raised by Mount Druitt ladies auxiliary than by any other comparable ladies auxiliary. On May Cowpe’s passing, it was only fitting that this building be named in her honour.

The real tragedy is that, in trying to solve health issues that face the people of Australia, the government has consistently turned its back on dental health. A dental health program was in operation when the Howard government took office, which cost $100 million a year to run and in its last full year of operation looked after the dental needs of around 600,000 people. The great tragedy is that the cutting of this program left the May Cowpe dental clinic completely underutilised and there are now unacceptably long waiting lists to access the May Cowpe dental clinic at Mount Druitt.

We may think that teeth are just teeth and that nothing too serious can happen, but there are a whole range of teeth maladies, some of which if left untreated can lead to death. The government has a surplus of over $14 billion and it is a real tragedy that it is so heartless and indifferent to the dental health care of a nation that it will not embrace a scheme that was such an outstanding success and helped 600,000 of our fellow Australians—often aged pensioners and children. It is a black hole that the government is absolutely and totally disinterested in.

One of the early actions of the Howard government was to close the Mount Druitt Medicare office. In question time the Prime Minister is fond of reminding me—not that I need reminding—that my electorate has the highest unemployment of any in New South Wales. I wish it were otherwise. It means that I have a lot of people in my electorate who need access to a Medicare office. People who say that these things are available at Blacktown or Penrith do not understand the geography of Western Sydney. Nothing would give me greater pleasure than to see a Medicare office reopened at Mount Druitt. I did take up a petition when the office was about to close, and I have never seen a petition taken up with such enthusiasm in my electorate as the one to get the Medicare office reopened.

It is a pity that, at the very time the government is contemplating privatising Medicare, it does not have any plans to open a Medicare office in Mount Druitt. Shame! It shows how the Howard government treats people who happen to be represented in the
federal parliament by a Labor member. Issues are not treated on their merit and the people are not treated with any degree of consideration or compassion. I am still committed to opening a Medicare office in Mount Druitt.

I also want to place on record my thanks to all those who signed the petition I circulated to have Herceptin listed on the PBS. Many thousands have already signed the petition, and we are working our way through them. It is an awful thing for a family which has a member who suffers from breast cancer to have to contemplate finding $66,000 for each year the family member needs to be treated with this drug. Tragically, I have met some families where a decision has been made to sell or remortgage a house just so the family member can receive this treatment. It must be an awful decision for those families to make. Perhaps I have misrepresented it somewhat—the families have said it is an easy decision for them because they value life over money and therefore have come to these decisions very readily—but these families are placing their financial security at some degree of risk by making such a generous sacrifice. Families should not have to make these decisions in respect of family members who have breast cancer when a drug is available that will put them into remission for a considerable period and will give them some quality of life, notwithstanding the ravages of this dreadful cancer of the breast.

When a government is wallowing around with a surplus of $14 billion—or, as the Treasurer would say, 14 thousands of millions of dollars—it is difficult to understand why they do not have compassion and why they cannot see why a federal government should be trying to assist our fellow Australians. I suppose what is at stake here is the belief that we have on this side of the House that, no matter what your income or your age, we should have access to a vibrant public health system that is able to treat you without serious cost—that, unlike in America, your monetary circumstances should never be a barrier to good health care. I will repeat that. On this side of the House, we believe in having a very strong and robust public health system so that, no matter what your financial circumstances, you as a citizen have as a right the ability to go and see a doctor, have an operation or have, notwithstanding the expense, appropriate medication given to you so that you either may be cured or, in the case of Herceptin, at least have your life prolonged and have some quality of life, despite having a very insidious disease.

So there are quite some differences between the government and Labor, and I have outlined some that impact on my electorate. I finish on this note: I do not understand why the government is trying to rush to privatise it. If we had some evidence that Medibank was not working well—its management were flawed, it lacked vision or it was unable to deliver services—these would be strong reasons to look at whether or not a change in the ownership structure would impact on better service delivery. But the government makes nothing out about it. In fact, in the budget it says it is committed to spending some $20 million trying to convince the people of Australia that selling Medibank is somehow going to be good for them. I am unconvinced. I suspect that the people of Australia will be very apprehensive about this move by the government. And it is absolutely regrettable that, in trying to influence members of parliament in their vote, it has attached some expenditure measures in this budget to the sale of Medibank. I think that that is wrong as well. I will be opposing any sale of Medibank as vigorously as I can in my own electorate. I support the amendment moved by the member for Hunter.
Mr WILKIE (Swan) (11.33 am)—The Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2006 includes changes to the Medicare Levy Act 1986 to increase the Medicare levy low-income thresholds for individuals and families. It also increases the Medicare levy low-income threshold for pensioners below pension age so they do not attract a Medicare levy liability where they do not have an income tax liability. The member for Hunter has articulated Labor’s support for the bill as presented to the House. He has, however, moved an important second reading amendment, which I support and which I have no doubt will attract the support of many in my electorate. The member for Hunter’s amendment reads:

... the House:

(1) condemns the Government and Minister for Health for squandering the opportunity to fundamentally reform our health system;

(2) condemns the Government for failing to invest in rebuilding our health system, including Medicare, for the future, focused on prevention, early intervention and an ageing population; and

(3) condemns the Government for its failings in relation to our health system, as evidenced by delivering a Budget containing hidden cuts and the related decision to sell off Australia’s biggest not for profit health insurer, Medibank Private”.

The government’s decision to sell Medibank Private is a disgrace. It comes on top of 10 years of neglect of our health system, the virtual extinction of bulk-billing doctors and the axing of the Commonwealth’s dental program.

Let us just look at how the government has gone about considering the sale of Medibank Private. Its own report suggests that there will be such a huge public outcry and backlash that it will need to go about this very carefully and fund an enormous advertising campaign to try and get away from the fact that it is withdrawing this service from public ownership and selling it off to private enterprise. This is outrageous. It goes to the very heart of what this government is all about. It is mean and tricky and out of touch. It knows that the population is absolutely opposed to the sale of Medibank Private, but it intends anyway to sneak this through and, in order to try and justify doing so, fund an enormous advertising campaign to con people into believing that this is good for them. We all know that, when this government advertises programs, it is trying to pull the wool over people’s eyes. You have only to look at the amount of money that it spends in the lead-up to an election, trying to sell its dud policies and programs, to know that it is trying to rip us off. This is exactly what will be the case when it is looking at introducing the sale of Medibank Private, which it knows the public does not support.

A number of years ago I presented a petition, signed by thousands of my constituents, calling for the establishment of a Medicare office in Belmont. The federal government continues to ignore this call. With a regional population of 31,500 people, and located nearly 10 kilometres from the nearest Medicare office in Swan, which is in Cannington, the city of Belmont needs a Medicare office of its own. Local residents have been inconvenienced for far too long. Having a Medicare facility in Belmont would mean that, after visiting local medical services and facilities, patients could claim rebates quickly, easily and close to home. The electorate of Swan desperately needs this Medicare office in Belmont to serve the people of the area. At the moment, there is one Medicare office in the electorate, which, as I said, is located in Cannington, leaving the northern part of the electorate completely unserviced except by agencies located in chemists in Victoria Park and East Victoria Park. As members know,
while a Medicare claim form can be lodged at an agency, any more complex issues must be dealt with at a Medicare office. It is invariably the elderly, those with young families and those with disabilities for whom the more comprehensive services of a Medicare office are required.

Having gone to the Medicare office in Cannington on numerous occasions myself, I know that they are overstretched and really struggling to meet the demand. It is not uncommon for the queue of people waiting to get their claims processed to be at least 40 to 50 metres long, snaking not only through the office but out into the shopping centre. Of course, this is outrageous. Many of those people are elderly, and they have had to travel long distances just to get there and have their claims processed. As I said, my electorate is home to many such people who rely on public transport and cannot travel great distances. It is simply unacceptable for them to have to travel over 10 kilometres to Cannington in order to access the services of a Medicare office. Indeed, some constituents have told me that it can take more than two hours on public transport for them to attend the Cannington office from the Belmont area. As I said, they then have to stand in line, waiting to get their claims processed.

Quite clearly, locating an additional Medicare office in Belmont would enable the needs of the regional population of 31,500 to be met far more effectively and would make a significant, positive difference to their lives. Under Labor’s election policy at the last election, we committed to providing a Medicare office in Belmont. Unfortunately for the electorate of Swan, the coalition made no such commitment. On behalf of the residents of the northern part of the Swan electorate and particularly the elderly, the chronically ill and those with disabilities, I urge the government to reconsider this worthy proposal in the future.

The reality is that the Howard government does not believe in bulk-billing or Medicare. This is the government that initiated cutbacks to GP training in 1996 and now sheds crocodile tears over the lack of doctors in the bush. Its big answer is to bring in people from overseas, when it should have been training our own people up—it knew that there was a shortage back in 1996.

This is the government that has denied the elderly access to dental treatment after abolishing the Commonwealth dental program. Let us just dwell on that for a second. As has previously been commented on in this debate, if you are elderly and you have real problems with your teeth, you cannot eat solid food. And, if you cannot get dental treatment, you are stuck eating food that you would normally feed to small children. I think it is absolutely unacceptable that, in this day and age, people who have retired, who are normally on a pension, cannot get access to decent dental care. It is outrageous and unforgivable that this government axed that particular program.

The Commonwealth has also removed free hearing aids and hearing services for health card holders, another outrageous development over the last few years. Also, massive price hikes for PBS medicines have outstripped pharmaceutical allowance increases.

Just last December, we saw this mean and tricky government remove calcium tablets from the PBS for all but those patients with renal conditions. The decision by the Minister for Health and Ageing to do this was in direct contravention of the advice of the Pharmaceutical Benefits Advisory Committee and will impact severely on older people with osteoporosis. Here we have a committee, the Pharmaceutical Benefits Advisory Committee, that is set up to look at what sorts of programs and drugs should be
funded. It makes the determination that this particular product should be available, and the minister says: ‘No, I’m going to take it off. I don’t care about these people. It’s going to cost money, so they’re not going to have it.’ Again, this is just outrageous.

Bulk-billing has suffered under the 10 long years of the Howard government’s mismanagement. Since 1996, 110 federal electorates have seen a decline in their bulk-billing rates; 52 federal electorates have seen a decline in their bulk-billing rates of 10 per cent or more; and six federal electorates have seen a decline of 20 per cent. In 1996, the average rate of bulk-billing was steady at 80 per cent nationally. In 2005, the bulk-billing rate has struggled to reach 74 per cent after a substantial cash injection. The Minister for Health and Ageing, Tony Abbott, has trumpeted weak improvements in bulk-billing rates in some electorates between 2004 and 2005, but the 10-year comparisons show that one year’s improvement does not make up for the Howard government’s long-term neglect of Medicare and bulk-billing.

The Howard government’s bulk-billing policies at the last election focused only on providing incentives for GPs to bulk-bill children and concession card holders such as pensioners. Newly released data shows that these policies have had a very small effect on the overall bulk-billing rates and have not improved access for the broader community. Note that the Howard government also increased the Medicare rebate for GP services from 85 per cent of the schedule fee to 100 per cent of the schedule fee, but this extra payment was not tied to bulk-billing.

The so-called Medicare safety net was put in place to assist families with high health care costs, in particular those with chronic conditions who faced the burden of growing out-of-pocket costs. However, the so-called Medicare safety net has done little to make health care more affordable or accessible, as it has not improved the ability of lower income individuals or families to access care in the first place. The Medicare safety net does nothing to address the impact of 10 long years of Howard government incompetence on out-of-pocket expenses or costs. Since 1996-97, the out-of-pocket costs of seeing a GP have almost doubled from $8.50 to over $15.

In my electorate, there has been a real need for GP after-hours services. There are clear reasons why we need this service. Over 166,000 people live in the district. Of the 63 GP surgeries, only 13 offer more than five hours a week of extended services—that is, they are open after 6 pm on weekdays or after 2 pm on Sundays or public holidays. Of the 63 GP services, only three offer nine hours or more of service on Sundays and public holidays. There are no formal after-hours primary medical care clinics at all, and there are no public or private emergency departments in the precinct. The general practice division has the lowest doctor hours of service of all metropolitan general practice divisions in Western Australia.

The need for an after-hours primary care facility is critical when you consider that over one-third of presentations to public hospital emergency departments from residents in this division were GP type presentations. Sixty-seven per cent of respondents to a consumer survey indicated that they would use an after-hours service rather than attend a hospital emergency department. In fact, the local Division of General Practice applied for a grant to open up a GP after-hours clinic, and the government knocked back the request. They sat on their hands for months and months. It was not until I raised this issue in the House some time ago that the department said that they had decided they were not going to fund that particular service, which was an outrage. Since I made
that speech, to their credit, the Canning Division of General Practice opened a facility in Bentley, albeit without any federal assistance, and they are trying to cater for some of the needs of the people who are there; unfortunately, they are struggling. They really needed to get that grant in order to provide the service in a very comprehensive way. We really need to address these issues, because those people need to get that sort of service. Whilst they are getting it now in a limited way, provided by the GPs themselves, it is about time the Commonwealth owned up to its responsibility and put some money where its mouth is with regard to GP after-hours services.

We will support this bill, because it does go in some small way to providing some relief. But, in real terms in my electorate, the government needs to start looking at reintroducing funding for programs that can address dental health for the seniors in my electorate, provide adequate GP after-hours services and ensure that the Medicare office in Belmont is established. The need is there; people are crying out for the service and it is high time the government listened.

Ms HALL (Shortland) (11.46 am)—Like the previous speaker, the member for Swan, I will support the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2006. The legislation increases the Medicare levy low-income thresholds for families and individuals. The dependent children and student components of the family threshold will also be increased. The increases are in line with the movement in the CPI and increase the Medicare levy low-income threshold for pensioners below age pension so that they do not have a Medicare levy liability where they do not have an income tax liability. This legislation is a very small step towards alleviating the hardship that many people experience in Australia—the hardship they experience in accessing medical treatment, the hardship they experience in paying for medical treatment and the hardship that has been brought upon them by this government.

One issue that is of great concern to me now—and I know that a number of speakers on this side of the House have mentioned it—is the sale of Australia’s biggest not-for-profit health insurance fund, Medibank Private. If I were a member of parliament who came from Queensland, I would be particularly concerned, because 75 per cent of the private health insurance market is covered by Medibank Private. Coupled with MBF, that is practically the whole of the private health insurance market within Queensland. That is a very big worry when the government is arguing that competition will keep down the price of premiums. I would have to say that that competition has not done much towards keeping down the price of health insurance premiums in Australia to date.

We have had enormous increases, well above the CPI, in private health insurance. As well as those increases, we have found that the value of having private health insurance has declined, with the gap between the cost of the service and the money received by a person who holds the private health insurance becoming larger and larger. Selling Medibank Private will in no way guarantee greater competition; rather, it will lead to reduced competition and a further spiralling of the increase in private health insurance premiums plus an increase in the gap that Australians have to pay when they use their private health insurance to access care in a private hospital within the private health industry.

The minister announced the sale in April this year. During the 2001 election campaign the Howard government claimed that their policies would lead to reduced premiums. Just as they are saying now that we will have
increased competition, previously they have argued that their policies will reduce the cost of health insurance premiums. But that has not happened; premiums have increased. I think we will not be at all surprised on this side of the House when we find that there is less, rather than more, competition.

The budget papers show that $500 million has been committed over the next year for health and medical research. However, 20 per cent of the total health budget is allocated to measures driven by the sale of Medibank Private, and that is linked to the money that is being spent in medical research. That is a worry, because I think that medical research is such an important issue and such an important area that the government should contribute to it well and truly without tying it to the sale of Medibank Private.

The previous speaker mentioned the need for a Medicare office in Belmont. I am going to join him and also call for a Medicare office in Belmont. There was a Medicare office operating in Belmont within the Shortland electorate, and it had a very high turnover of claims. Some 20,000 people in Shortland electorate have signed petitions supporting its reopening. The government closed the office in 1996 when it came to power. The government left open offices with smaller turnovers but which were in Liberal, marginal electorates and closed the office at Belmont.

The Shortland electorate has the 10th highest number of people aged over 65 in Australia. Its outlying areas are quite a distance from the nearest Medicare office, so pensioners on restricted licences who are located in those outlying areas would find themselves unable to drive to the current Medicare office at Charlestown.

The government is selling Medibank Private and has closed Medicare offices within the electorate of Shortland. It is demonstrating its blatant disregard for and putting its own interests ahead of those of the people of the Shortland electorate, whom I represent in this parliament. These actions are all driven by some obscure philosophy that unless people pay for their medical treatment we will end up with a second-class US-style medical system. The government should really see health as priority and be prepared to contribute to it.

A group that has impressed me particularly is the hospital reform group. Its main interest is in ensuring that our public hospitals are looked after. It is a broad group, which includes senior health workers, doctors, nurses, allied health clinicians, academics, managers and consumers, whose main commitment is to public health. A main issue that it highlights is the impact that workforce shortages have had on our hospital system and our ability to look after people when they are sick.

We have a chronic doctor shortage within the Shortland electorate. We have elderly people who cannot find a doctor to give them the medical care and treatment they need. We have pensioners who are sitting in their houses unable to go to a doctor because they do not have the mobility to do so. In most areas, we have doctors who have closed their books. They have not closed their books because they do not want to see patients; they have closed them because they physically cannot see any more patients than they are seeing at the moment. If they were to do so, they would risk being investigated by the Health Insurance Commission.

On the issue of workforce shortage, the government has really failed not only the people of Shortland but the people of Australia—and not only in the area of doctors. Within Australia, we have a chronic shortage of nurses and a shortage of all allied health
care workers. The government was very short sighted when it came to power in 1996. It cut the places that were available at universities and suddenly we have been hit with this shortage of doctors. The changes it made to the provision of provider numbers have also contributed to these shortages. It is all very well for the government to say that it is acting now; it is too little and too late. Even when new doctors do come on line in 10 years, we will still have problems.

Previous speakers have mentioned issues surrounding dental health. Once again, one of the first acts of this Howard government was to axe the Commonwealth dental health scheme, which immediately cut off access to public dental care for millions of Australians. This has hurt pensioners particularly. As I mentioned earlier, in this parliament I represent an older electorate and many of my constituents have no dentures. People have come to see me because of dental problems—having no dentures, they have to eat soup; some have infected teeth. People have to wait for very long times to access the public dental system that is available. I know that the New South Wales government has done everything in its power to help and has actually increased expenditure in this area. However, it is not unusual to have someone come to me and say, ‘I have a tooth that could be filled but, because of problems with accessing dental services, I am getting all my teeth pulled out.’ Someone said that to me just the other day.

Last year the government commissioned the Podger inquiry and I believe that it has written its report. But that report has never surfaced in this parliament. Last week Andrew Podger presented evidence to this parliament’s Committee on Health and Ageing. When I asked him about that report, he told me that he could not divulge what was in it as it was the property of the government. This inquiry was set up to look at the provision of health care, at the relationship between the states and the Commonwealth regarding health care and at whether it would be better for the Commonwealth to be the sole provider of health care. From listening to what Andrew Podger said when presenting to the committee, I am sure that he has a strong inclination towards that approach.

Andrew Podger undertook an inquiry—paid for by the government with taxpayers’ money—looked at all the evidence and then prepared a report. What has happened? That report sits on a shelf somewhere in the Prime Minister’s office or perhaps in the office of the minister for health and they refuse to release that report. They refuse to tell the Australian people what that taxpayer money has been spent on. They refuse to tell us whether Andrew Podger thinks the current system is the best approach for delivering health services to Australians. What concerns me about this is that millions of Australians are waiting for health services.

The DEPUTY SPEAKER (Mr McMullan)—Order! It being 12 o’clock, in accordance with the resolution agreed to earlier today I call the minister.

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (12.00 pm)—The Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2006 gives effect to the budget announcement to increase the Medicare levy and Medicare levy surcharge low-income thresholds in line with increases in the consumer price index. This bill ensures that low-income individuals and families are not disadvantaged due to small increases in taxable income. If the thresholds were not increased then low-income individuals and families whose income had only increased in line with the consumer price index would face a Medicare levy liability even though they had not in previous years.
These changes ensure that low-income individuals and families will continue to be exempt from paying the Medicare levy or surcharge. From the 2005-06 income year, the Medicare levy low-income threshold will increase to $16,284 for individuals and to $27,478 for families. The additional amount of threshold for each dependent child or student will also be increased to $2,523.

This bill also increases the Medicare levy low-income threshold for pensioners below age pension age. The Medicare levy threshold for pensioners below age pension age will be lifted to $19,583. This threshold has been increased each year since 2001-02, when the government substantially increased the pensioner tax offset, which meant that the level of taxable income where these pensioners started to pay income tax also increased. The increase will ensure that pensioners below age pension age do not face a Medicare levy liability where they do not have an income tax liability.

In conclusion, I would like to thank members who have contributed to the debate on the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2006, and I commend this bill to the House.
fects of Cyclone Larry, which hit that area on 20 March this year. While, thankfully, there has been no loss of life, a significant number of homes and businesses in the area were affected and the region was declared a natural disaster zone by the Queensland government. Some businesses have not been able to trade due to the effects of the cyclone. As a result, some residents in affected areas have had to rely on income support from Centrelink. These measures ensure that such support enjoys a tax-free treatment. In considering some other areas of government grants and the tax treatment of those grants, I am sure the member for New England would be most interested in the point I have just made.

The first schedule extends eligibility for the beneficiary tax offset to farmers and small business owners who receive Cyclone Larry income support payments. The Cyclone Larry income support payments provide income support to farmers and small business owners whose income has been adversely affected by Cyclone Larry. The Cyclone Larry income support payments are equivalent to the maximum rate of the Newstart allowance and are administered by Centrelink. Businesses have also received cash grants to make up for loss in trade.

The second schedule provides tax-free status for certain Australian government payments to businesses adversely affected by the cyclone. Payments of $10,000 will go to businesses adversely affected by Cyclone Larry. Those businesses that can show significant losses can receive up to $25,000. Without this assistance, some small businesses would need to close down, and of course that has significant job loss implications. The opposition is firmly committed to assisting these small businesses and those whom they employ, and we give this measure our complete support. Labor also supports the reimbursement of any excise paid on diesel or petrol fuel used by businesses for generating their own electricity until normal services are restored.

Schedule 3 is a similar measure. It ensures that personnel affected by drought will also receive income support in a manner that does not attract tax. It extends eligibility for the beneficiary tax offset to drought affected taxpayers who receive interim income support payments.

Schedule 4 makes a correction to the share-tainting rules as they apply to demutualised entities. The simplified imputation system was part of the government’s business tax reform package, which applied from 1 July 2002. The share capital tainting rules are an integral part of the dividend imputation system. Accordingly, in this bill they have been redrafted and anomalies have been removed in order to integrate into the new imputation system. Shareholders are taxed preferentially on distributions of share capital. In contrast, shareholders are generally taxed at their marginal tax rate on distributions of profits, with imputation credits available, if appropriate. The share capital tainting rules are integrity rules designed to prevent a company from disguising a distribution of profits as a tax preferred capital distribution by transferring profits in its share capital account and subsequently making distributions from that account to shareholders.

The opposition supported the original share-tainting rules and supported the redrafting of the dividend imputation system. The new tainting rules remain there to act as an integrity measure. It now appears that there was an oversight in the design of those rules when the original share-tainting rules were introduced in 1998—namely, the treatment of companies that were mutuals but which had demutualised. The bill, therefore, introduces a regime which covers both capital returns made at the time of demutualisa-
tion and subsequent returns of capital made by demutualised companies to ensure they are treated on a comparable basis to other companies. This is needed to create certainty that the integrity provisions of the share-tainting rules will not adversely affect shareholders of demutualised firms.

Schedule 5 of the bill exempts the recipients of certain grants from capital gains tax. There are cases when the receipt of such grants can be assessable income or an assessable capital gain. This bill will simply clarify that this is not the case in the situation of the M4/M5 Cashback Scheme on Sydney tollways. In addition, some grants to mediation and dispute resolution schemes under the Work Choices laws are to receive this treatment. Labor has referred this to a committee to inquire whether tax-free status of the Work Choices scheme is warranted.

Schedule 6 will provide a tax offset to certain taxpayers who, in the year in which they have received a significant eligible lump sum payment in arrears, have become liable for the Medicare levy surcharge or, indeed, an increased Medicare levy surcharge liability due to the receipt of a lump sum payment in arrears. The amount of the offset will be the amount of the increased Medicare levy surcharge liability created by the receipt of the eligible lump sum. In cases where receipt of the lump sum payment in arrears alone results in the taxpayer’s spouse having a Medicare levy surcharge liability, the spouse will also be eligible for the offset.

Schedule 7 allows the commissioner to require superannuation providers to report prescribed information that is reasonably necessary to assist in the administration of the superannuation guarantee arrangements. The information that superannuation providers will be required to report to the tax office are details of employer and total contributions. Where amounts are transferred between superannuation funds or retirement savings accounts, the transferring superannuation provider must provide the receiving superannuation provider with equivalent information. This, again, is a measure that Labor has supported in the past.

Schedule 8 excludes from reporting fringe benefits provided to address certain security concerns relating to the personal safety of an employee or an associate of the employee arising from the employee’s employment.

Schedule 9 provides that funding credits can only apply to reduce tax on contributions that are used to fund liabilities that occurred prior to 1 July 1988. These amendments apply to the use of funding credits on or after 9 May 2006. In addition, any new or outstanding objections or requests for amendment to past assessments will only be able to amend funding credit use for the year or years up to the amount that can be claimed under the new tax law. It is not clear how the costing of this measure has been arrived at nor what the impact on state superannuation schemes will be. This is to be investigated by the reference we have given to the Senate committee.

Schedules 10 to 12 introduce some changes to the rules that apply to charities. Schedule 10 amends the definition of the word ‘enterprise’ in both the GST act and the ABN act so that non-charitable public ancillary funds and prescribed private funds can obtain an ABN and will, where applicable, be entitled to be endorsed as income tax exempt. This amendment will also ensure that the DGR status of non-charitable public ancillary funds and prescribed private funds is maintained and these entities can receive input tax credits for GST included in their acquisitions and importations. Labor supports this but would also add that the government is punishing some apprentices in relation to the ABN system.
I have put a series of questions on the Notice Paper to the Assistant Treasurer on this issue. While I have given him the opportunity to respond in writing, I would also extend to him the opportunity to respond to those questions when he provides his summation to this bill in the House today. In particular, I have asked the Minister for Revenue and Assistant Treasurer these questions. I will not go through them all. I will hit on the key points. I have asked the minister:

(1) Was the Building and Construction Industry Forum (BCIF) informed in 2005 that, in order to clamp down on abuse of the contractor system, Australian Business Numbers (ABNs) would not be issued to apprentices or unskilled labourers.

(2) At its meeting of 30 May 2006, at the Mercure Hotel, Sydney Airport, was the BCIF told that the policy referred to in part (1) had not been, and would not be, implemented.

(3) In respect of the policy referred to in part (1),
   (a) why did the Australian Taxation Office (ATO) not implement it when industry participants were promised that it would be implemented,
   (b) who in the ATO decided not to proceed with implementation,
   (c) why was the decision to proceed with implementation changed,
   (d) what role did he, or his office, play in the decision not to proceed with implementation,
   (e) why were the members of the BCIF not consulted on the decision not to proceed with implementation,
   (f) why were the members of the BCIF not advised in writing of the decision not to proceed with implementation,
   (g) why were the members of the BCIF not consulted on the decision not to proceed with implementation,
   (h) what is the expected cost of the decision not to proceed with implementation,
   (i) what is the expected cost of the decision not to proceed with implementation.

Having said I would not go through them all, I have just decided that I will:

(4) How can an apprentice qualify as a self-employed contractor.

(5) How many apprentices currently claim to be working as self-employed contractors.

(6) Will he supply a copy of the written advice under which the decision not to proceed with implementation of the policy referred to in part (1) was made.

What we seem to have here was originally, at least, an honest attempt to rein in, if you like, abuse of independent contractor status, but then a secondary decision was made, somewhat under the carpet, behind closed doors and without proper consultation, not to enforce that original policy decision. I do invite the minister in his summation to address those questions I have asked, and I do so as a great leap of faith because I cannot say he is in the habit of responding to these questions I pose to him in the House, but I give him an opportunity to redeem himself this afternoon.

The next schedule of the bill streamlines current DGR specific listing arrangements and provides a more consistent framework for assessing applications for DGR status—that is, deductible gift recipient status. Funds, authorities or institutions that meet criteria for the categories of war memorials, disaster relief, animal welfare, charitable services or educational scholarships will be eligible for endorsement for DGR status under one of these new general categories. Labor has consulted with major charities. It has been informed that this issue is generally supported. However, we do want the charities to have an opportunity to express their own views and again, on that basis and for that reason, we referred the provision to the Senate Economics Legislation Committee.

Schedule 12 of the bill amends the GST act to clarify that (1) the GST concessions available to an entity only because it operates a fund, authority or institution that has gift deductible status do not apply to the activities of the entire entity; (2) an entity that supplies a thing as a gift to an entity that operates a fund, authority or institution that has gift deductible status may have an adjustment under division 129 of the GST act if the gift is made other than for the principal purpose of the endorsed fund, authority or insti-
tion; and (3) charitable retirement villages must be endorsed by the commissioner in order to access the GST charitable retirement village concession under section 38.260 of the GST act. Although Labor understands that charities are not uncomfortable with this measure, the speed at which the bill has proceeded into parliament creates the need for this schedule to also be considered by a Senate committee.

The 13th schedule clarifies that the repeal of the six-year amendment period for general antiavoidance amendments only applies to assessments for the year 2004-05 and later income years. This is another infamous ‘Brough-up’, as we used to call them when Minister Brough was in the portfolio. The previous Assistant Treasurer was notorious for introducing bills with errors in them. Labor counted 13 such errors in a 12-month period. This, of course, makes No. 14 to the former minister. Labor supports the correction but asks the government to make all efforts to clean up its act and in future to resist from putting these faulty tax bills into the House of Representatives.

The next schedule is vital to the key industries in my electorate of Hunter. From 2006-07 each wine producer or group of wine producers will be able to claim up to $500,000 in wine equalisation tax rebates each year. This measure provides assistance to the wine industry at a critical time, and Labor of course supports it. However, there is a major problem in this measure in that it extends the measure and supplies more funds which will flow under the scheme to New Zealand producers. I have said it before but I will say it here again today: we would like to know what amount of funds under this scheme will flow to New Zealand wineries. Why is the minister, for example, not capping the grants that flow to overseas producers?

I was amazed to learn more than 12 months ago that a very good initiative—that is, the wine equalisation tax rebate—was going to flow on to New Zealand producers. As a matter of principle, I do not necessarily have a big problem with that, and as a former trade minister, Mr Deputy Speaker McMullan, I suspect you would not have a problem with that either. In fact, you were possibly the minister throughout the implementation period of the CER. I am not sure—I am relying on memory there. But the closer economic ties we have with New Zealand are important, and I do accept that the CER is a very different animal, if you like, to the free trade agreement with the United States in that the free trade agreement, as I understand it, is very specific in its measures. We agree to the courtesies we extend to one another in financial terms and in trade terms, but the CER is a more open relationship and one would expect and hope that all measures that have an adverse or distorting economic effect on trade would be addressed, and it is quite possible for the government to argue that extending this rebate to New Zealand producers ensures that we do not have those distortions in our trading relationship.

But what we have never had in this place, despite my best efforts to get responses in this House from former minister Brough, is any explanation as to how this extension of the rebate to New Zealand producers came about. Was there a submission from the New Zealand government or was there a submission from New Zealand wine producers? We do not know. We do not know what discussions took place or what agreements were made. There has been no public consultation with the Australian wine industry. I am sure you will find, Mr Deputy Speaker, that there are various views within the Australian wine industry about the appropriateness of extending that rebate to New Zealand producers. We do not know what it is costing. We do not
know how much money is going to New Zealand wine producers. We do not know what additional funds, as I have already pointed out, will be going to New Zealand wine producers as a result of the change in this measure we are considering today.

So again I appeal to the minister, when he comes back in to wind up this debate, to tell us some more about the extension of the rebate to New Zealand producers: how it came into effect, what consultation if any was undertaken, how many New Zealand wine producers are receiving the rebate, how much money is going to New Zealand wine producers as a result of this measure and what risk there may be in that rebate in turn being extended to producers in other parts of the world. I think the answer to that is that any FTAs we have entered into, or are likely to enter into, will not necessarily accommodate that flow-on. But I am not sure about that. I want some assurance from the minister about whether we are likely, at some time in the not too distant future, to be sending our rebate to producers in the Nappa Valley, for example, or in the south of France. These are not complex questions and I expect the minister to come in here and answer them.

Can I take the opportunity to briefly talk a little bit more about the wine equalisation tax rebate. It is a very important measure. When we discuss this initiative I never miss the opportunity to take some credit for it on behalf of the opposition. I will take members opposite back down memory lane to the time when the GST was introduced. Prior to the introduction of the GST, wine was taxed at a rate somewhere in the low 40s. I cannot remember the exact figure, but I think it was in the low 40s. If the excise on wine had been abolished and replaced by the GST, the tax on wine would have decreased from some 41c to 10c. Of course, that would have been a massive reduction in the tax on wine. There are some economic and indeed social arguments why that might not have been a good thing. It would have affected the relativities between alcohol taxes and could have had some social implications—you make alcohol cheaper and you run the risk of abuse of alcohol. So the government in its wisdom at that time decided to introduce the wine equalisation tax.

The purpose of the wine equalisation tax was to ensure that the net effect of the tax on wine did not fall. So the government struck a wine equalisation tax at a rate that was supposed to be revenue neutral. But it was never revenue neutral. My memory is that in the first year of the operation of the GST the government took some $180 million more in wine tax revenue than it had in the previous year under the old excise arrangements. The wine equalisation tax is 29 per cent. The government argued that, if you add 29 to 10, you only get 39 and therefore you have actually had a slight reduction in wine tax. But of course it is not that simple, because the 10 per cent goes on the 29 and there is a compounding effect. I do not remember the exact figure but it pushed the net effect of tax on wine to something in the order of 44c, where it had previously been 41c. So the government had actually applied a punitive tax on wine, and that had some significant implications for the industry.

At that time I moved amendments in this place exempting small regional wine producers from the wine equalisation tax. I did so on the basis that this would be an initiative that would promote growth in the wine tourism industry in regional areas. At the time the government rejected that proposition. But after some solid campaigning—and, I have to say, some support from the Democrats at the time—the government backed down. It did not accept our wine equalisation tax exemption but it did introduce the rebate that
we are discussing today. That was to the great satisfaction of me, the industry and the many members on both sides of this House who are supporters—and indeed consumers—of the wine industry. The system has never been perfect; still too many people are being unfairly caught in the net of the wine equalisation tax and being disadvantaged relative to where they were prior to the introduction of the GST. On that basis we support the change, but I remind the minister again that I want some responses on the impact on overseas producers.

The final schedule of the bill deals with the GST treatment of residential properties. The amendments in this schedule: (1) ensure that supplies of certain types of real property are input taxed to confirm the policy intent that the words ‘residential’ and ‘residence’ are not limited to extended or permanent occupation; (2) confirm that residential premises which have only previously been sold as commercial residential premises or as a part of commercial residential premises are still regarded as new residential premises; and (3) confirm that a supply of accommodation provided to individuals in commercial residential premises by an entity that owns or controls the premises remains subject to the GST. These amendments apply to net amounts for tax periods that commence on or after 1 July 2000. This is to override the decision in the case of Marana Holdings last year, where the full Federal Court essentially held that units in a strata title rented for a short period are ‘residential premises’ which are exempt from GST. This has thrown into confusion entitlements to input tax credits. The government’s response is to override the decision and impose a regime from 1 July 2000 that makes it clear that input tax credits could never have been claimed in those circumstances.

Labor has again referred this provision to a Senate committee for further consideration. We do not support retrospective tax legislation and we are always concerned about any retrospective tax legislation. While we support the approach in principle, we do retain the right to express greater concern in the Senate once that committee has run its course. This will hurt some investors. We are very conscious of that and we want to ensure that the policy intent has been struck, has been properly determined, and that there are no unintended adverse consequences. At this stage I move:

That all words after “That” be omitted with a view to substituting the following words: “whilst not declining to give the bill a second reading, the House:

(1) condemns the Government for failing to invest in rebuilding our health system, including Medicare for the future, focused on prevention, early intervention and an ageing population;

(2) condemns the Government for another technical error in a piece of tax legislation;

(3) condemns the Government for failing to fully explain the expansion of the Wine Equalisation Tax rebate to New Zealand Wine producers;

(4) condemns the Government for denying full and open debate on tax bills; and

(5) condemns the Government for denying opposition parties the right to move technical amendments on tax bills”.

This amendment gives members of the House an opportunity to broaden the debate on the many issues that I have covered within those 15 or so schedules. It also gives me the opportunity to express my concern about what happened in the House of Representatives this morning, when the government took a decision to gag a number of bills, at least two of which are causing the government a high degree of political pain—the most obvious, of course, is the government’s attempt to change the migration laws of this country.
There was another very important tax bill in here this morning too, and that was the one which, amongst many other things, was going to force businesses in this country to adopt a new system to claim back their fuel tax credits. The government tells us that this is going to be a better system for business, particularly small to medium businesses. But that is not what the business community has been telling me and that is not what the business community has been telling the media of this country. It is fairly obvious that that is not what the business community has been telling the government backbench. To that purpose, Minister Dutton decided the last time we sat to withdraw the bill from debate in this place while he dealt with the crisis he faced on his own backbench and the pressure he was receiving from the Labor Party and, I am sure, the minor parties. Yesterday he brought the bill into the House and proposed his own government amendments, which would have provided a grace period for business—in other words, they would have been able to continue to operate under the current system for two years but after that time would be forced to use the new system.

Mr Bevis—After the next election.

Mr FITZGIBBON—After the next election, the member for Brisbane rightly points out. I intended to move an amendment in the consideration in detail stage today. I foreshadowed this, importantly, during my contribution in the second reading debate for that bill. I intended to move an amendment such that businesses should be able to choose the system which suits them ad infinitum. The government’s argument is that this is a better system for business generally but particularly for small business. I say that, if it is about making it better for business, let business choose which system best suits them. It does not carry any financial implications. It is simply a timing difference. The government’s new scheme will deny business the right to claim the fuel tax back as soon as they have paid the account and force them to wait until they have lodged their BAS, their business activity statement. For some businesses this is a year, but more typically it is a quarter. You would have tens of thousands of businesses in this country carrying tens of thousands of dollars—

Mr Secker—Mr Deputy Speaker, I rise on a point of order. The member for Hunter is now debating the Fuel Tax Bill 2006, when we are now supposed to be debating the Tax Laws Amendment (2006 Measures No. 3) Bill 2006.

The DEPUTY SPEAKER (Mr McMillan)—In the normal course of events, that would be correct, but I think the amendment moved by the member for Hunter is of a general character about debate on tax bills. Therefore, he is in order for another 30 seconds.

Mr FITZGIBBON—I will get to the important point. The opposition and the minor parties this morning were outrageously denied the opportunity to move amendments to a tax bill and bills generally, because there were a number of bills on that list. This offends not only this House and the people who elect us to this House but also, in the case of the Fuel Tax Bill, the tens of thousands of businesses in this country that are going to be adversely affected by the measures put forward by the government. (Time expired)

The DEPUTY SPEAKER—Is the amendment seconded?

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

Mr SECKER (Barker) (12.33 pm)—I rise to speak on the Tax Laws Amendment (2006 Measures No. 3) Bill 2006. Because of the limited time, I will keep my remarks mostly to the wine industry and the WET rebate. I represent in my electorate something like 43
per cent of Australia’s wine industry. I represent the grape areas. I notice that the member for Hunter did speak briefly on this matter, and he has a wine area in his own electorate but certainly nowhere near as large as mine. I have in my electorate the best-known wine area in the world, from an Australian perspective, and that is the Barossa Valley. I also represent the Coonawarra, the Padthaway-Wrattonbully areas, Mount Benson, Riverland, which on its own produces 25 per cent of Australia’s wine, and many other premium areas. So it is a pretty important industry to my electorate. I understand the taxation issues quite well. I can remember when there was no tax on wine. Then tax was brought in at 10 per cent on top of the 15 per cent excise. It then went to 20 per cent. It then went to 22 per cent. It then went to 24 per cent. It then went to 26 per cent on top of the 15 per cent excise. All those tax increases happened under Labor.

It is very easy for someone from the opposition to come into this House and say that they will reduce tax on this or that. I found it very interesting that the member for Hunter tried to take some credit for reducing the WET. Look at the history of how Labor applied taxes to the wine industry. The tax went from zero to 26 per cent. That is the Labor record. There were no rebates, no reductions, only increases. That is their history of taxing the wine industry in Australia. As I said, it is very easy for them to come into this House, move an amendment and say, ‘We’ll reduce tax,’ because they do not have to wear the consequences.

When I first came into the parliament in 1998 representing the seat of Barker, it was with great honour. At that time the regime was 26 per cent wholesale sales tax plus 15 per cent excise—that is, 41 per cent in total. As the previous member said, when we brought in the new tax system with a 10 per cent GST, which can be an input credit, we had to have a wine equalisation tax to represent something like that which we had before. The figure was struck at 29 per cent. So there was a 29 per cent wine equalisation tax on top of the 10 per cent GST. It was actually never meant to be revenue neutral, as was suggested by the member for Hunter. It was meant to put one to two per cent on the average bottle of wine, which it did. There were some arguments as to whether the taxation should be based on the alcohol or on the value of the wine. We came up with this system in consultation with the wine industry. They suggested that it would affect premium wines more—that you would have to pay more than two per cent for premium wines and that, if we did not use the system we did, it could drastically affect our lower priced wines and our cask wine, which are a very important part of wine sales and marketing. So we came up with the 29 per cent.

When I first entered parliament I was told that I had no hope of changing the tax regime. I continued to argue otherwise. In 2001 we made some initial changes and brought in a tax rebate on the first $1 million worth of sales. Even the larger wineries got a $290,000 rebate, whereas previously with cellar door sales it was something like $42,000. So there was an increase of $248,000 in rebates to the industry. That was important because I could already see problems on the horizon for the wine and grape-growing industries. Blind Freddie could have seen from the plantings then that we were going to experience an oversupply—which we have now. In this budget we have further increased the rebate to $1.7 million—from $290,000 to $500,000. That is important for the wine industry. The number of wineries in Australia has greatly increased. We have continued to increase the volume of our exports but we need to address the current oversupply. By ensuring that the wineries out there have a better chance of surviving this
oversupply, we have a better chance of getting through the tougher problems. The more wineries there are to buy grapes from the grape growers, the more chance they have of selling their grapes.

I am pleased that again the government has decided to look after the wine and grape-growing industries because wine is an important part of our economy. Wine is now Australia’s third largest export commodity. Many people do not realise that. Wine exports are worth over $2 billion—a substantial amount. That is the result of a lot of hard work by the wine industry and the grape growers of Australia. Our exports have gone up from about half a per cent of our total production to about 65 per cent now. We are exporting more and more of our wine. If you go to the United States, to Asia or to the UK, you will see a lot of Australian wine on the shelves. Australian wines are the biggest sellers in the UK now. We have overtaken the French, who are only next door to the UK. The English love our Aussie wine.

The wine industry is a great industry. I am pleased that the government has made these changes. The wine equalisation tax means that well over 90 per cent of Australian wineries do not pay any tax at all on their wine. The argument that this might lead to people drinking more wine, which might be a health hazard, has fallen flat on its face. If wine is drunk in moderation, it is very good for you. There are plenty of studies all over the world that show that two glasses of wine per day are better for you than none at all. I try to keep to that amount!

The wine equalisation tax is a value based tax. This was a result of what the industry said to us as a government. It is levied at the wholesale level. The tax is paid on the value of the goods and the equivalent value when there is no wholesale sale. Generally, WET is included in the price for which retailers, including bottle shops, hotels, restaurants and cafes, purchase the wine. The WET forms part of the retailer’s cost base and is passed on in the retail price of the wine to the end consumer. In the changes being proposed in the legislation, each wine producer or group of producers will be able to claim an increased rebatable amount of $500,000 each financial year. I was talking to the owner of a winery in my electorate the other day and he said that from about April he had to start paying tax again. Now he will not be paying tax at all. That is certainly a good result for him—and not only that but it enables him to keep producing some of the best wine in the world.

The changes to the legislation will cost about $126 million over the next four years. That is forgone taxation revenue, but it is to the benefit of the wine industry as a whole. It gives me great pleasure to support the Tax Laws Amendment (2006 Measures No. 3) Bill 2006. I urge the House to support the bill.

Mr HAYES (Werriwa) (12.44 pm)—I welcome the opportunity to contribute to this debate on the Tax Laws Amendment (2006 Measures No. 3) Bill 2006, which contains amendments to our tax laws. Of particular interest among the many and varied matters that are contained in this bill is the introduction of capital gains tax exemption for grants paid under the Unlawful Termination Assistance Scheme and grants paid under the Alternative Dispute Resolution Assistance Scheme. Despite the fact that grants made available as a result of WorkChoices legislation are difficult to access, I am pleased to see that the government is acting to at least exempt them from capital gains tax.

I am sure the 10 million hardworking Australians who have had their employment placed at risk, who have had any sense of job security ripped from underneath them, ap-
preciate the fact that they will not be completely cruelled by the Howard government should they be eligible to receive one of these Work Choices grants. I am sure they would prefer not to have to make an application for such a grant at all, because if they do find themselves in the position of needing to make such an application it means one thing. It means they have been sacked. It means they have had the full impact of the Howard government’s industrial relations agenda thrust upon them.

It is possible to refer to the capital gains tax exemption, although a relatively standard exemption for recipients of government grants, as a positive thing. It may be the one and only positive thing in the Work Choices legislation, but referring to it as positive is drawing an extremely long bow. Removing the rights of working Australians, outlawing the contents of employment agreements, introducing draconian penalties are not positive outcomes for any working Australian family. Members opposite know that the introduction of Work Choices was nothing more than the culmination of the Prime Minister’s 30-year ideological dream for industrial relations reform. It is the Prime Minister’s fantasy brought into reality, and typifies this government’s obsession with cutting take-home pay and conditions for working Australian families.

Recently, I was prevented from giving voice to some real and legitimate concerns that were expressed to me by my constituents in Werriwa, and no doubt some of the constituents of the Parliamentary Secretary to the Minister for Education, Science and Training, who is at the table, in Macarthur have expressed them to him. They were concerned about the issue of Work Choices. A gag was placed upon me. I noted the advice from the parliamentary secretary at the time to use other forums to get these matters out or to voice these matters in the parliament. I think it is incumbent on all of us who are representatives of our local communities to make sure that the issues that are legitimately brought to our attention by our constituents are given ventilation in this place.

The Work Choices legislation has set about turning employment relationships on their heads, it has set about weakening the position of employees, it has set about undermining the living standards of working Australians and it has set about forcing good employers to act badly solely so they can stay in business. A great many people in my electorate are extremely concerned about the introduction of Work Choices. Ever since the government’s announcement that these sweeping changes were coming, I have spent time at railway stations and shopping centres and at meetings and functions of community groups picking up that vibe—and, if anyone is listening out there and doing their jobs as local members, I am sure they will be picking up the same vibe. They will be hearing from the lips of constituents their concern about this government’s extreme industrial relations agenda and the impact that it is going to have not only on their take-home pay and conditions but also on their families.

Not only are they worried about trying to maintain their wages and conditions into the future but also most of them are worried about their kids. They worry about how they are going to fare under this negotiation system, which could be typically referred to as ‘catch and kill your own’. I notice there are a lot of flagpoles going up around my electorate. I know the minister attends many of these ceremonies and I welcome him when he turns up in Werriwa. I have talked to teachers, and they are worried about how hard some of their most forthright and bold students are going to find standing up to a potential employer—the negotiation of a better deal, one on one, between an 18-year-old and possibly some representative of a
multinational company. I do not think there is anyone on either side of the House who really believes the rhetoric that both the Prime Minister and the Minister for Employment and Workplace Relations have put on the issue of flexibility. By the way heads all seem to go down whenever anyone mentions Spotlight, I find it difficult to believe that government members would be willing to swallow that sort of rhetoric. After all, their constituents have to account for their integrity and their intelligence when they front up to the ballot box and decide on who is best able to represent not only the individual constituents in their electorates but also the constituents’ families.

I mentioned earlier that I was gagged, and I do note the member for Macarthur pointed out to my local newspaper that there are other ways to introduce these subjects into the House. I do take his advice, as I am always grateful for advice from the member for Macarthur, but at that stage during the MPI debate it was very interesting to hear what the member for Deakin had to say. The member for Deakin said that, if you take it as a whole, people are better off having a job than having no job at all. I do not think people are arguing that it is better to have people unemployed. But the nub of this MPI debate, when it got down to the cut and thrust of it, was that no-one is forcing you to take the job, so do not take the job. I think the words were to the effect of they do not have to take the deal that they are offered. He is right, they just do not get the job. That is the view that pervades the members opposite, and it is certainly selling Australian workers and Australian families short.

It is regrettable that my friend the member for Macarthur—I say ‘friend’ because I do regard him very highly—who joined in the debate only recently, is reported in the local newspaper the Macarthur Advertiser as saying there is nothing wrong with no overtime pay, no meal breaks, no penalty rates and no leave loading. He was also reported as saying that people should consider themselves lucky to have a job. Those comments are misplaced and draconian. Mr Deputy Speaker, you could anticipate that that might be the view of the Prime Minister trying to bat away questions in question time or the Minister for Employment and Workplace Relations trying to do another doorstop. To give the member for Macarthur his due, I think he does try to represent constituents with all due diligence, but to demean people and their families to the point of saying that they should consider themselves lucky to have a job does not say much for some of us as representatives of our communities.

The workplace relations legislation has started a race to the bottom. We have seen it with Spotlight. That case was probably one of the most unwanted developments in the workplace relations debate so far. Most people in the inner city areas probably do not know too many abattoir workers—inner city Sydney is a long way from Cowra—but they understand when you talk about what is happening to people in Spotlight and the mothers who work in the local haberdashery store. As Pat Farmer knows, we share a Spotlight store in Patrick Street, Campbelltown. Spotlight is an organisation that has put paid to this concept that there is any negotiation out there. There is no negotiation. You will find Spotlight’s template Australian workplace agreement on its website. It is not ashamed to put it on the website. It has it there. It goes back to what the member for Deakin said, ‘If you don’t want the job, don’t sign the contract.’ It is not a case of, ‘Come in, let’s negotiate; let’s try to work our way around an acceptable position for an incoming employee.’ That is not the case at all.

When push came to shove on this issue, the defence of Spotlight’s general manager of marketing was, ‘I didn’t write the legisla-
tion; all I’m doing is implementing the legislation of the federal government.’ In other words, ‘If this government is going to allow us to cut corners, we’ll do it.’ Another interesting piece of information came out at about the same time. Far from trying to rail against the position of Spotlight, the National Retail Association applauded Spotlight’s position. Not only did they applaud it but they said that they had encouraged their members to do the same. Will we see managers of the stores in the main street of Campbelltown being seriously encouraged to take away overtime rates and penalty rates for workers who work on shopping nights on Thursdays and Saturday afternoons? Is that what this government stands for? That is what the legislation allows. If members make trite comments to the media about standing behind the legislation so solidly, they have to be accountable. The simple fact is that the cutting of wages and conditions and the undercutting of award terms and conditions of employment is not appropriate. To do so may generate new jobs out there, but at what cost?

The evidence presented to the estimates hearings shows that 6,200 individual contracts have been lodged with the Office of the Employment Advocate since March this year—since Work Choices came into effect. In the OEA’s role as the examiner of agreements, it looked closely at 250 random samples of all the agreements that had been lodged. Unsurprisingly, it found that the vast majority of agreements eroded the take-home pay and conditions of Australians. It is not me or the Labor Party asserting this. It comes from the Office of the Employment Advocate, which the government appointed; hence, I have no hesitation in accepting the figures that were put out by this statutory office-holder.

The AWAs examined will cut family budgets and make it even harder for many families to keep their heads above water. There is no doubt about that. The evidence provided to the estimates hearings shows that every single one of the 250 individual contracts examined by the Office of the Employment Advocate excluded one protected award condition: 64 per cent removed leave loadings, 63 per cent removed penalty rates, 52 per cent removed shift loadings, 40 per cent lost gazetted public holidays and 16 per cent excluded all—every one—of those conditions. They simply relied on the government’s five minimum standards.

In addition to that, nearly one in four individual contracts removed leave loading, penalty rates and shift loadings. How did the government respond to that? The only response offered by the Prime Minister when he was presented with these facts in question time was that 84 per cent of the contracts examined resulted in higher rates of pay than the relevant award rates. The recent individual contracts offered to the new Spotlight employees also had a higher rate of pay than the award—a full 2c an hour higher than the award rate of pay.

Of course, while the wage rate might have been higher, when you take into account the removal of shift penalties and overtime payments, the take-home pay of employees certainly was not higher. The take-home pay for employees on wages a whole 2c an hour higher than the award was less than that of their colleagues who were being paid award rates of pay and who still had all those other award entitlements accruing to them. In outer Western Sydney and, I imagine, just about every other location, take-home pay is what is relevant to Australian working families. We can talk about individual rates but, at the end of the day, it is about what workers’ take-home pay means to them and what they need to sustain their families.

Even more staggering was the government’s defence of the actions of Spotlight. It
tried to excuse it by suggesting that new stores had been opened because they could pay lower rates of pay. What rubbish that is. I cannot believe the government would genuinely believe that a new store would only open in Mount Druitt simply because Spotlight did not have to pay award rates of pay. Like other members in this place, prior to entering the parliament, I was in business. I know the member for Macarthur referred to me as a union lobbyist, but I was in business. I actually helped the development of other organisations. Sure, I was retained by the Police Federation of Australia to assist them as well, but I would not necessarily see that as meaning I was just a union lobbyist. From my background in working in business development, let me say that businesses do not work out where they are going to set up a new venture just by looking at how cheaply they can pay their employees.

Businesses go out to expand by looking at the marketplace, at the customer base and at how their goods and services are positioned in a market. They present a business plan. I do not know any business—that has the foresight[21][2]—maybe members opposite do—that has in the forefront of its mind when it wants to set up a new business: ‘How can we undercut the award wages and conditions of hardworking Australians? How cheap can we get it? That will be our business model.’ Maybe those ones who want to go offshore, do their manufacturing offshore and embrace the Chinese approach of living on $5.80 a day in some of the provincial areas think this. If that is what they are advocating for Australian workers, let them be upfront and say that.

Let me simply say that what has occurred at Mount Druitt was a prime example of how this government is encouraging new jobs by allowing employers to undercut terms and conditions of employment, to undercut award wages and to force people onto individual contracts which only satisfy the five minimum conditions and are not even at the same level as those for existing employees. It is an utter nonsense. I would also indicate that this is not a matter that is only relevant to new employees. Think about the position of the other 6,000 Spotlight workers if it is now appropriate and legal for their management to employ 35 new people to whom they do not have to pay overtime, penalty rates and leave loading. If they work side by side on the same shift at that Spotlight store, one group is going to get paid $90 a week less than the other group. What do you think is going to happen to the other group? I will tell you: the next contract they get offered will not have those penalty rates in it. It is not only these 35 new people that Spotlight want to recruit at Mount Druitt; it is the 6,000 other people in that store. This is all being done, according to the general manager of Spotlight, on the basis that it is government legislation—(Time expired)

Mrs HULL (Riverina) (1.04 pm)—I rise today to speak on the Tax Laws Amendment (2006 Measures No. 3) Bill 2006 and the New Business Tax System (Untainting Tax) Bill 2006. I will speak on one area in particular, due to the shortage of time allocated for this debate. I wanted to speak in the context of the changes in the legislation relating to an inconsistency in the taxation treatment of payments received by drought affected farmers. In September 2002, the government answered the call—and, I might add, a very needy call in the Riverina—and we introduced an interim income support payment for farmers in areas like the Riverina where an exceptional circumstances application lodged by the state had demonstrated a prima facie case for full exceptional circumstances assistance. The payments were always considered to be a temporary measure, but the long, protracted disabling of the longest drought in at least 100 years has seen drought relief rolled over on a continual ba-
sis. Again, my electorate now finds itself back in a drought and in a declared drought position.

We had two measures by which people were able to claim some kind of relief. We had what we call an exceptional circumstances relief payment. This payment is paid under the Farm Household Support Act 1992, and the payment is taxable. But, as the payment is defined as being able to be a rebated benefit, it entitles the taxpayer to a beneficiary tax offset on the amount of the payment. This payment is made after all exceptional circumstances criteria have been established. Then we have what we call the emergency and general assistance payment. This payment is made as an interim income support or reimbursement compensation for lost salary—for example, it may used where a volunteer firefighter fights a fire. This payment is made in lieu of the income that they would have been paid when they were on the job. It gives relief to the employer, in that they do not have to pay for the volunteer to go out and do such a thing as firefighting. It gives the employee the opportunity to commit themselves to community service—a much needed community service, as we have seen during the devastating bushfires of the last few years. This payment was designed to ensure that, if there was salary lost due to volunteering, that salary was made up. It was also used in the case where an interim, prima facie exceptional circumstance condition had been established but there had yet to be validation of the entire EC process and criteria.

So we had a mechanism that would enable a relief payment to be given to a farmer in a time of crisis, in the event that they had not completed the establishment of the criteria, and the payment was looked at as a reimbursement of their lost salary or earnings. But it was also looked at in the context of the case of a rural firefighter or volunteer firefighter where the payment was in lieu of lost earnings, thereby it was a taxable payment under the EGAP system. Then we had the disaster relief payment. This one-off payment is to provide short-term financial assistance to victims of a major or widespread disaster and it is exempt from tax. So of those three payments there is one payment that is taxed: the payment that is made in lieu of salary. Of course you do have your salary taxed, so you have a tax on the emergency and general assistance payment.

However, we had an inconsistency in the way in which the Australian Taxation Office was treating the EGAP. This was brought to my attention by a firm of accountants called Bush and Campbell. In particular, Geoff Watson and Anna Powell brought to my attention the way in which two of their clients had been treated differently over the same particular payment. Once I started to investigate this issue, I found that it was simply inconsistent treatment, primarily because the EGAP, as I have explained, was an interim measure used in exceptional circumstances for farmers, but if they actually rolled over into receiving the exceptional circumstances relief payment then part of the income that they had received in the interim period, the prima facie period, was taxable. For that payment they had to meet exactly the same criteria and process as those with the exceptional circumstances relief payment, yet their payment was being treated differently by the ATO.

Having investigated this issue, I thought that this seemed to be an anomaly in the system: if you were getting interim relief and then you rolled over into receiving the exceptional circumstances payment, surely the same tax treatment should apply to it as applied to the emergency and general assistance payment. Rather than having accountants dealing with two forms of income with exactly the same criteria and delivered by exactly the same people for exactly the same
purpose, the payments were being treated in two different taxation ways, one being taxed and one not being taxed. So I undertook to see if I could remove this anomaly and restore the balance of good commonsense. Sometimes rocket science is not required when dealing with taxation issues and the many other issues which come before the parliament. Indeed, what is required is the will to put in place what seems to be consistent commonsense to deal with a payment that is designed to achieve exactly the same objective and to fulfil exactly the same criteria. While it is exactly the same amount of money for all of the same purposes, some of it will be given a different tax treatment.

Having seen in February the anomaly in two people being dealt with differently on the same issue, I followed the issue up with the accountants in June and decided that I would pursue this issue to get some commonsense into the equation. I brought this to the attention of the former Minister for Revenue and Assistant Treasurer, the Hon. Mal Brough, and then I went to the Minister for Agriculture, Fisheries and Forestry, the Hon. Peter McGauran, on Wednesday, 17 August 2005, when I explained what I saw as being a significant problem as to the treatment of tax. I think he suspected that I did not have my facts right, because it was commonsense that these treatments should be the same, when in fact the payments were being treated differently. He asked me the question, ‘Why hasn’t anyone else raised this issue?’ to which I said that perhaps nobody was actually picking this up. To his great credit, he went to the Hon. Mal Brough and had some discussions with him as to why this was the case.

We are seeing significant commonsense in the treatment of this tax. When a farmer rolls over he is getting that emergency general relief payment because all of the criteria for EC have not been met, but he requires it. Prima facie we look at it and say, ‘To all intents and purposes this is going to roll over into EC.’ Thankfully, commonsense has prevailed. Peter McGauran approached the former Minister for Revenue and Assistant Treasurer, Mal Brough, who determined that certainly there was an issue to be dealt with. Given that he wanted to see this changed so that it would be consistent, the former Minister for Revenue and Assistant Treasurer wrote to the Prime Minister in December 2005 to seek consistent treatment for exceptional circumstances relief payments and for any gap payments on reaching EC.

In front of us now we have a bill that will put in place what is sensible and what needs to happen—that is, consistent tax treatment under our tax rules for two forms of relief payment which are primarily the same. Sometimes when you are but a mere back-bencher in the House you feel that maybe you do not have a lot of persuasive abilities on different things. But you can find that a simple, well-thought-out process that is well established, well argued and well documented—I have a file that is extremely large—will come to fruition with some commonsense and well-thought-out legislation.

As I said, our time to speak on these bills today has been limited. I congratulate the Minister for Agriculture, Fisheries and Forestry, the Hon. Peter McGauran, the former Minister for Revenue and Assistant Treasurer, the Hon. Mal Brough, and the current Minister for Revenue and Assistant Treasurer, the Hon. Peter Dutton. I am also thankful to Geoff Watson, to Anna Powell and to Bush and Campbell for raising this issue through their local member to ensure that an injustice in the tax system in the treatment of stressed farmers in particular has been rectified. I thank all ministers involved and I commend the bill to the House.
Mr BOWEN (Prospect) (1.17 pm)—The Tax Laws Amendment (2006 Measures No. 3) Bill 2006 is an important bill. It is a pity that the government has guillotined debate on the bill so that, as I understand it, about half the speakers who had indicated a willingness to make a contribution will not be able to do so today. The government will be forcing the bill through without further debate.

This bill contains a range of tax measures which are important in their own right. The first to note is the extension of the beneficial tax offset to small business people and farmers in receipt of Cyclone Larry income support payments. Of course, this proposal would enjoy the support of all honourable members. We were all touched and moved by the devastation that Cyclone Larry wrought, particularly to the towns of Innisfail and Babinda—both of which I have spent some time in—which was there for all to see. As it happened, I was able to be with General Cosgrove on the night that he was appointed to head the relief effort for victims of Cyclone Larry. He was good enough to come and launch a film that I was putting on in my electorate. The public reaction to him and the warm feelings for his work in Northern Queensland on the night before he flew there were palpable. I am sure that everybody in my electorate would join with me in endorsing these tax changes to ensure that people are not taxed for income they receive as part of the Cyclone Larry relief effort.

As well as extending the beneficial tax offset to those in receipt of Cyclone Larry income support payments, this bill provides tax-free status for certain Australian government payments to businesses affected by the cyclone. These payments are of $10,000 each, and those businesses that are able to demonstrate significant losses can receive up to $25,000. Any excise paid on diesel or fuel used by businesses for generating their own electricity until normal services are restored is to be reimbursed by the government. This excise should not be taxed, and this proposal makes eminent sense.

There is of course another national and natural disaster facing us, one which has been with us for a long time but which no longer gets the sort of media attention that an event like Cyclone Larry does. I refer of course to the drought, which has been with us for a very long time. We need to remember that, although the drought has cleared for many farmers, others are still in its grip. We cannot let the drought slip from the national consciousness, and we must consistently ensure that we are giving appropriate support to those struggling with drought.

This bill appropriately extends the beneficiary tax offset to interim income support payments. Welfare support for drought-affected farmers in areas declared to be in exceptional circumstances is mainly provided through exceptional circumstances relief payments, which are a rebatable benefit to which the beneficiary tax offset applies. This will be extended to interim income support payments made to farmers as a temporary payment and paid under the general category of emergency and general assistance payments.

It is a pretty basic principle that government grants paid to reimburse expenses under various programs should not be taxable. You should not be taxed if the government is simply reimbursing you for expenditure which the government has decided you should not have to bear. This bill removes doubt for some schemes, such as the M4 and M5 cash-back rebate which operates in New South Wales. This is particularly important in my electorate as it is between those two freeways. I must say that I presume it is to remove doubt; it is largely commonsense. I cannot conceive that the Australian Taxation
Office would really contemplate taxing a reimbursement allowance such as the M4 and M5 cash-back, which refunds money that people have spent on tollways, or the Sydney airport noise insulation project, which reimburses people for money they have spent insulating their homes because of unexpected airport noise from the third runway at Sydney airport.

Other clauses are included in the same schedule. The bill exempts the Unlawful Termination Assistance Scheme and the Alternative Dispute Resolution Assistance Scheme. On the face of it, this seems sensible. However, I am always cautious when it comes to the government’s extreme industrial relations agenda and their extreme and pernicious workplace relations changes. We do need to be extra cautious. For this reason I support the referral of this schedule to a Senate committee for consideration.

One of the more important schedules to this bill is schedule 4, which relates to share capital tainting rules. Shareholders receive preferential tax treatment on distributions of share capital. On the other hand, shareholders are generally taxed at their marginal rate on distributions of profits. Of course, the Hawke government introduced dividend imputation, an important economic reform which is available in cases such as this. It is important that companies are not able to disguise the distribution of profit dividends as the distribution of capital. The share-tainting rules meet with the Labor Party’s approval, and we support the changes proposed in this bill.

In this bill, the government has taken the opportunity to correct an anomaly in the existing share-tainting rules. This anomaly relates to the treatment of demutualised companies. The bill introduces a regime which covers not only capital returns made at the time of demutualisation but also subsequent returns of capital made by demutualised companies to ensure they are treated comparably to other companies. This is simply sensible and, as I say, meets with the ALP’s support. I note that no relevant stakeholder has criticised this amendment, as its purpose is largely to remove doubt and clarify the existing regime.

I was interested in schedule 8 of the bill, which excludes the taxation of the provision of personal security as a fringe benefit. This is eminently sensible and meets with our support. I must say that I had never thought of the provision of personal security as a fringe benefit. In these days of heightened security concerns, it is appropriate for companies to provide increased security to employees, particularly those who have prominent or perhaps controversial positions. Similarly, it is appropriate for government departments to provide increased security. It is not appropriate for a firm to be taxed under the fringe benefits regime for increases in security provision to an employee’s home or to other personal security measures that need to be put in place, so this measure meets with the opposition’s support. I note that the measure is predicted to cost the Commonwealth $3 million over the next three financial years in forgone revenue. That the Commonwealth is forgoing this revenue is appropriate.

Much more financially significant is schedule 9 of the bill, which makes changes to the taxation arrangements of pre-1988 superannuation contributions. This represents an extra $600 million in government revenue over the next four years. The amendments provide that funding credits can only apply to reduce tax on contributions that accrued prior to 1 July 1988. In addition, any new or outstanding objections or requests for amendment to past assessments will only be able to be amended to fund credit use until
that date and up to the amount that can be claimed under the new law.

This is a very substantial change. It involves increased revenue of over half a billion dollars and should not be rushed through this parliament. It is a shame that the government has chosen to guillotine debate on this bill. Far from guillotining debate, the government should be referring this matter to a Senate committee. It will be a pity if the government rams this legislation through the parliament today, as it has indicated it will do, when you consider that we are talking about $600 million of increased government revenue—if you like, a half-billion-dollar tax increase. It behoves the government to allow a proper debate of this measure, and it certainly behoves the government to allow this measure to be referred to a Senate committee for full consideration.

Instead, the government has chosen to gag the Labor Party by allowing only four opposition members to contribute to the debate and not the nine who had indicated that they wish to speak on this matter. Clearly, the government is rejecting Labor’s suggestion to refer this bill to a Senate committee. This is where Senate committees work: in examining complex and difficult pieces of legislation. This is where Senate committees really add value to the work of the parliament by devising alternative mechanisms. This morning we saw the government also reject the Labor Party’s move to refer the very substantial and complex changes to the fuel taxation regime to a Senate committee. These changes have met with opposition from the government’s own backbench, but the government refuses to allow proper parliamentary scrutiny and consideration. It is a particularly arrogant move by this government to guillotine debate on this bill, which represents $600 million of increased government revenue, in such a cavalier fashion today. I call on the government not only to allow a Senate committee to properly examine this bill but also to allow a proper parliamentary debate today.

The other fiscally significant aspect of this bill is schedule 14, which allows each wine producer or group of producers to claim up to $500,000 in WET rebates each year. The cost of this measure is $93 million over the next three financial years. Again, this measure deserves support. The wine industry has become very important to Australia’s external trading position. With the current account deficit at its current huge level and after 49 current account deficits in a row—the worst result in 20 years—measures such as this, which support the wine industry, are to be welcomed. This month will see the government’s 50th current account deficit in a row, which is the worst result in Australian history. I welcome this measure. It will, in a small way, help the wine industry, which is currently facing a very tough set of circumstances. Labor supports this measure.

I see that the time is approaching 1.30 pm and I am about to be sat down, so I will not address the range of other measures included in this bill or detain the House by talking about them in detail. The Labor Party supports the bulk of them, although there are one or two that we think should be referred to a Senate committee for further consideration. These matters are not urgent, although the government has arrogantly chosen to guillotine them today. The contributions of the member for Hunter and others have shown that these matters should be referred to a Senate committee. I reject the government’s guillotining of this bill today. (Time expired)

The DEPUTY SPEAKER (Mr Haase)—Order! In accordance with the resolution agreed to earlier today, I call the minister.

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (1.29
To begin with, I would like to thank members who have taken part in the debate on the Tax Laws Amendment (2006 Measures No. 3) Bill 2006. The government is providing income support payments to farmers and small business owners, and one-off business assistance grants to businesses, that have been adversely affected by Cyclone Larry and Cyclone Monica. The parliamentary amendments proposed to this bill will provide certain tax concessions for those payments. I am tabling a supplementary explanatory memorandum which explains the operation of the tax concessions. This bill and the amendments implement a variety of changes and improvements to the tax laws. The amendments to the first measure in this bill extend eligibility for the beneficiary tax offset to farmers and small business owners in receipt of Cyclone Monica income support payments. This means that both Cyclone Monica and Cyclone Larry income support payments will be eligible for the beneficiary tax offset. This ensures consistency with the taxation treatment of Newstart allowance.

The amendments relating to the second measure in this bill make assistance payments to businesses under the cyclones Larry and Monica business assistance funds tax free. This is equivalent to the treatment given to payments received from the Cyclone Larry business assistance fund under this measure. The third measure in this bill extends eligibility for the beneficiary tax offset to drought affected farmers who receive income support payments, as announced in the 2006-07 budget. The fourth measure represents a further component of a simplified imputation system and inserts the share capital tainting rules into the Income Tax Assessment Act 1997. This is broadly consistent with the old rules.

The next measure in this bill provides an exemption from capital gains tax for recipients of Work Choices grants and adds a generic provision to expand the capital gains tax exempt status to include other government grants that reimburse expenses. The next measure provides a tax offset to taxpayers who have a Medicare levy surcharge liability or an increased liability as a result of receiving an eligible lump sum payment in arrears.

The seventh measure amends the Superannuation Guarantee (Administration) Act 1992 to ensure a superannuation fund or retirement savings account provider continues to report to the Commissioner of Taxation on an annual basis. The eighth measure in this bill excludes from the fringe benefits reporting requirements fringe benefits provided to address certain security concerns relating to the personal security of an employee, or their associate, that arise from their employment. The next measure protects revenue and the integrity of the taxation system by preventing superannuation funds from inappropriately using pre 1 July 1988 funding credits.

The 10th measure in this bill will allow those prescribed private funds and public ancillary funds that distribute to deductible gift recipients that are not charities but are income tax exempt—such as public ambulance services—to obtain an Australian business number. The next measure in this bill gives effect to the announcement in the 2005-06 budget to create five additional deductible gift recipient general categories to cover war memorials, disaster relief, animal welfare, charitable services and educational scholarships. The 12th measure will address the potential exploitation of certain GST charity concessions. The changes in this measure confirm that the GST concessions apply only to deductible gift recipients and not to any non-charitable activities of entities that operate the deductible gift recipients.

The next measure in this bill makes a technical clarification to the Tax Laws
Amendment (Improvement to Self Assessment) Act (No. 2) 2005 to ensure that the reduced four-year amendment period for income tax assessments involving tax avoidance applies from the 2004-05 income year, as announced by the government. The 14th measure delivers enhanced assistance for the wine industry under the wine equalisation tax producer rebate scheme by increasing the rebate to $500,000. The last measure in this bill amends the GST act to ensure supplies involving properties such as serviced apartments and strata title units leased to hotel operators remain input taxed. This will avoid the need for many small investors to register for the GST. For the reasons I have outlined, I commend the bill to the House.

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

Question agreed to.

Original question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

The DEPUTY SPEAKER (Mr Haase)—
In accordance with the resolution agreed to earlier today, the question now is that the remaining stages of the bill, including the government amendments as circulated, be agreed to.

The government amendments read as follows—

(1) Schedule 1, heading, page 4 (line 2), after “Cyclone Larry”, insert “and Cyclone Monica”.

(2) Schedule 1, item 1, page 4 (line 10), after “Cyclone Larry”, insert “or Cyclone Monica”.

(3) Schedule 1, item 2, page 4 (line 12 to immediately before line 15), omit the item, substitute:

2 Section 13-1 (after table item headed “corporate unit trusts”)

Insert:

Cyclone Larry or Cyclone Monica income support payment

see social security and other benefit payments

(4) Schedule 1, item 3, page 4 (line 15 to immediately before line 19), omit the item, substitute:

3 Section 13-1 (table item headed “social security and other benefit payments”)

After: children, assistance for isolated
insert:

Cyclone Larry or Cyclone Monica income support payment

160AAA(3)

(5) Schedule 2, heading, page 5 (line 3), omit “Cyclone Larry”, substitute “Cyclones Larry and Monica”.

(6) Schedule 2, item 1, page 5 (line 5), omit “Cyclone Larry”, substitute “Cyclones Larry and Monica”.

(7) Schedule 2, item 1, page 5 (line 16), at the end of subitem (1), add:

; (c) a payment associated with what is known as the Cyclone Larry Business Assistance Fund, or with what is known as the Cyclones Monica and Larry Business Assistance Fund, and made because your business was adversely affected by flooding due to the combined im-
(8) Schedule 2, item 1, page 5 (line 18), after “Cyclone Larry”, insert “or Cyclone Monica”.

Question agreed to.

Bill read a third time.

NEW BUSINESS TAX SYSTEM (UNTAINING TAX) BILL 2006

Second Reading

Debate resumed from 25 May, on motion by Mr Dutton:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Third Reading

The DEPUTY SPEAKER (Mr Haase)—In accordance with the resolution agreed to earlier today, the question now is that the remaining stages of the bill be agreed to.

Question agreed to.

Bill read a third time.

PETROLEUM RESOURCE RENT TAX ASSESSMENT AMENDMENT BILL 2006

Cognate bill:

PETROLEUM RESOURCE RENT TAX (INSTALMENT TRANSFER INTEREST CHARGE IMPOSITION) BILL 2006

Second Reading

Debate resumed from 25 May, on motion by Mr Dutton:

That this bill be now read a second time.

Mr FITZGIBBON (Hunter) (1.37 pm)—I was hoping the Minister for Revenue and Assistant Treasurer would stick around for a while—

Mr Dutton—I am happy to.

Mr FITZGIBBON—because I want to again express my concern about the way the government is handling the Petroleum Resource Rent Tax Assessment Amendment Bill 2006 and the Petroleum Resource Rent Tax (Instalment Transfer Interest Charge Imposition) Bill 2006 by denying members an opportunity to speak and by denying our right to move amendments. We do not expect to win those amendments, because we do not have the numbers in this place, but we and the people who put us here—the people whom we represent—expect that we will be allowed to move those amendments, to put the alternative point of view. It is an absolute disgrace that the government is denying us that opportunity. In the 10 years I have been here, I have rarely seen such a misuse of power in this place.

The other thing I want to express my concern about is that the minister, in his summation of the last tax bill, again failed to answer the many questions that I had invited him to answer during that summation. I will be doing it again on this bill, and I will just keep doing it until such time as he sees fit to start answering my questions. I do not know what the problem is. I do not know whether he does not have the resources to answer them, he does not have the support in staffing to answer them, he does not know the answers to them or he just does not want to admit to the answers. It is very likely that many of those answers will not fall kindly on the ears of the Australian people.

I invite him to reconsider his approach. Many of the questions that we put are not put for political purposes. They are genuine attempts to seek further information from the minister and the minister’s department.

Mr Dutton—Every one is political.

Mr FITZGIBBON—If they want to keep having Senate committee inquiry after Senate committee inquiry, because that turns out to be the only way that we are able to get answers to these questions, we will just keep...
having Senate committee inquiries. I know that is more a burden on honourable senators than it is on the minister, but he might start extending some courtesy to those senators, particularly the many government senators who are involved in the Senate Economics Legislation Committee.

I thank the minister again for the various degrees of cooperation I have had since he has been in the portfolio, but I ask him to start considering answering some of these more technical questions. I heard him say that many of them are political. I invite him to ignore them if that is the case. It is hard for me to admonish him for ignoring what might be a rhetorical or an ideologically based question, but it is not appropriate for him to avoid the technical questions—those that are genuinely designed and put to seek further information on the bill being proposed so that when it gets to the other place we are better prepared to deal with some of the more technical details of what are usually very complex tax bills, as of course are the bills we are debating.

Australia’s upstream oil and gas industry plays a major role in meeting energy demands both domestic and overseas. Petroleum accounts for just over 50 per cent of Australia’s primary energy consumption and 72 per cent of final energy consumption, with natural gas being exported to a growing list of Asian countries and countries further afield. I want to say more about that as we move through this debate.

The industry is a significant generator of wealth for Australia, although the country imports more petroleum than it exports—indeed, to the tune of $4.7 billion in 2005. In that same year, production by Australia’s upstream petroleum industry was valued in excess of $24 billion and contributed an estimated $7.6 billion in government payments. The Australian upstream petroleum industry directly employs over 15,000 people and makes up about 2.1 per cent of Australia’s gross domestic product. It is an important industry in terms of its contribution to Australia’s output, to employment in this country and, very importantly, to government revenues in this country. The figure I quoted of $7.6 billion in government payments is a significant one indeed.

The way we tax these oil companies is very important. It was Paul Keating who first applied in a very fair and equitable way the resource rent tax to our upstream industry. You will recall, Mr Deputy Speaker Haase—I see that you are nodding your head; as a Western Australian, you would know this issue very well—when we moved from a royalty based system to a profits based system, which is the basic design of the resource rent tax. It is worth noting that, at the time, Mr Keating exempted the North West Shelf project from that regime, because it was a very important project and still in its infancy. The proponents of that project chose to remain under those arrangements and continue to do so today.

I have been seeking to determine the exemption the company also secured at that time on the condensate derived from that project. It was right for Paul Keating to decide at that time not to apply any excise on that condensate—the condensate is the light oil that is derived when gas is extracted from a field—while the project developed from its infancy and matured into one that was strong and could compete in what is now a very competitive LNG market.

It is interesting to note that some 20 or more years on, the North West Shelf project is still enjoying condensate excise exemption. The volume of condensate coming out of the North West Shelf is much greater than it was in the early years of the project. Why? Because the more gas we consume domest-
cally or sell on overseas markets, the more condensate we draw from the field as well. In turn, we sell more condensate, and the loss to the revenue as a result of that excise exemption is becoming more and more significant. To date it might be in the order of $600 million annually. It is not a bad tax break for a project, and one that is no longer in the process of maturing. It is very mature and is now an important player in the very competitive LNG market. I will not dwell on that, but I will ask the House to consider that matter as it addresses the changes to the taxation regime which are contained in these bills.

On the whole, the bill involves some useful modifications of the PRRT program. It is important that we continually reassess the regime to ensure that we get the balance right between getting appropriate government revenues from the production of our natural resources and providing companies with the competitive edge they need to compete in that very competitive market I was talking about. It is important that we constantly review the regime to ensure that we have that balance right. For all intents and purposes, that is what this bill is about, but we do have some concerns about whether the balance in every circumstance has been struck correctly, and I will go through those as I address the various schedules in the bill.

Schedule 3 is about the closing down costs. It is a more problematic area and one that Labor does have some concern about. On that basis, we have asked again that this schedule go to the Senate Economics Legislation Committee for a quick inquiry so that we can better determine the detail of the provisions and better determine whether they have been struck correctly and provide that balance that I was talking about. Schedule 1 of the bill amends the PRRT Act to require petroleum resource taxpayers to transfer and deduct transferable exploration expenditure when calculating their PRRT quarterly tax instalments for each of the instalment periods. Now might be a good time for me to 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:

(1) condemns the Government over its failure to formulate a comprehensive, national energy policy;
(2) questions why major petroleum exploration companies should enjoy the same protections that individual taxpayers are extended under the self assessment system; and
(3) expresses concern about potential leakage to the Petroleum Resource Rent Tax base associated with measures in schedule three”.

Currently, PRRT taxpayers can only transfer and deduct exploration expenditure at the end of the tax year. This measure should reduce compliance costs for businesses in transferring expenditure between projects. The new interest charge imposed on this sector is relevant to this schedule. It will recoup the time value of money associated with the transfer of exploration expenditure between periods, which is subsequently reversed by the Australian Taxation Office after an audit process.

Schedule 2 of the bill amends the PRRT Act to allow internal corporate restructuring within company groups to occur without losing the ability to transfer petroleum expenditure between the petroleum projects of group members. This was an important part of Paul Keating’s initiative—allowing the proponents and operators of projects to transfer deductible expenses from one project to another to maximise their capacity to claim those deductions and, therefore, assisting them in their competitiveness on the international market that I was talking about.

However, there is a problem in clause 31 of the schedule to the PRRT Act which states
that the loss can only be transferred between companies in the corporate restructure if the company to whom the loss is being transferred held an interest in the loss company from the start of the financial year in which the exploration expenditure took place until the end of the year in which the transfer takes place. It is a strong test. It does not allow companies in a common group to transfer losses between petroleum exploration projects at a time after the restructure takes place. The new provision relaxes the test to allow companies to simply have common ownership at the start of the year of the expenditure and common ownership in the year when the unused exploration expenditure is transferred to the receiving interest and, in turn, used. This allows for the transfer of the loss to occur at some time after the corporate restructure. Labor supports the measure, which will reduce the cost to businesses in cases of corporate restructuring.

I want to turn to schedules 4 and 5 and then return to schedule 3. Schedule 4 to this bill amends the PRRT Act to apply the self-assessment regime to PRRT taxpayers as it generally applies to income tax. This change will result in PRRT taxpayers fully self-assessing their tax liability. This change also enables PRRT taxpayers to obtain binding rulings from the ATO on the application of the PRRT Act. While bringing the PRRT into the self-assessment regime seems to accord with a broad based approach—or the bored-based approach we currently have in taxation policy in Australia—the question needs to be asked why this is being done only at this point. If petroleum explorers needed this protection, why is it being done now instead of many years ago? However, the more significant question is why a major exploration company, with all of its resources, with all of its employees, with its army of accountants and advisers, deserves to be afforded the same rights as individual taxpayers that are provided by the self-assessment system. The recent review of self-assessment provides taxpayers with greater certainty and reduced periods over which their affairs can be audited by the Taxation Office. A lower charge is applied for shortfalls between the tax return lodgment and the ATO assessment.

These changes have been undertaken to rebalance the rights more in favour of taxpayers in their affairs with the ATO, and Labor have been happy to support those changes. Indeed, we welcome them. But I suggest to the House that major oil companies do not need these sorts of assistance measures and protections. This is another issue that we will pursue in the Senate committee. We do not have a solid binding opposition to the provision if the department and the minister’s office can give us a better understanding of why this is being done. We may be happy to accept the changes. But it is confusing and extraordinary to me why a self-assessment system designed to lower the load of the tax office and give individual taxpayers a better opportunity to reduce paperwork and the burden of compliance and assess on an annual basis would be extended to major oil companies which operate in this country.

Schedule 5 to this bill amends the PRRT Act to allow the deductibility of fringe benefits tax for PRRT purposes; introduce a transfer notice requirement for vendors disposing of an interest in a petroleum project; extend the lodgment period for PRRT annual returns from 42 days to 60 days; and introduce a number of unrelated minor technical amendments. Labor does not have any particular principled opposition to those changes.

Schedule 3 to this bill amends the PRRT Act to allow the present value of expected future expenditures associated with closing down a particular petroleum project, where
these future expenditures relate to so much of this project as continues to be used under an infrastructure licence, to be deductible against the PRRT receipts of this project. This change is made so far as these costs are currently not recognised for PRRT purposes. This is not an insignificant change. I could argue that it is a pretty extraordinary provision. It relates to ‘closing down’ costs when a project is terminated. Costs from the project are allowed to be offset against revenue until the project ends.

Under this provision, the parliament has been asked to support a provision that allows the proposed future expenditure of an unsuccessful project to be used as a deduction against PRRT as long as an infrastructure licence is held. If you like, this is an extraordinary extension of Paul Keating’s original initiatives to allow maximum deductibility across projects, but it is very strange to be now allowing expenditures in the future that, in effect, have not yet been incurred. As I said, the expenditure has not even been made. This is unusual. This is why we want schedule 3 to go to the Senate Economics Legislation Committee to ensure this does not undermine the integrity of what has been a very successful PRRT regime.

This is not the first time this particular provision has been to the parliament. In fact, the last time the government attempted to put in place this provision—if my memory serves me correctly—the government withdrew the attempt after incurring some pressure at either a Senate estimates hearing or it might have been a reference from the opposition to the Senate Economics Legislation Committee. But whatever the committee, Senator Conroy, on behalf of the opposition, put a number of questions to Mr Lawry—I suppose he was the departmental official present at the time. I will not go into too much detail of the conversation—it is a bit lengthy—but after questioning the actual effects of the provision, Senator Conroy said to the official:

So I am right in how I described it? You have explained the context, but the fundamental point is just a deduction against an expense that is not actually being incurred?

That was the conclusion we came to last time this proposition under schedule 3 was put to the House. Extraordinarily, Mr Lawry told Senator Conroy:

In a very literal sense, that is right ... So the House will not be surprised to learn that the opposition have some concern with this provision in schedule 3 and we will be sending it off to a quick inquiry of the Senate Economics Legislation Committee to further tease out those issues.

The second reading amendment distributed in my name gives me an opportunity to make some broader points about energy policy in this country. I have already outlined for the House the important role which the upstream oil and gas industry plays in our national economy and export markets. It plays an important part in the energy mix which we have in this country. I wanted to give myself and other members of the House an opportunity to talk more broadly about energy policy because those of us who sit on this side at least continue to hold concerns about a lack of energy direction in this country.

There can be no more important an issue than one that keeps the lights on in homes and the fires burning in our industries. The reality is that we do not have energy security in this country any more. We do not have energy security in the transport sector and we certainly do not have it in the supply of power to our homes and to the industries that are so important to this nation state. We had an energy white paper from this government a couple of years ago. I welcomed, at the time, as the shadow minister for energy, the
government’s decision to develop an energy white paper, but we have not seen any results from it. We still do not have a clear and concise idea about where the government is heading on energy policy. We do not know what it has in mind about energy independence, energy security, energy efficiency and the impact of climate change on various means of energy production and consumption. Of course, we have not had much on affordability either and that is a real concern to householders and business consumers.

I said in the House only a couple of weeks ago that, while it is not an exhaustive list, a government producing an energy policy has to have in mind four key points. The first is that it has to plan for our future energy requirements. We have massive growth in energy consumption in this country. We are consuming oil three times more quickly than we are finding it and we have been doing that for about the last seven years, so we are moving on to a decade of excess consumption over new supply. We have increasing energy dependence; we are approaching 60 per cent imported oil dependency. We are now importing 22 per cent of our refined product.

We need to deal with this energy dependency issue and I just do not see a plan from this government—a plan, for example, to translate our enormous reserves of natural gas into liquid transport fuels in this country. Rather than sit back and sell all our natural gas on the international market—a very tough, competitive market—at bargain basement prices, we should be thinking about what we will need in the future. I do not discourage the export of LNG—not by any means. None of our reserves is infinite; the reserves are absolutely finite, and we need to think about our own energy needs in the future.

Using current technology, we have the capacity to produce liquid diesel fuels that will go straight into current vehicles—no changes to engine technology required. While ever the price of oil is through US$25c a barrel, this is very competitive. It is economically feasible. With the price of oil hovering around the mid-$70 mark at the moment there is no argument that this is not viable in this country and the government should be doing more to encourage it. So that is our position on our future needs and energy independence.

We need to be cleaner and more efficient. I welcome what the government is doing with AP6. The opposition supports that. It is a great initiative to ensure that electorates like mine—which produce the lion’s share of this country’s energy from fossil fuels, particularly coal—have a future. But we also need to ensure that we move to renewable fuels. Again, my electorate is well placed and has good conditions for wind and solar. Solar is already a significant player. We can do both in my electorate—continue to burn our coal, hopefully more cleanly and more efficiently, but also take up some of that excess demand by way of new renewable technologies. We have to address the impact of energy on climate change and we should be doing it more enthusiastically and more intensely.

The fourth point was affordability. This is crucial to our international competitiveness and to keeping the financial burden on families lower. Again, while the government talks about the national electricity market, it is not moving ahead as quickly as we would all like. We still have an immature gas network in this country and the government could be doing much more about that.

There has been a lot of debate on transport fuels in this place—and, indeed, outside this place, in the media over the last few days. I
noted this morning that the member for Gilmore was advocating the mandating of ethanol in this country as a solution to our growing energy dependence. Some say it is a solution to climate change and, even more extraordinarily, some say it is a solution to propping up some of our less than viable agricultural pursuits in this country.

Labor supports the ethanol industry. We believe that ethanol will and should play an important part in the transport-energy mix in this country. Ethanol has great potential to produce regional jobs, which are always very important. It is relatively environmentally friendly. As a fuel mix, it gives independent and smaller service station operators a chance to compete because ethanol is untaxed and a litre of untaxed ethanol in a tank is very competitive against a litre of a fuel that has tax attached to it.

We have been very generous in supporting the government’s most recent initiatives. In fact, it was the Labor Party, in 1992 I think, that started the capital grants program for the ethanol industry—giving money to companies to build projects and to help them through their infant stages until they could become competitive.

We supported the retention of its tax-free status, until the government—in December 2003, I think—decided that the time had come to start applying tax to the biofuel industry. It announced at that time that, from 2008, a tax would be applied to ethanol, biodiesel, LPG, CNG, et cetera, because the view was that they were beginning to become more mature and that by 2008 it might be time for them to start facing some tougher competition through the imposition of a light-handed taxation regime. Of course, the idea was that the tax regime would never reach the level of that which is imposed on the more traditional fuels in this country. The Prime Minister announced that it would be based on energy content—which would give it a competitive advantage—and would be phased in gradually over five years, I think originally starting at a very low level, of around 2.5 per cent.

Some members of the biofuel industry were not happy with that. They lobbied for a more relaxed approach. And, of course, the government later back-flipped and said that it would push out the phasing-in of that tax by another few years, to 2011, and that the final full taxation arrangement would come into effect by 2015. Because the Prime Minister also announced that, rather than base it on energy content he would base it on 50 per cent of the energy content, the final tax on ethanol and biodiesel will be about 12.5c. That compares very favourably with the 38c a litre companies are paying in taxation on leaded and unleaded fuels.

So we have capital grants for ethanol and it has tax-free status to 2011. We have then got a phase-out to 2015, with a gradual imposition of taxes. And, in the end, we will have a taxation regime for these biofuels, including ethanol, which will be half that which is imposed on the more traditional fuels. We have total protection from import competition for the biofuels industry and that will be in place, I think, until 2015.

That is an interesting point. I am not sure that the Prime Minister made it clear to the general community, to the industry and to members of this place that that import protection would be gradually reduced. And that has a few people concerned at the moment. But surely at some point the industry must face some import competition. It will need to face some import competition if we are to reach the levels of ethanol consumption which we are hoping to reach in this country because, quite frankly, the companies currently involved—even using projections about new plants—could not hope to reach
the sorts of levels many people aspire to in this place, of around 10 per cent consumption in this country. So we will need import competition, but that will also be important to keep the industry competitive.

It is important that we support the biofuels industry in this country, including ethanol. Some people have the idea of mandating the use of biofuels in this country. I do not agree with that. We have an enormous market share held by one particular company which I am told is insisting on selling blends rather than ethanol. That means importing fuel, mixing it and then selling it on to the major oil companies, and that is an issue we have to look at. We want a competitive market to ensure that petrol prices remain low for the users. Ethanol needs to be part of that mix, but the consumers need to have a choice about their fuel consumption. At some point the biofuels industry—while we support it very strongly—needs to be able to prove that it can stand on its own feet.

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

Ms Hall—I second the amendment and reserve my right to speak.

Mr BAIRD (Cook) (2.08 pm)—It is my pleasure to speak on the Petroleum Resource Rent Tax Assessment Amendment Bill 2006 today and to support my colleague the member for Hunter on the importance of the oil and gas industry to Australia. It is perhaps not as glamorous as some of the other industries that we have in Australia, but it has certainly been a major force in stock market activities. In the last week or so the fortunes of some of our major companies have declined a little; nevertheless, our major resource companies—BHP, CRI and Woodside—have been driving the Australian economy very significantly over the past 12 months, and their involvement in the petroleum sector is very significant. We think of the oil exploration that took place offshore in Bass Strait and the great benefits that came from that consortium between BHP and Esso. BHP has had a long involvement in the resources sector, and petroleum continues to escalate in value as the price of crude oil escalates through APEC countries. We are finding the effects of that at the bowser, and some concerns have been raised around Australia at the continued rise in petrol pricing. Obviously, the public would like some addressing of those issues.

But it is true to say that Australia’s upstream oil and gas industry plays a major role in meeting energy demands both domestically and overseas. Petroleum accounts for just over 50 per cent of Australia’s primary energy consumption and some 72 per cent of final energy consumption, with natural gas being exported to a growing list of Asian countries and further afield.

The latest figures that we have available show that the total value of the industry in 2005 for the petroleum sector was some $24 billion. The tax payments—and the PRRT, the petroleum resource rent tax, has been the major vehicle through which to tax oil production—amount to some $7.6 billion. Considering the benefits right across the economy from taxation of the oil and gas sector, we can only imagine what would have been the case if those discoveries had not been made. Much of the money that goes into our education, our health system and the myriad activities that Australia is involved in would be certainly impacted by the loss of such a significant industry.

Our total exports are worth some $12.6 billion. That includes the refined products, and that relates also to natural gas and LPG. It forms a very significant part of our overall exports and continues to grow rapidly. It was one of the great coups of this government to negotiate with the Chinese government over...
the long-term exports of LNG to China. We see that as being worth some $25 billion into the future. So the potential significance of this industry is major.

Imports amount to $17.3 billion. That is growing as reserves in Bass Strait continue to decline, but exploration expenditure in this country is worth some $1 billion. The Australian upstream petroleum industry directly employs over 15,000 people and represents 2.1 per cent of Australia’s gross domestic product. It also makes enormous contributions to state and regional economies and underpins much of Australia’s economic activity.

The petroleum resource rent tax is significant. It was introduced a number of years ago. There were some predictions at the time it was introduced that it would impact on the level of exploration in this country. In fact, we have seen a decline in the level of exploration activity, and that relates to the potential for oil discoveries within this country. We have seen some of our major companies such as BHP and Woodside—BHP is particularly active, with headquarters in North Africa, in Algiers; and Woodside with their headquarters in North Africa, in Tripoli—undertaking major oil exploration activity. BHP is also moving into the Gulf of Mexico with exploration. That highlights the importance of diversification away from Australian resources and Australian petroleum reserves, because of the declining number of explorable areas within our own region.

It is important that we set the rates right for the petroleum resource rent tax assessment, because in some ways it is like buying a lottery ticket. The rewards have to be significant in order for you to put up your money, with fairly high chances that you will never win the lottery or win Lotto. So it is, somewhat, with oil exploration. The costs are huge and your chances of finding oil are small; therefore, the rewards have to be significant. Governments have imposed this petroleum resource rent tax in order to recoup for the country in which the exploration takes place, so that we have this amount going straight into the Treasury revenue. But we need to be careful that the rate that is set is not such that it drives our oil explorers offshore to look at some of the more likely prospect areas such as North Africa, where large companies are operating right now. It is also important to recognise the international competition that exists not only in the petroleum and gas area but also in the minerals area per se.

Just three years ago 22 per cent of the mineral exploration in the world took place in Australia. Now it has fallen to 12 per cent. The reason there has been such a significant fall is the level of tax incentives that are given by the Canadian government particularly, and by other governments around the world. Our major companies are in a globally competitive environment, so in the setting of our taxation for the resources sector we need to see what our competitors are doing. There has been a big increase in Canadian oil and mineral exploration. It has gone up in a very major way. Part of it is the throughput tax which the Canadian government has decided to implement and the mineral sector is arguing that we should follow suit. The question is: what is the trade-off? Do we get appropriate returns for the Australian people and do we have the taxation returns that we would want to see for the Australians who have been blessed by these wonderful natural resources in this country? Our neighbour across the Tasman has a New Zealand dollar that is much less in value than ours. One of the big reasons for the difference in value is that our neighbour does not have the resources we have. That country has primary industry and manufacturing activities—a very significant, very effective manu-
Manufacturing sector—and a productive workforce. The big difference is in resources. We are indeed the lucky country. And if we are the lucky country it is important that we administer our resources appropriately, that we ensure appropriate returns and that we have taxes such as the petroleum resource rent tax which is placed and pitched at an appropriate level to attract investment—but not so high as to see exploration go offshore.

What is the petroleum resource rent tax? It is a tax on total net income which comes from all petroleum projects in Commonwealth offshore territories, excluding the North West Shelf. It is assessed on a project-by-project basis. The liability to pay the PRRT is imposed on a taxpayer in relation to their individual interest in the project. This liability is based on the project receipts less project expenditure.

I turn to the bill and the amendments that are proposed. This bill will provide continuity of ownership for a company with two projects operating. It will allow them to continue the ownership of both projects, and exploration expenditure that is not deducted will be allowed to be transferred from a non-paying to a paying project. The amendments that the government has introduced will reduce compliance costs, as well as improving administration, and will remove any inconsistencies in the Petroleum Resource Rent Tax Assessment Act 1987.

The changes are consistent with the government’s overall approach to taxation reform directed at simplifying Australia’s taxation system and making the Australian taxation system more internationally competitive. Currently PRRT taxpayers can only transfer and deduct exploration expenditure at the end of the year of tax. Consequently, companies often overpay PRRT in the first three instalment quarters, only to receive an adjustment for this overpayment in the fourth quarter. An interest charge will be applied at the end of the year of tax if any unusable amounts of transferable exploration expenditure are claimed in the quarterly instalments. The interest charge is designed to recoup the time value of money associated with the delay in payment of tax.

In addition, internal corporate restructuring within company groups is allowed within the bill without the company losing the ability to transfer exploration expenditure between the petroleum projects of group members. This measure removes a taxation distortion within the tax which will as such prevent a company group from adopting the most efficient corporate structure to suit their needs. As we have seen with this structure, the distortion results ultimately in company groups maintaining inactive companies with the sole aim of protecting their future ability to transfer unused exploration expenditure. The amendments will apply only to internal corporate restructures that occur on or after 1 July 2006. The bill will allow internal corporate restructuring to occur under the PRRT without incurring a tax penalty, which is consistent with the Commonwealth’s approach adopted for income tax purposes. Again, it streamlines the tax. An assessment regime is built into the legislation for PRRT taxpayers, just as it is applicable under income tax. With the way the system currently operates, PRRT taxpayers are only able to gain administrative advice from the ATO, whereas, under the new regime and measures introduced in this bill, PRRT taxpayers will be able to obtain legally enforceable rulings from the Australian Taxation Office in relation to all matters regarding tax.

Other aspects of the bill are outlined in some detail in the explanatory notes. This bill provides greater simplicity and greater certainty for our major and smaller companies that operate in petroleum production and those who are involved in exploration and
hoping at some stage in the future to move to the development of their downstream and upstream oil activities. In summary, it is important that in setting the taxes for the resources sector we provide the right incentives for oil and exploration companies to undertake the exploration that is necessary—incentives that will reward companies that put their funds upfront in developing the fields. It is also important that we look at our globally competitive environment to see what other countries are doing—particularly Canada, which is moving in a very competitive environment.

The fact that our exploration activity, as a percentage of the world’s total, has fallen from 22 per cent three years ago to just 12 per cent now shows the importance of finessing our taxation regime as it relates to the resources sector. We only have to look at the Stock Exchange to see how much the Australian economy is being driven by the resources sector and at the importance of the oil industry to our own economy. When we look at the value of the oil industry, adding in natural gas and LPG, we see that it is worth some $24 billion and tax payments of $7.6 billion. It is a major contributor to the Australian economy. We need to ensure the long-term future of this sector and of the companies operating in this field, such as BHP, Woodside and CRI. Such companies are not only becoming icons of the stock market but also driving our country’s economic growth. We have seen the growth that has occurred in the economy of Western Australia, which has been experiencing boom conditions for the last few years. Much of that has come from the resources sector. We can only suggest that, without the resources sector, we would experience a much greater challenge in developing the economy than we do currently.

I commend this bill to the House. Its intention is to refine some of the aspects of the PRRT tax that is applied to the petroleum industry. It is up to the House to ensure the long-term strength and wellbeing of this sector of our economy, which means so much to our long-term growth and stability, not only with imports but also particularly with the expanding giants of India and China who await our resources. The sector has provided us with many of the jobs that have been created under this government. One of the reasons that this government has been so successful is that, since it came to power, we have seen the creation of 1.7 million jobs, many of them in the resources sector. I commend the bill to the House.
ing amendments aimed at improving the bills before the House today.

I am very disappointed about this bill, which really goes to our future. Australia has a problem with the security of its energy supply. We can see countries beyond Australia, such as Qatar, attracting investment aimed at converting valuable gas to liquids for the purpose of trying to assess and secure energy security. However, we have a Prime Minister who wants a debate about nuclear energy. Nuclear energy in Australia simply does not stack up economically, yet he is not prepared to sit down and consider what would be the appropriate investment regime to attract investment into Australia going not only to the conversion of gas to liquids but also to the conversion of coal to liquids, which is about giving Australia some security with transport fuels. I raise these matters because, in the context of changes and useful modifications to the PRRT regime, I think we should be thinking about these other issues. I say that because it is appropriate to reduce compliance costs, improve administration and remove inconsistencies in the Petroleum Resource Rent Tax Act 1987.

The PRRT regime is a very important source of revenue for the Commonwealth. It is a very important tax to ensure that all Australians get a fair return on their oil and gas resources. PRRT revenue is expected to grow to $4 billion in 2009-10—no wonder the budget process is awash with revenue—and is currently estimated to be $1.4 billion. Clearly, PRRT is becoming a major part of our revenue base and, as such, any measures that erode that base or risk its erosion should be of great concern to the Australian community. That is why the opposition is referring these bills to a Senate committee to ensure that due consideration is given to these important measures.

But I also say, on behalf of the opposition, that we want our oil and gas industry and the revenue that flows from it to be healthy. That is important because that revenue base, as the recent budget process proved, is about tax cuts and about funding schools, roads, hospitals and all the other government services that the Australian community expects. The industry is also critical to Australia’s wellbeing and, importantly, its untapped potential goes to nation building in Australia, particularly in the gas arena and particularly in the gas to liquids conversion process. While we currently ride a resource boom, it is only six years since the price of oil was just $12 per barrel and times were not so good for Australia. The message is that there will always be good times and not so good times. We have to create the right policy and fiscal environments to keep the industry healthy throughout the cycle. Getting the PRRT regime right is the correct thing to do in that debate.

But I am also concerned about capacity constraints in the Australian economy, particularly the skills shortages that are dampening investment in the resources sector at a time when global demand and global prices mean that we should be maintaining our investment momentum. Australia cannot afford to let its oil and gas industry slip. Resources remain our biggest global competitive strength. I simply say, on behalf of the opposition, that Australia needs a new generation of nation building industries and infrastructure and a debate about energy security, which is a debate that the Prime Minister does not want to have.

The Prime Minister is interested in a debate about nuclear power—a debate that does not stack up economically in Australia—but he is silent when it comes to a serious debate about energy security in Australia. When have you heard the Prime Minister talking about our requirement to work with
the private sector to create an investment regime in Australia that favours and encourages gas and coal to liquids? That is about energy security. That is about investment and long-term opportunities in Australia. But, unfortunately, the Prime Minister is silent on the future energy demands of Australia.

Mr Howard—and despite the unwillingness of the Labor Party, then led, as it is now, by the member for Brand, to support strong border protection policies, this government had the courage to do so.

Mr Bevis interjecting—

The Speaker—Order! The member for Brisbane is warned!

Mr Howard—These policies have nothing to do with listening to Indonesian politicians. While I am on my feet, can I say something to Indonesian politicians, both those here and those who may be listening or reading in Indonesia: I want them to understand from me, on behalf of the government, how extremely disappointed, even distressed, millions of Australians will be at the release of Abu Bakar Bashir. Many Australians will see that particular outcome, although a product of the Indonesian justice system, as an extremely disappointing result.

Let me remind the member for Watson that it was this government, the Liberal-National Party government, that stopped the flow of unauthorised arrivals. It was the Australian Labor Party that would have kept our borders open. It was the Australian Labor Party that opposed the Pacific solution. It was the Australian Labor Party that opposed all the strong measures that were needed, and this bill is of a piece with those strong measures.

Workplace Relations

Mr Barresi (2.33 pm)—My question is addressed to the Prime Minister. Is the Prime Minister aware of any evidence that the economy will suffer if Australian workers lose the freedom of choice currently available to them under Work Choices? Are there any alternative views, and how do they compare with government policies?

Mr Howard—Not only am I aware of the damage that would be done by taking
away Australian workplace agreements but so is the Australian Mines and Metals Association, an association that represents a section of the Australian economy which, according to the member for Perth—who is the spokesman for the Labor Party on these matters—is responsible for the boom economic conditions we are experiencing particularly in Western Australia. According to this association, which represents the mining industry, removing workplace agreements would cost $6.6 billion a year. That is the cost to the mining industry. This is not my figure; it is not the figure of the ABS; it is the figure of the Australian Mines and Metals Association.

Mr Crean interjecting—

Mr Howard—In 2004, Access Economics, the preferred economic modeller of the Australian Labor Party, had this to say after it released a major study into the Labor Party’s industrial relations policy:

The likely outcome is lower productivity growth and less accurate matching of wages and productivity at the enterprise level.

Yesterday, the Chief Operating Officer of Austral in Western Australia, one of the most outstanding examples of Australian incentive and ingenuity—located, I believe, in the electorate of Brand, represented by the Leader of the Opposition—

Mr Brendan O’Connor interjecting—

Mr Howard—said that the survival of the $529 million company depended on the AWA system. Let me say that again: the survival of one of Australia’s most successful export companies—

Mr Brendan O’Connor interjecting—

The Speaker—The member for Gorton is warned!

Mr Howard—depends upon the survival of the AWA system. He said:

This industry would not be here in Western Australia under a collective agreement.

Mr Crean interjecting—

The Speaker—The member for Hotham is also warned!

Mr Howard—He said:

This industry would not be here in Western Australia under a collective agreement. Our product would be nowhere near as high. We would not be able to survive.

This is field evidence. This is evidence from people who know the industry. They know the value of workplace agreements. They know the poison that returning to collective agreements would represent for their industry. I say again that the plan of the Leader of the Opposition in relation to workplace agreements is a direct attack on aspirational Australia. It is a direct attack on the success stories of Australian industry. It is a direct attack on our export industries. As the member for Brand, the Leader of the Opposition ought to be ashamed that it is a direct attack on the prosperity of the great state of Western Australia.

Workplace Relations

Mr Beazley (2.36 pm)—My question is to the Prime Minister. I refer the Prime Minister to the case of Emily Connor. Is the Prime Minister aware that until March this year Emily had been employed for five years as a child-care worker at the Blinky Bill child care centre in Canberra? Is the Prime Minister aware that, two days after the government’s industrial relations legislation came into effect, Emily was called to her boss’s office, told her services were no longer required and given no reason for her dismissal? Isn’t it the case that Emily asked to say goodbye to the children in her care? She was told that if she did not leave in 10 minutes the police would be contacted to escort her from the premises. Prime Minister, what do you say to Emily, who now has no protection against such unfair and unconscionable treatment in the workplace?
Mr HOWARD—I am not aware, nor could I be expected to be aware—

Ms King interjecting—

The SPEAKER—The member for Ballarat is warned!

Mr HOWARD—of individual cases such as that. Thousands of people leave employment and gain employment all over Australia every week. But I am aware, and the Leader of the Opposition should be aware, of an article in the *Australian Financial Review* this morning written by an academic by the name of Don Harding that makes the point that, on a preliminary examination of the early figures on the behaviour of the workforce since the introduction of the new industrial relations legislation, there is absolutely no evidence of the mass sackings of which the Labor Party is so ready to speak. Indeed, the preliminary indications are that the employment outlook has actually got better since the Work Choices legislation was introduced. I know that will be intensely disappointing to the Leader of the Opposition, because he has been hoping and praying for a deterioration in the figures. He always wants bad economic news in the hope that he can use it in propaganda against this government.

I do not know the circumstances of that individual. In the question of a similar kind that he asked me yesterday, he did not disclose to the House the fact that the lady to whom he referred was entitled to bring a claim for unlawful dismissal. I invite the Leader of the Opposition to get up in this House and deny any knowledge that she was bringing a claim for unlawful dismissal, because the source of the information that came to me was a union. I find it hard to believe that, if I can find out from the union, the Leader of the Opposition, who does everything they want, could not also find out from the union.

Workplace Relations

Mr CAMERON THOMPSON (2.39 pm)—My question is to the Prime Minister. Would the Prime Minister advise the House of the benefits of Australian workplace agreements to workers? How would abolishing workplace agreements affect Australian workers?

Mr HOWARD—Let me say in reply to that question that the abolition of Australian workplace agreements would not only damage companies but also damage hundreds of thousands of hardworking Australians. The proposal of the Leader of the Opposition to do away with them is a direct frontal attack on aspirational Australia. The Australian Bureau of Statistics has released statistics which show that non-managerial employees are five per cent better off on AWAs than on collective agreements.

I have been asked what do I say to a particular case. Let me say, rhetorically: what do critics of the government’s policy, including of the opposition, say to Mr Eddie Belcher, a worker referred to in the *West Australian* this morning? He had a firm message to the Leader of the Opposition about the roll back of his AWA. He said:

Just try and take them away.

The *Australian* newspaper reported a Queensland coalminer, Graeme Ware, as saying:

... no reason to return to union influence in setting awards.

The article reported that Mr Ware, a worker at the Sedgman coal washing plant at Nebo, west of Mackay, works four days on and three days off and earns more than $100,000 a year. They are the sorts of people that the Labor Party wants to do down. They are the sorts of people that the Labor Party wants to take a stick to. They are the sorts of people that are responsible for this extraordinary growth in our resource sector. The Labor Party is happy all the time to say, ‘The only
reason the country is doing well is that we have a resources boom.' That is an incomplete, invalid proposition. It is a bit odd if you say: ‘The reason we are prosperous is that we have a resources boom. So what we, the Labor Party will do, is destroy the living conditions of those who are contributing to the resources boom.’ It is a very odd kind of argument.

Mr Bevis interjecting—

Mr HOWARD—I remind the Leader of the Opposition, through you, Mr Speaker, that since 1996, nearly a million Australians have signed AWAs—

Mr Bevis interjecting—

The SPEAKER—Order! The Prime Minister will resume his seat. The member for Brisbane will remove himself under standing order 94(a).

The member for Brisbane then left the chamber.

Mr HOWARD—Since WorkChoices began, nearly 30,000 AWAs have been lodged. The Leader of the Opposition wants to rip all of them up and he wants to rip up all of the older AWAs. I will leave the last word in answer to my colleague’s question to that Western Australian worker, Mr Eddie Belcher. He said:

Australians have got freedom of speech, freedom of thought, freedom of everything. If we want to make a deal with our employer over our working conditions, that is up to us.

DISTINGUISHED VISITORS

The SPEAKER (2.43 pm)—I inform the House that we have present in the gallery this afternoon Mr Sam Abal, Parliamentary Secretary for Inter-government Relations of the Parliament of Papua New Guinea. On behalf of the House, I extend to him a very warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Workplace Relations

Ms ANNETTE ELLIS (2.43 pm)—My question is again to the Prime Minister and it follows on from his previous answer. Isn’t it the case that, as a result of the government’s industrial relations legislation, Emily Connor, who is in the gallery here today, has lost her right to an unfair dismissal hearing through the independent umpire? Isn’t it also the case that, because no reasons were given for her dismissal, she has no grounds—

Mrs Bronwyn Bishop—Mr Speaker, I rise on a point of order. The opposition are in breach of standing order 98. They are continuing in this line of questioning to ask for an opinion and, indeed, something verging on a legal opinion. This is the second question in this line of questioning and she is totally out of order.

The SPEAKER—I am listening carefully to the member for Canberra. She has not completed her question. I call the member for Canberra.

Ms ANNETTE ELLIS—Isn’t it also the case that, because no reasons were given for her dismissal, she has no grounds for an unlawful dismissal application? Isn’t it also the case that, even if Emily could bring an unlawful dismissal claim against her employer, it would cost her on average anywhere up to $30,000 in legal fees and expenses before the court? Will the Prime Minister look Emily in the eye and tell her how getting the sack unfairly, for no reason and with no remedy is fair?

The SPEAKER—Order! In calling the Prime Minister, I would say that the last part of the question was really outside the standing orders.

Mr HOWARD—I am not aware of the individual circumstances of this case—nor, of course, can I be expected to be aware—
but I have never disguised the fact that one of the changes we made was to remove the unfair dismissal laws in relation to companies employing fewer than 100 people. We make no apology for having done that.

Mr Swan—You did disguise it!

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

Mr HOWARD—We make no apology for having done that because we believe, as indeed many people around the country have believed for a long time, that the old unfair dismissal laws, introduced by the Labor Party under a secret deal with the ACTU during the 1993 election campaign, have in fact destroyed jobs. What you must do in relation to something such as this is assess the overall impact on the total workforce, and there is no doubt at all that there will be employment gains, especially in small business, as a result of the changes that have been made.

Mr Wilkie interjecting—

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

Mr HOWARD—Every country that maintains the rigid, regulated IR system that Labor is now unequivocally committed to has higher levels of unemployment than do the countries that embrace the sort of policy that we believe in. It is no secret that Australia, Great Britain, the United States and New Zealand, with less regulated labour markets, have lower levels of unemployment than countries such as Germany, France and other nations of Europe.

If you want to reregulate the Australian labour market, go ahead and do so, and realise that as a result you will drive tens of thousands of extra Australians onto the dole queues, you saw their living standards drag and you saw their aspirations belted to smithereens by the economic downturn that your industrial relations policy did nothing to stop. We have changed these laws because we believe—and we have sound evidence to support it through the experience of other countries—that a freer labour market and greater flexibility in relation to hiring and so forth of people will result in higher levels of employment. That is the evidence and that is the reason why we have taken our decision.

Employment

Dr WASHER (2.48 pm)—My question is to the Treasurer. Would the Treasurer inform the House of the contents of the OECD employment outlook? What does this report indicate about the need for reform to continue Australia’s strong labour market performance?

Mr COSTELLO—I thank the honourable member for Moore for his question. I can inform him that the OECD released its employment outlook overnight, expecting Australian economic growth to accelerate in 2006-07 and forecasting employment growth of two per cent in 2006 and 1.2 per cent in 2007. Although that is slower, that would outpace labour force growth, leading the OECD to project a fall in the unemployment rate to 4.7 per cent in 2006-07. That is a fall from an unemployment rate which is now at a 30-year low, with the government having presided over the creation of 1.7 million new jobs since its election.

The OECD jobs strategy has four components: set appropriate macro-economic policy, remove impediments to labour market participation, tackle labour and product market obstacles to demand and facilitate the development of labour force skills and competencies. In identifying barriers to labour market demand, one of the things that the OECD focuses on is what it calls employ-
ment protection legislation, known in this country as unfair dismissal legislation. The OECD says this:

The link between the stance of employment protection legislation and aggregate unemployment is uncertain in theory, and in practice is highly dependent on the specific national context. However, there is evidence that too-strict legislation will hamper labour mobility, reduce the dynamic efficiency of the economy and restrain job creation. This may worsen job prospects of certain groups, like young people, women and the long-term unemployed.

In other words, the OECD is saying not just in respect of Australia but in respect of all of the developed economies of the world that, if you have employment protection legislation that is too strict, it worsens the opportunity for employment of those that are the most marginalised in the community—the young people, the women and the long-term unemployed. This is an observation which the OECD has made across all the developed economies of the world, whether it be the United States, Japan or Europe.

There is one factor that increasingly becomes obvious as you do comparative labour market studies: those countries which have the strictest employment legislation have the highest unemployment rates. That is why unemployment is high in Germany; that is why unemployment is high in France. If you want to structurally reduce barriers to unemployment, flexibility in employment protection legislation is required. The Australian Labor Party, which has set its face against the modernisation of Australia’s industrial relations law, is doing injustice to the people who would be most marginalised in the labour market.

Mr Rudd—Mr Speaker, I rise on a point of order. There was nothing in the question from the member for Moore that asked for the Treasurer to pontificate—

The SPEAKER—What is the basis—

Mr Rudd—on alternative policies. I ask you to draw the Treasurer back to the question he was asked.

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

Mr Price—Mr Speaker, I rise on a point of order. When opposition members seek to raise a point of order you are forever interrupting them but, when the honourable member for Mackellar raises a point of order, you always allow her to fully enunciate it. We just want a bit of fairness.

The SPEAKER—The Chief Opposition Whip will resume his seat. I will respond to him and I will respond to the member for Griffith. The Chief Opposition Whip would be well aware that the chair is seeking to find what point of order is being raised. I would also remind the Chief Opposition Whip that he will not reflect on the chair. In response to the member for Griffith: the Treasurer was asked a wide-ranging question. He is in order. I call the honourable the Treasurer.

Mr COSTELLO—So you do not have to take it from this government—you can take it from the OECD, you can take it from the IMF; you can take it from international experience that those things that are required to make an economy flexible in a modern, international, globalised economic environment are those things that will create the most jobs. And it is the people who are prepared to take the hard decisions, not the populist decisions, who will create the job opportunities for the most marginalised in our society: the long-term unemployed, the young and women. There is one side of Australian politics that stands for job creation, and it is the Liberal and the National parties. There is one side of Australian politics that stands for high unemployment, and it is the Australian Labor Party. Kids, women and the long-term unemployed have a chance of a
job under a Liberal and National Party government because the Liberal and National parties are prepared to do the necessary reform to ensure that it can happen.

Workplace Relations

Mr BEAZLEY (2.54 pm)—There’s nobody around here talking about putting in French or German legislation. My question is to the Prime Minister. Has the Prime Minister seen a copy of the Way Ahead, the newsletter of the Gosford branch of the Liberal Party? Isn’t this newsletter produced by Councillor Malcolm Brooks, a former Liberal Party member of parliament and Liberal Party official? Is the Prime Minister aware of this issue? The newsletter says:

Many Australians who voted for and supported John Howard over the last decade are now cutting loose over the industrial reforms, and voters who voted for us at the last election have already decided to vote Labor at the next election. If this trend continues we will have no-one but ourselves to blame.

Prime Minister, if Liberal Party officials do not think slashing wages and conditions is a good idea, what hope have you got of convincing middle Australia?

The SPEAKER—Order! In calling the Prime Minister, the first part of that question was clearly a party matter and out of order. The Prime Minister may choose to answer the last part.

Mr HOWARD—I will answer the Leader of the Opposition when he asks me what hope have I got of convincing middle Australia. Let me use a phrase that one or two of you have heard before: my guarantee is my record.

Opposition members interjecting—

The SPEAKER—Order! The level of interjections is far too high. The Prime Minister will be heard.

Mr HOWARD—The Leader of the Opposition and his colleagues can interrupt, can point to the gallery and can quote from pamphlets and the views of individuals, but nothing can gainsay the facts. The fact is that the unemployed are better off under this government than they have been for 30 years. The fact is that last week we had an unemployment rate that was at a record 30-year low. The fact is that real wages have risen under this government by 16.8 per cent. The real fact is that over the last 10 years we have created 1.8 million new jobs in this economy. The Leader of the Opposition started his question to me by saying he did not want anything to do with France and Germany. If he does not want anything to do with France or Germany he should not embrace the policies that have delivered a 30 per cent youth unemployment rate in France and that have also left the German economy with an unemployment rate of around 10 or 11 per cent. The undeniable fact is that those economies that deregulate their labour markets generate greater productivity and reduce unemployment. Those economies and those countries that continue to regulate, to suffocate and to stultify their labour markets produce higher levels of unemployment and lower levels of economic growth.

That is why a courageously successful Labour leader, like Tony Blair, when he became Prime Minister of Great Britain in 1997, had the courage to face the trade union movement of that country and say that their old ways had to change, that they had to accept the labour market reforms of the Thatcher era and they had to accept that the days of sandwiches and beer at No. 10 to solve industrial disputes were forever behind them. What a contrast: the courage of Tony Blair addressing the TUC in May 1997, acquainting them with the realities of the modern world, and the Leader of the Opposition meekly rolling over in the Sydney Town Hall last Sunday. The contrast could not have been starker with a leader prepared if neces-
sary to disagree with those in his own ranks in the national interest. Successful Labor leaders—indeed, successful leaders on occasions—have to disagree with those in their own ranks if they know that in so doing they are matching the national interest.

The man who sits opposite me, and would be the Prime Minister of this country, has failed the national interest. He has allowed himself to be bullied by the union bosses of Australia and he has disqualified himself not only in the eyes of people who traditionally vote Liberal but, I reckon, in the eyes of many of these miners in Western Australia, who probably come from lifelong Labor Party backgrounds. Person after person in the mining industry of this country, brought up in the labour movement, is turning their back on the labour movement because the labour movement no longer represents the hopes and the dreams of aspirational Australia.

Ms Plibersek interjecting—

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

Workplace Relations

Mr JULL (3.00 pm)—My question is addressed to the Minister for Employment and Workplace Relations.

Mr Albanese—Mr Speaker, on a point of order: I wonder if you could, for the benefit of people here, say how many people on this side and how many on that side have been warned today.

The SPEAKER—The member for Grayndler would be well aware that questions to the chair are raised after question time.

Mr JULL—Once again, my question is addressed to the Minister for Employment and Workplace Relations. Are there any intentions to change or vary the new workplace relations legislation by the government or, indeed, others? Has the government been able to establish at this early stage major advantages to workers resulting directly from the reforms?

Mr ANDREWS—I thank the member for Fadden for his question and his interest in workplace reform in Australia. The record shows that workplace reform over the last decade, and the flexibility that that has brought to the labour market, has indeed strengthened the Australian economy to the benefit of all Australians. The record quite clearly speaks for itself: the 30-year-low unemployment rate in Australia of 4.9 per cent, the 1.8 million extra jobs that have been created in the last decade and the 16.8 per cent increase in real wages. Ongoing reform is part of the move to strengthen the economy significantly and importantly to create more jobs for Australians so that more and more of our fellow men and women can share in the national prosperity.

The member for Fadden asked me whether there were any proposals for change. Indeed, there are. We have the Leader of the Opposition adopting a Mark Latham economic stance on policy, wanting to take us back to the pre-Keating reform era. Why is this? Simply because the unions are demanding that they do so. The unions are right about one thing. They have realised what other Australians have realised and that is that the Leader of the Opposition when it comes to public policy is weak. He does not have the spine to stand up to them. He buckles under, as he did at the weekend at the New South Wales Labor conference, no matter how extreme the proposals and the demands from the unions are.

Having buckled under once, what are the other demands that we are now getting from the union movement insofar as the workplace is concerned? First of all, they have demanded that AWAs go. He buckled under to that and in the process hung out to dry
some hundreds of thousands of Australian workers. On top of that, we now have Mr Combet, the Secretary of the ACTU, demanding compulsory collective bargaining in Australia. That would mean that you would have the union involved in every negotiation at the workplace—something the Prime Minister quoted the workers in Western Australia as being opposed to. We have on top of that Bill Shorten, the next great hope of the Australian Labor Party, demanding that non-union workers be slugged with compulsory union bargaining agents fees. That is code for compulsory unionism in Australia.

But that is not the end of it. Let us look at the other demands. These are the sorts of demands that Mark Latham caved into, and we can see the new Leader of the Opposition caving into them as well. They want to squeeze the casual and part-time labour market in Australia dry. They want to whack small and medium sized businesses by reimposing the unfair dismissal regime. They want to give unions automatic right of entry into more workplaces and they want to allow secondary union boycotts and industry-wide strikes. The list goes on and on. This weakness from the Leader of the Opposition has led in the last couple of days to increasing demands from the unions as to what the Labor Party should do in their policy.

What was found with respect to this policy when the previous Leader of the Opposition, Mr Latham, was there? Access Economics had a look at the Labor Party’s policy with all these changes in it. This is what they concluded. It would diminish the capacity of business to create jobs for older people, for young Australians and for women; it would have a significant impact on manufacturing, on retail, on farming and on the mining industry in Australia; it would lessen productivity; and it would put pressure on unemployment. Here we have a repeat from the Leader of the Opposition. He is now adopting the economically irresponsible policies of the previous Leader of the Opposition which would take the Australian economy backwards by allowing the unions to dictate an extreme workplace relations policy. This would involve the unions in Australia having a seat at the cabinet table, should the Leader of the Opposition ever be elected to the prime ministership of this country. It would take Australia backwards, it would destroy employment, it would push unemployment up and it would diminish the prosperity of this nation.

Workplace Relations

Mr STEPHEN SMITH (3.06 pm)—My question is to the Prime Minister. I again refer the Prime Minister to the Way Ahead, the Gosford Liberal Party newsletter, which is dedicated to God, Queen, country and family. It reads in part:

The threat to weekends, public holidays, overtime and penalty payments needs to be answered. Where is the protection for existing wages and conditions? It’s no good telling workers that this or that situation in the future will not happen. Everyone wants guarantees that it won’t happen.

Mrs Bronwyn Bishop—Mr Speaker, I rise on a point of order. I would refer you to the House of Representatives Practice, where it is very clearly spelt out that questions may not be asked about party political matters. The question once again is clearly out of order.

The SPEAKER—I am listening closely to the member for Perth and I will hear his question before I rule.

Mr STEPHEN SMITH—I refer the Prime Minister to the Gosford newsletter, which reads in part:

The threat to weekends, public holidays, overtime and penalty payments needs to be answered. Where is the protection for existing wages and conditions? It’s no good telling workers that this or that situation in the future will not happen. Everyone wants guarantees that it won’t happen.

Why has the Prime Minister failed to respond to his own party’s demand for a decent
Mr HOWARD—In reply to the member for Perth, if the remarks attributed to that person are accurate, let me say through him to that person that I think he is wrong, just as the member for Perth was wrong 10 years ago when he said the world would come to an end with our industrial relations reform and just as the then member for Canberra spoke on behalf of the Labor Party when that legislation came back in its amended form from the Senate in November 1996 and he posed three questions. Will unemployment fall? Answer: yes. Will the nation be more productive? Yes. Will industrial disputes go up or go down? In fact, they have gone down. Indeed, the latest figures show that for the March quarter of 2006 we have recorded fewer industrial disputes than in any quarter since we began to collect these statistics. That is a pretty interesting figure. If there is one thing about the Labor Party that I remember from the dim, distant past when they occasionally talked sense on these issues, it is that they said, ‘If you want to reduce industrial disputes, elect a Labor government.’ The truth is that unemployment has gone down, wages have gone up, prosperity and productivity have increased and industrial disputes have fallen.

Mr Hatton interjecting—

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

Mr HOWARD—All of that has happened over the last 10 years, despite the dire warnings of many in the community, particularly the Labor Party. Just as the dire warnings were wrong then, they are wrong now. I would predict that in 10 years time, when questions come up in this House, the spokesman who will be answering on behalf of the government of the day will be able to point to the productive benefits of the industrial relations policies of this government.

Mr Martin Ferguson interjecting—

Mr HOWARD—I am glad that the member for Batman is enjoying what I am saying because it is true, Martin, and you should enjoy it.

Superannuation

Mr CIOBO (3.10 pm)—My question is addressed to the Treasurer. Would the Treasurer advise the House of the latest steps taken by the government to streamline and simplify superannuation?

Mr COSTELLO—I thank the honourable member for Moncrieff for his question and acknowledge the work that he does on the finance and treasury committee. On 9 May in this year’s budget, the government announced the biggest reform to superannuation in decades. Members will know that the government’s reform plan involves making superannuation payments out of taxed funds tax free when a person turns 60—tax free for lump sums, tax free for pensions. No longer will it be necessary to differentiate between pre-1983 and post-1983 and pre-1994 and post-1994 capital gains tax, exempt or otherwise. There will be one simple rule: when those who have their superannuation in a taxed fund turn 60, they will be able to take benefits tax free. In addition to that, the government plan involves halving the age pension’s assets test taper, extending the co-contribution to the self-employed and encouraging people to remain in the workforce by giving them the option to take superannuation tax free whilst they remain perhaps in part-time employment or otherwise after the age of 60.

We are still to hear from the Labor Party what its position on this legislation is. It has not announced a position, notwithstanding that this was announced in the May budget.
Susan Ryan, writing in the *Australian* on 12 May 2006, had this to say:

“These are the most important changes to superannuation ever,” Peter Costello boasts. They’re even more important, he claims, than the 1992 introduction by the Keating government of compulsory super. The Treasurer can often overstate his case, but this time he’s right.

I do not agree with everything she wrote.

Mr Howard—No, no. I don’t agree with it either.

Mr COSTELLO—She goes on to say:

That’s a pretty big mouthful, coming from a life-long ALP supporter and former Labor minister. My political history to the contrary, I believe Costello has a lot to boast about.

There we go—we’re getting a bit of leadership from a former Labor minister. Back in the old days, when the Labor Party used to have policy, they would actually announce where they stood on these things. Instead of engaging, as Mark Latham called it, in ‘scab-lifting politics’—running around trying to find a little place where they can lift a scab and try to cause trouble—once upon a time Labor had leadership and Labor had policy. But that was long before the member for Brand. At the rate he is going, he will be here a long time with his policy backflips. When he has backflips, they shake the earth. It was no little ripple in the Sydney Town Hall—the earth moved for the whole of Australia.

I digress. Yesterday the government announced that the $150,000 entitlement for post-tax contributions could be averaged over three years. In addition to that, one year would count from budget night to 30 June. That would mean that a person has an entitlement to put in $150,000 of post-tax contributions between the period starting on 10 May and 30 June. In addition to that, three-year averaging means that you can put in, in any one year, $450,000 of post-tax contributions as long as you do not put in anything else in the two years thereafter—that is, the $450,000 would take up the entitlement of three years. In order to protect against the backdating for years that have not been taken up, it will be on a ‘use it or lose it’ basis. So anybody can put in $450,000 as long as they do not put in anything for the two years thereafter.

Mr Fitzgibbon—Another backflip!

Mr COSTELLO—In addition to that, small business owners can contribute up to $500,000 of capital gains from the sale of a business to superannuation in addition to contributions allowed under the cap. These transitional announcements have been welcomed by industry.

Mr Fitzgibbon—The policy’s not five minutes old and there’s already a backflip.

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

Mr COSTELLO—They have been described as sensible transitional arrangements by IFSA and by others in the industry. We look forward to the ALP coming up with a policy in relation to superannuation. We look forward to the ALP announcing its position. These are long-term structural reforms for the Australian economy and we would appreciate a bit of support from the other side of the parliament for this important reform for all Australians.

Lucas Heights Reactor

Ms MACKLIN (3.15 pm)—My question is to the Minister for Education, Science and Training. Can the minister confirm that at around 7 pm last Thursday, 8 June, an incident occurred in building 54 of the Lucas Heights nuclear reactor when there was an explosion in a carbon canister containing radioactive material? Can the minister confirm that this canister was being stored in hot cell No. 2, immediately adjacent to hot cell No. 1—
Honourable members interjecting—

The SPEAKER—Order! The Deputy Leader of the Opposition has the call and will be heard.

Ms MACKLIN—Thank you, Mr Speaker—where a technician was extracting radiopharmaceuticals? Can the minister confirm that this explosion blew out the seals of hot cell No. 2? What is the nature of contamination from radioactive material of both the worker and the work area?

Ms JULIE BISHOP—I thank the member for Jagajaga for the question. I am aware that there was a breakdown in the production process at Lucas Heights.

Mr Albanese—It was an explosion!

The SPEAKER—Order!

Ms JULIE BISHOP—There was a rupture within a pipe. I am informed that there has been no impact at all upon the health of workers at Lucas Heights, or the surrounding community, and that the matter is under control; so I thank the member for her question.

Workplace Relations

Mrs MAY (3.17 pm)—My question is addressed to the Minister for Small Business and Tourism. Would the minister inform the House how the government’s workplace relations system is benefiting Australian small business? How have small businesses reacted to suggestions that these policies should change?

FRAN BAILEY—I thank the member for McPherson for her question and her strong support for small businesses on the Gold Coast. I can advise the House that Australia’s 1.2 million small businesses, and the 3.3 million Australians that they employ, have thrived and prospered under the strong economic management of this government. Building on that, because of the workplace relations reform, Australia’s small businesses now have greater certainty and greater flexibility. This is borne out in the latest Sensis business index, which was released in May. It showed very strong support by Australia’s small businesses for government policies. In fact, it is the second highest level of support ever recorded in the history of the survey. Let me tell the House what the survey found. It said:

Once again, the Federal Government’s industrial relations policies were by far the main reason that SMEs gave for believing that the Federal Government was trying to support small business.

I am also asked about how small business has reacted to suggestions that there may be policy changes. I can tell the House that small business has reacted very angrily to the Leader of the Opposition stating that he will bring back unfair dismissal and he will abolish AWAs. In fact, this House should realise what small business people are saying at the grassroots level. Small business people like Con and Marie de Groot, newsagents, use AWAs and have told me there would be people who would not be able to be employed—

Opposition members interjecting—

FRAN BAILEY—I will just repeat that in case members missed it. These are small business people at the grassroots, and they have said that there would be people who would not be able to be employed if we did not have AWAs. It is little wonder that small business has reacted angrily to the Leader of the Opposition’s proposal. It knows that the Leader of the Opposition does not stand for small business. He in fact has said:

We have never pretended to be a small business party, the Labor Party. We have never pretended that.

Small business certainly knows that.

Lucas Heights Reactor

Ms MACKLIN (3.21 pm)—My question is again to the Minister for Education, Science and Training. I refer to the minister’s last answer, where she asserted that there
was no impact on the surrounding community and that it was under control despite a canister explosion at the Lucas Heights reactor last Thursday night. Is the minister aware that the Chief of Operations, Dr Ron Cameron, has informed staff, ‘A small amount of radioactive noble gases—xenon and krypton—was released through the stack’? Hasn’t the minister just misled the House?

Ms JULIE BISHOP—The answer is no. The report from ANSTO—through its spokesman, Mr Pearce—was that there was absolutely no radiation threat to the health of ANSTO workers or the community.

Ms Macklin interjecting—

The SPEAKER—Order! The Deputy Leader of the Opposition has asked her question.

Ms JULIE BISHOP—Mr Pearce went on to say that there was no measurable contamination found outside the immediate area where the incident occurred and there were no off-site consequences. So, according to ANSTO, there was absolutely no radiation threat to the health of the workers of ANSTO or the community. This is just a beat-up by Labor to deflect from the fact that we are having an open debate on nuclear power.

Mr ALBANESE—Mr Speaker, on a point of order: this was a very specific question. It quoted ANSTO’s Chief of Operations, Dr Ron Cameron.

The SPEAKER—The member will tell me his point of order; he will not repeat the question.

Mr ALBANESE—It goes to relevance, Mr Speaker. We asked the minister to respond to the fact that radioactive gases were released into the surrounding area.

The SPEAKER—The minister is in order.

Ms JULIE BISHOP—The Labor Party is clearly trying to deflect from the fact that we are having a debate on nuclear power. As I said earlier, ANSTO have stated that there was absolutely no radiation threat and no measurable contamination outside the immediate area where the incident occurred or in the community generally.

Mr Price—Mr Speaker, I ask that the minister table the document that she was reading from.

The SPEAKER—Was the minister reading from a confidential document?

Ms JULIE BISHOP—Yes.

Abu Bakar Bashir

Mr PROSSER (3.24 pm)—My question is to the Minister for Foreign Affairs. Would the minister confirm that, today, Abu Bakar Bashir has been released from prison in Indonesia? What is the government’s reaction?

Mr DOWNER—I thank the honourable member for Forrest and I appreciate his interest in raising this important issue. Abu Bakar Bashir was released from prison this morning. He had served a 25-month sentence for his role in the conspiracy to commit the 2002 Bali bombing. The Australian government made it clear at the time the sentence was handed down that we believed that the sentence was far too short. We were profoundly disappointed that the sentence was so short and, as a result, we are deeply disappointed with the release of Abu Bakar Bashir today.

The government know that this will cause a great deal of pain and concern to the families of the victims of the Bali bombing, and we share the concern of those people. Although it is true that the people who were specifically responsible for planting the Bali bombs have been caught—three of them having been sentenced to death and others having been sentenced to life imprisonment—the Indonesian court did find that Abu Bakar Bashir was involved in the con-
spoyacy to commit this heinous crime. It is also important to note that Abu Bakar Bashir is said to be the spiritual leader of Jemaah Islamiah, which is the organisation that was not just behind that Bali bombing but also behind a number of acts of terror in Indonesia. So we appreciated the conviction. We were very disappointed with the length of the sentence, and we are deeply disappointed that at the end of that sentence—not surprising, I suppose—Abu Bakar Bashir has been released.

In April this year, Abu Bakar Bashir was listed by the United Nations Security Council’s 1267 Committee as a terrorist who is subject to international restrictions. Indonesia, as a member of the United Nations, is obliged to enforce those restrictions and those restrictions will severely limit any capacity Abu Bakar Bashir might have to commit harm. His financial assets will be frozen. Any funding for Bashir will be prohibited. He is not allowed to travel internationally and he is not allowed to have access to weapons or to any military equipment.

Indonesia does have a very strong record in fighting terrorism. It has captured and convicted over 160 terrorists. Three are on death row and four are serving life sentences. The mastermind behind the bomb-making of Jemaah Islamiah, Azahari, was killed in a raid last November. I think the Indonesians are doing a good job in closing in on Noordin Top, who is another one of the Jemaah Islamiah key leaders.

Having said all that, the Australian government cannot walk away from the fact that we are deeply disappointed that Abu Bakar Bashir has been released from prison. We of course accept the decisions of the Indonesian courts, but we are deeply disappointed with that release today and we share the pain with those families that suffered so much as a result of the Bali bombing.

**Lucas Heights Reactor**

Ms MACKLIN (3.28 pm)—My question is again to the Minister for Education, Science and Training. Can the minister confirm that on 1 May this year the Australian Nuclear Science and Technology Organisation ceased to provide radiation monitoring by health physics surveyors at the Lucas Heights reactor between 11 pm and 7 am? Given that the incident last Thursday was not directly related to hot cell operation, isn’t it the case that a similar accident could occur between these hours when there are no health physics surveyors at the facility?

Ms JULIE BISHOP—I understand that there are such services available on call. I repeat that this is a situation where there was a ruptured pipe within the production process.

Mr Albanese—They were watching the World Cup soccer.

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

Ms JULIE BISHOP—There was no radiation threat and no measurable contamination.

**Drugs**

Mrs VALE (3.29 pm)—My question is addressed to the Minister for Health and Ageing. Would the minister update the House on the government’s latest efforts to fight illegal drug use? Are the government’s policies working? Is the minister aware of any criticism of these policies? If so, what is the government’s response?

Mr ABBOTT—I thank the member for Hughes for her question and I can assure her that this government remains unambiguously and unequivocally tough on drugs. Since 1997, this government has committed more than $1 billion to interdict the supply of illicit drugs into this country, to rehabilitate
drug addicts and to educate the Australian people about the dangers of illicit drugs.

I am pleased to say that this campaign is working. The percentage of Australians using illicit drugs has dropped from 22 per cent in 1998 to 15 per cent in 2004. That constitutes a reduction of 1.5 million people—that is 1.5 million fewer people using illicit drugs, thanks substantially to this government’s policies. In the recent budget, the government committed a further $48 million towards our tough-on-drugs strategies, including a new cannabis prevention and control centre to study the links between marijuana use and mental illness, and also $24 million to a campaign to make young people more aware of the dangers that drugs pose to them.

So there is a very clear message from this government: there is no safe way to use illicit drugs. But, unfortunately, that is not the message from the opposition. Every recent opposition leader has supported heroin injecting rooms. The current Leader of the Opposition has said:

It is wrong for the Prime Minister to stand in the way of the NSW Government’s proposed safe injecting room ...

This is typical of the Leader of the Opposition. He surrendered to the Islamists over Iraq, he surrenders to the unions over workplace relations and he surrenders to the premiers over heroin injecting rooms.

Ms Gillard—Mr Speaker—

The SPEAKER—Has the minister completed his answer?

Mr ABBOTT—No, I haven’t.

Ms Gillard—Mr Speaker, I rise on a point of order. This is a disgraceful slur on the Leader of the Opposition. It is a reflection under standing order 90. If the minister wants to move a substantive motion we will take it; otherwise it is out of order.

The SPEAKER—The Manager of Opposition Business will resume her seat. There are forms of the House, as she has referred to. I will listen carefully to the minister’s answer—

Ms Gillard—Mr Speaker—

The SPEAKER—The member will resume her seat. I will rule on that point of order.

Ms Gillard—I am asking him to respect the rules of the House and for you to uphold the standing orders.

The SPEAKER—The member for Lalor will not reflect on the chair.

Mr ABBOTT—Mr Speaker, I am simply quoting back to the Leader of the Opposition what he said:

It is wrong for the Prime Minister to stand in the way of the NSW Government’s proposed safe injecting room ...

This is someone who supports safe injecting rooms. This is someone who does not back the practical policies of this government to cut down on illicit drug use. I am not surprised that the member for Lalor should suddenly wax indignant on this, because she is just as soft on drugs. She gave a statement—

Opposition members interjecting—

Ms Gillard—Mr Speaker, I rise on a point of order. It is a very obvious one. I require that to be withdrawn.

The SPEAKER—If the Manager of Opposition Business finds that offensive, I call on the minister to withdraw that.

Mr ABBOTT—Mr Speaker, I am happy to withdraw. But let me simply quote what her spokesman said to the Courier-Mail on 29 January 2004:

A spokesman for shadow health minister Julia Gillard said states would be able to make up their own minds about injecting rooms.

“If state governments make that decision ... then we’d back them,” she said.
They support injecting rooms. So I simply make this point: you can trust the Howard government to be tough on drugs. You can trust members opposite to say they are tough on drugs but not to support the practical policies to stop drugs getting into the hands of Australian kids.

Mr Swan interjecting—

The SPEAKER—The member for Lilley has been warned. He continues to interject. The member for Lilley will remove himself under standing order 94(a).

The member for Lilley then left the chamber.

Mr Albanese—Mr Speaker, I rise on a point of order. Anyone objectively watching the last two minutes of parliament would know that the Leader of the House was clearly out of order under standing orders 80 and 90. He withdrew it, but then repeated it in another way. You took no action against him. He once again has been the cause of this House going into disorder and once again it is someone on this side of the House who has paid the price, Mr Speaker.

The SPEAKER—The member for Grayndler will not reflect on the chair. As he was well aware, the Minister for Health and Ageing did withdraw that statement.

Immigration

Mr ANDREN (3.35 pm)—My question is to the Attorney-General, as the minister representing the Minister for Immigration and Multicultural Affairs. Minister, given the Prime Minister’s reported comments yesterday, that the Migration Amendment (Designated Unauthorised Arrivals) Bill 2006 delivers a ‘consistent message in relation to people who seek to come to Australia unlawfully’, how is a policy that removes to Nauru or Manus Island people seeking refuge in Australia as the country of first asylum consistent with the removal of asylum seekers reaching Australia as the country of second or third asylum, which was largely the basis of the government’s justification of the so-called Pacific solution policy?

Mr RUDDOCK—I thank the honourable member for his question. I am often asked about immigration issues because of my previous role. One of the points I make when I speak to people is that good immigration policy is the fundamental role for a minister for immigration. That is implemented through policies that give effect to our need for people with appropriate skills and our need to respond to genuine and close family reunion, coupled with a generous response to the most vulnerable refugees.

That is a policy that the Australian government has implemented over a long time and continues to implement. You can only implement a policy of that type if you are able to effectively manage your borders. You cannot implement good immigration policy without effective border management. The measures that we have announced are consistent with our international obligations and will be administered consistently with those obligations. They will send a very firm message to those people who seek to come to Australia that there is a proper way of doing so, and that is the one they ought to take.

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

PERSONAL EXPLANATIONS

Mr BEAZLEY (Brand—Leader of the Opposition) (3.38 pm)—Mr Speaker, I wish to make a personal explanation.

The SPEAKER—Does the Leader of the Opposition claim to have been misrepresented?

Mr BEAZLEY—Twice, Mr Speaker.

The SPEAKER—Please proceed.

Mr BEAZLEY—I was misrepresented once by the Treasurer and once by the
Leader of the House. The Treasurer in an answer to a question suggested that I and the opposition—but I specifically—intended to impose French and German industrial legislation on this country. That is simply a lie.

The second misrepresentation came from the Leader of the House, in which he suggested that I was soft on drugs. Mr Speaker, I am not; I am for solutions. It would be as silly for me to say that he was soft on drugs because he supports the free needle program.

The SPEAKER—The Leader of the Opposition will not debate his point.

Mr BEAZLEY—He distributes free needles, Abbott does.

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

Mr BEAZLEY—That is to keep people alive. That is our intention too.

The SPEAKER—The Leader of the Opposition has made it clear where he has been misrepresented.

AUDITOR-GENERAL’S REPORTS
Report No. 46 of 2005-06

The SPEAKER (3.39 pm)—I present the Auditor-General’s Audit report No. 46 of 2005-06 entitled Commonwealth State Housing Agreement follow-up audit: Department of Families, Community Services and Indigenous Affairs.

Ordered that the report be made a parliamentary paper.

DOCUMENTS

Mr ABBOTT (Warringah—Leader of the House) (3.39 pm)—Documents are tabled as listed in the schedule circulated to honourable members. Details of the documents will be recorded in the Votes and Proceedings.

MATTERS OF PUBLIC IMPORTANCE

Immigration

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

The decision of the Government to silence Members of Parliament and to place Indonesia’s sovereignty ahead of Australia’s sovereignty with its changed immigration policies. 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 BURKE (Watson) (3.40 pm)—Earlier today, this parliament took the unfortunate step of deciding to gag the Australian members of parliament, deciding to gag members of the House of Representatives. After the government spending weeks and weeks listening to the Indonesian parliamentarians, after allowing them to determine when our immigration laws ought to be changed and the way in which they ought to be changed, we then find that there is one group of parliamentarians that this government will not allow to speak. It will hear the Indonesian politicians as much as they want, but, if you are an Australian member of parliament, at 20 past one tomorrow afternoon, nothing more will be heard.

And let us not pretend that this is only about the opposition. It is not just the people on this side of the House that the government wants to silence. There is no shortage of people on the other side of the House who know exactly how wrong these changes are. That was made perfectly clear in the Senate Legal and Constitutional Legislation inquiry report that was brought down yesterday—a government-controlled report, a government majority report. Recommendation 1 says:

In light of the limited information available to the committee, the committee recommends that the Bill should not proceed.
That is not a recommendation saying, ‘Here’s how you could improve it.’ It is not a recommendation saying, ‘There are a few changes around the edges you could make.’ Recommendation No. 1, front and centre, has members of the coalition saying: ‘This legislation is wrong. It’s wrong in its motivation, and it’s wrong in its content.’

We all know exactly where the motivation for this legislation came from. There was no-one in Sydney demanding this, no-one in Melbourne, no-one in Brisbane, no-one in regional Australia, but there were people in Jakarta demanding a change. And isn’t it great that the government then chose to delay this debate until this week, when the delegation was here from Indonesia, so that parliament could be a showpiece for them, so they could say to the delegation from Indonesia: ‘Here we have our Australian parliament. It’s on show for you. What just passed is a law that we did not want but you did.’

The reason for this being done was that Indonesia was concerned about its own sovereignty. There was no argument from the opposition saying that the people who came here from Papua were anything other than citizens of Indonesia. But, in order to make it clear in flashing lights that Indonesian sovereignty was secured, this government decided to abandon Australian sovereignty. This government decided that Indonesia will decide who comes to this country and the circumstances in which they will come. This government decided that Indonesia would take control of the immigration legislation and that, as far as Australia was concerned, we would pretend that people who arrived here by boat were somewhere else—they did not really come here. That is not border protection. You do not protect your borders by pretending you have none, and that is exactly what the government is doing, out of a demand that has come not from Australia but from Indonesia.

Twelve months ago, this parliament had a really good moment of what you would call decency and bipartisanship. Twelve months ago, a whole lot of people thought: ‘Maybe things are going to change. Maybe the time when the minister at the table, the Attorney-General, was minister for immigration really is at an end. Maybe now we will see children out of detention, the end of indefinite detention, a decent approach to case managed mental health care. Maybe, just maybe, the oversight of the Commonwealth Ombudsman will be meaningful.’

How did the government respond 12 months later—because that is all it took? After all the bipartisanship and all the speeches of goodwill from each side and after the Prime Minister stood at the dispatch box immediately opposite and said, ‘Mandatory detention will now be given a softer edge,’ we now find the great con. It was not just people on this side of the chamber who were conned. It was backbench members of the Liberal Party and the Australian people who were conned, because we now get told: ‘Oh, but look, you only negotiated that. That was only about mainland detention centres. That’s all that was about. These detention centres are offshore detention centres; therefore, that’s nothing whatsoever to do with last year’s agreement.’

Can somebody please stand up in the parliament and let us know why it is wrong to lock up children in Australia but okay to keep them restricted in Nauru? Why is it wrong to be indefinitely detained in Australia but fine to be indefinitely detained on Nauru? Why do you need to make sure that you do not get a complete trail of human wreckage because of the mental health impacts of long-term detention in Australia but it is not a problem at all for people in identical circumstances to go through a similar level of torment so long as it is happening on Nauru? Why is it important to have the over-
sight of the Commonwealth Ombudsman not only there to investigate departmental officials but also to investigate everybody who is involved in the detention system? The ombudsman could already investigate departmental officials, but we specifically changed the legislation last year to make sure that, when operations were outsourced, we would still have the oversight of the Commonwealth Ombudsman, now serving as the Immigration Ombudsman, in those circumstances. Why does one system of decency arise and become important in Australia but does not matter one bit on Nauru? The answer to the difference is simple: the government never believed for one minute in what we saw last year.

The Attorney-General, who is at the table right now consistently defended locking up children. He consistently said that it was not a problem to have children detained. Now the minister has found his way to fix what I am sure he regarded as the mistakes of 12 months ago. Now the government think, ‘If we can’t detain the children in Australia any more, there’s another way of going about it: we will just move the children to Nauru, and it can happen right there.’ There is no decency and no principle. There are none of the things we thought the government might have become fair dinkum about 12 months ago. It has all gone. All it took was 10 months and one canoe, and everything that we were told mattered was thrown out the window never to return.

Indonesia was right to be concerned about its sovereignty—Papua is one-third of its territory—and we can all understand why. But I do not for one minute understand why the Australian parliament, of all places, should be the place to assert that Indonesian sovereignty is more important than Australian sovereignty. That is exactly what we are about to see—not border protection but the pretence that we have no borders at all and the creation of a situation where there is some magical difference between coming by sea and coming by plane. When 50 or so people arrive here by sea, it is cause for alarm but not when more than 1,000 people arrive by plane. I guess that maybe there is something magical about the seats they sit on on their way here. But that does not mean there is a problem—a completely different set of rules applies for people who come by plane! Why is it that there is a different approach to the border depending on whether you come by sea or by plane? Why is it that if you come by sea there is no border at all? There is no principle behind it; there is no good public policy behind it. The answer is very simple: Indonesia was concerned about 43 people who came here by sea—that is the reason—and it is nothing more sophisticated than that. The government has not managed to come up with an argument that explains that there is anything more than that behind it. It is simply for the appeasement of Indonesia—nothing more, nothing less.

What we should have done is so simple. We should treat Indonesia in the way Indonesia treats Australia—that is, respectfully. Let us not forget what happened last year. Last year, there was no end of occasions when many, many Australians were deeply concerned about the way in which the Indonesian criminal law was being applied to our citizens. What did Indonesia say? Indonesia said: ‘They might be your citizens, but they’re in our country. Our law will apply and you have to respect our legal system.’ Why couldn’t we say the same thing to them? A Labor government would have had the courage to say: ‘They are Papuans. They certainly are citizens of Indonesia, but they have entered Australian territory and Australian law is what should apply’—not, ‘We’ll change the law for you.’ The moment you say that you will change the law, you are
acting as though you have done something wrong.

We congratulated the government on the issuing of 42 protection visas. When the Papuans arrived, we insisted publicly that the decision-making process should be done independently. It should be done at arm’s length, and our foreign affairs interests should have nothing to do with a solid legal assessment of the claims before us. I have to say that we all feel a bit guilty for having congratulated the government, because the government’s response was to make sure that they never made the same mistake again and that the level of decency shown to the first 42 Papuans will not occur again. There is talk going on in government corridors at the moment about how they might amend it. That is the other reason we have had the delay. We could have debated the bill today or we could have debated it yesterday, because at least the Indonesian delegation was here on time so we still could have been on show. But they still want to do it later because of the discussions that are going on with their own backbench.

I will tell the parliament now: there is no way in which you can amend the bill we will be looking at that will affect the law of Nauru. No amendment will be moved in the Australian parliament that will change the law of Papua New Guinea to affect people who are dumped on Manus Island. There is a really simple principle: if people enter Australia, Australian law should apply. That is it. It is straightforward and it is simple.

Labor supported the first three excisions with respect to the Cocos (Keeling) Islands, Ashmore Reef and Christmas Island—and we supported them for a very particular reason. People-smuggling operations were occurring and we were about to enter the fifth anniversary of SIEVX. People were drowning and lives were being put in peril by appalling operators—and that had to stop. The excisions are not the only reason for that stopping but they are part of it. Forty-three people directly fleeing persecution in their own canoe is not a people-smuggling operation. Forty-three people directly fleeing persecution in their own canoe throws out every argument that the minister at the table had told us was important. We thought the concept of country of first asylum actually mattered. We thought the concept of people going through multiple nations, paying money to dodgy operators and putting their lives in peril was the argument; we were told that was the argument. But now, when we are the country of first asylum, the government decides to be even worse, to be even meaner and to be even more callous—to pretend that, once you are here, you are not in Australia. To quote the tourism commercial, if you are not in Australia, where the hell are you? Where the bloody hell are they, if they land on the mainland of Australia?

**The DEPUTY SPEAKER (Hon. IR Causley)**—The member for Watson will refrain—

**Mr BURKE**—The Prime Minister has said it often enough.

**The DEPUTY SPEAKER**—I would prefer not to have swearing in the parliament, member for Watson.

**Ms Roxon interjecting**—

**The DEPUTY SPEAKER**—If the member for Gellibrand wants to argue with the chair, I will deal with her.

**Mr BURKE**—Members of parliament not being allowed to speak sets the pattern for what we are about to see over the next couple of days. When we get to 20 past one tomorrow afternoon and the minister stands in reply, we will have a piece of legislation that is no better than the one we have now. It will not be any better and it cannot be any better, because the principle behind it is fundamen-
tally wrong. It is just wrong to pretend that you are a nation without borders. It is just wrong to throw away your immigration law at the request of another country. You do not abandon your sovereignty to preserve another nation’s sovereignty.

Now that we have coalition members of parliament actively negotiating and a parliamentary committee unanimously recommending that this bill should not proceed, the demand on the Australian government is really simple. The demand on the Australian government is completely straightforward. For weeks and weeks, this government has been willing to listen and has proven that it can listen to the concerns of Indonesian parliamentarians. All we ask is for the government to listen to the concerns of Australian parliamentarians—and we all know that is the one thing this government does not want to do.

Mr RUDDOCK (Berowra—Attorney-General) (3.55 pm)—It is with some pleasure that I take this opportunity to respond to a very inadequate presentation by the member for Watson and I hope that he will remain in the chamber. He has demonstrated today that he has little understanding of the concept of sovereignty and little understanding of the nature of the parliament and parliamentary debate. There will not be any gagging of members. There will be an opportunity for people to speak in debate when legislation is considered. It will be under the rules of the parliament, which have been applied in a consistent way over the decades that I have been here. I have experienced programs that have required debates to be conducted within particular time frames. That does not curtail the debate; it simply ensures that the debate occurs in a managed way.

In dealing with the issue of immigration, first let me repeat what I said at question time today. Good immigration policy is what the Australian people aspire to have put in place by governments. If they do not, people become very resentful of those who fail to implement good immigration policy and take it out very often on other people in the Australian community. We have seen immigration, I think, restored to a level where people are prepared to sustain increased levels of migration. We have had a good selection process of people with high levels of skill; we have had a response to genuine and close family reunion, without the manipulation that used to occur; and we have had generous refugee and humanitarian programs that focus on the most vulnerable of people. The fact is that you can only administer programs in that way if you have in place effective border protection.

It is a question of sovereignty to determine who comes and settles in Australia and it is for the government of Australia to determine those matters—and that is exactly what we are doing. The fact that we change the definition of what might constitute the migration zone does not mean that we are abandoning our border. The migration zone merely determines the rules that will apply if you happen to be within it—and that is a matter of sovereignty. It is the sovereign government that determines those rules. We have never abandoned sovereignty. But what we are now seeing is that a Labor Party in office would take the view that, if other people determine that they will simply turn up without a valid visa, they will be able to dictate the circumstances in which any claims are dealt with and the way in which issues are resolved.

It seems to me that this is an issue in which the Labor Party is about playing politics. This is particularly disappointing, because I think once the Leader of the Opposition used to take a more considered approach on these matters. Before reinventing himself
as a populist in August 2001 in this place, he said:

... we believe more generally that policies in the area of immigration, which are quite fraught in debate in this country, are best settled on a bipartisan basis ...

On that basis, I would suggest to the shadow minister that he should listen more attentively in these areas and should work cooperatively with the minister in dealing with issues that support our sovereignty and in determining these matters.

Mr Beazley also supported a more considered response in relation to our dealings with Indonesia. Indonesia does not determine what our policies are. Let me make that very clear. We made it clear to the Australian people that when we processed asylum claims within the migration zone we were not going to alter those decisions. We made it clear that they had to be determined properly in accordance with our law. They were. We indicated that decisions would not be changed. They have not been and they will not be.

Our response was a positive one in asserting Australia’s sovereignty to be able to deal with those issues. But, in establishing a framework of law, it is not a dereliction of our sovereignty to determine that some people may seek to manipulate our entry arrangements. And I think there was a degree of manipulation in this instance. It is quite clear that there was contact between people in West Papua and Australia that determined that, rather than going to Papua New Guinea, as they had in the past, they would make the journey to Australia with the deliberate intention of exacerbating tensions between Australia and Indonesia. That is the fundamental reason why we have come to the view that their claims, such as they are, should be processed offshore rather than that we should give them the opportunity to come to Australia to make a political point in the context of events that are occurring in West Papua. That is the reason that we took this approach.

I am very interested that the opposition indicated today that they supported excisions, for reasons that I think were quite bona fide. I was very concerned at the loss of life of people trying to enter Australia without lawful authority. SIEVX was not something that we sought or wanted, and so far as I was concerned every effort had to be put into ensuring that, if refugees had claims, they were properly processed in Indonesia as part of the total set of arrangements that were put in place; that people were discouraged from getting into boats; and that we would be able to work cooperatively with Indonesia in dealing with those issues and in establishing a relationship with Indonesia like the one that existed back in the 1970s, when they were prepared to hold and see processed Indonesian asylum seekers. But, because they were left holding the baby, they did not want to be in that situation again.

One of the points that I would make about the excision is that the excision measures, along with the others that were implemented by the government, worked and have been very effective. It is of course the case that, each time those measures appear to work, those who are often engaged in helping so-called asylum seekers will find a way of extending the boundary.

Ms George interjecting—

Mr RUDDOCK—Well, not everybody is a bona fide asylum seeker.

Ms George interjecting—

Mr RUDDOCK—They can, but not all do.

The DEPUTY SPEAKER (Hon. IR Causley)—If the member for Throsby wishes to speak, she can seek the call.
Mr RUDDOCK—The fact in relation to these matters is that over a period of time those who are engaged in organising these matters ensure that, when one venue is closed off, the next venue is accessed. That is why we have sought to move to excise further islands, and that is why we have sought to make this further decision in relation to unauthorised boat arrivals.

That is consistent with our sovereignty. It is consistent with the promise that we made to the Australian people, particularly in 2001, when we made it clear that we would take all reasonable steps to ensure that unauthorised boats did not land on our shores. Our proactive measures have been very effective because, mercifully, we have been spared the loss of life and we have been spared the spectre of unauthorised arrivals until recently.

I have to say that I find these matters very difficult. I do not think the Labor Party have many policies in relation to these matters—and when they do, you find that their policies are often contradictory. One of the policies of the Labor Party—and they trot it out every time there is a boat arrival or something of that nature—is that they would establish a coastguard. In fact, in April the Leader of the Opposition was saying that a coastguard would be doing joint patrolling, that good fences make good neighbours and that they would have stopped them coming in the first place, and the shadow minister for immigration is saying that they would intercept the boats to bring them to Australia for processing. There is only one side of politics that has clear and decisive plans when it comes to protecting our borders, and it is this side of politics.

The only other point I would make is in relation to the claims that are made in dealing with unauthorised border arrivals. This government is not the only government that has had to deal with unauthorised border arrivals. Labor had to deal with unauthorised border arrivals. Labor had to deal with unauthorised border arrivals, and the numbers were quite large. Many of them entered our waters from China, and people, including women and children, were detained. I do not recall any alternative detention model being set up for them. I do not recall any special arrangements for their release into the community. I do recall special arrangements being put in place with China to ensure that they were able to be processed with minimal interference, particularly from the legal profession. An enactment was put in place to ensure that, on the basis that they had prior asylum claims—that is, the Sino-Vietnamese—they would be forbidden from making asylum claims in Australia.

That was the approach that Labor took in office and implemented. When the numbers became so large that they could no longer detain them at Port Hedland, they opened the centre at the air base at Curtin. Labor had there provisions that I would describe as ‘improvised’. They were essentially prefab buildings brought onto the site. Certainly people were kept behind the razor wire and were sufficiently isolated that Labor did not expect that people would be able to be in touch with them. In case they argue that, as
they administered these matters in office, faced with those sorts of difficulties, they did it considerably better, let me say: there were attempted breakouts and there were people who were injured. They sometimes argue that when you have an outsourced model involving detention centres and detention centre staff, in government hands it would be different. This is no criticism of the Protective Service organisation, but the fact is that they had to deal with exactly the same issues that private sector organisations have had to grapple with over time. If you look back at the data, you will find the level of complaint and the numbers of irregularities—that is, breakouts and like factors—were comparable in every respect.

The important point I would make is that border protection is never an easy policy, but it is easy to sling off at those who are engaged in having to administer it. The one thing I can assure the Australian people is that, if you leave issues like this alone, the numbers move very quickly and have the propensity to do so. The measure that we have announced was announced with a view to legislating to ensure that the measures operated retrospectively. That was for good reason: to make it very clear to people that, if they were contemplating coming to Australia, they would not get this political advantage out of the arrangements that they were putting in place. It was to make it very clear that, if people were seeking to enter Australia without lawful authority, they would be processed offshore in accordance with our international obligations, in accordance with the assurance that the minister for immigration has been giving about ensuring that children will be able to live in the community, that it will be done humanely and appropriately, and that people who have proper protection claims will be found a resettlement opportunity. Those were the arrangements that we put in place for those that were processed under the existing offshore processing—(Time expired)

Dr LAWRENCE (Fremantle) (4.10 pm)—We have just had a very strange experience. Apart from the absence of the minister’s colleagues, who are notable by not being here, we have also heard yet another upside-down, ‘Alice in Wonderland’ rendering of the state of policy on asylum seekers in Australia. I do not know where the minister lives sometimes. I wonder where he derives his observations and his ideas. It is very curious indeed. It is an experience that I sometimes have to shake my head after having been exposed to. But after all, this is the same man who has indicated on previous occasions that depression is not a mental illness—or at least that some people might think so.

But the real standout performer in this bizarre morality play is the Prime Minister. He really has got a lot of front. We saw it again today. This is the same man who berates as weak and vacillating anyone who changes a policy position for whatever reason. He was doing it again in question time today, and behaving at the same time like the naughty schoolboy, tittering among the others on the front bench. The Treasurer took up the same theme. The Prime Minister is berating our leader at the same time as he has effected the fastest, the most spectacularly craven and abjectly humiliating retreat from a policy position that I have seen in 20 years in politics. It was absolutely spectacular. Talk about the earth moving—the whole globe shifted on its axis! And not because he discovered some good policy reason for making the change or because the people of Australia were clamouring for change—in fact, precisely the opposite view is held by them, we have discovered from Newspoll—and not because the MPs in this place were agitating for improvements and amendments. No, it was for none of those reasons, but to ac-
commodate another government—the government of Indonesia.

At the first whiff of disapproval—and that is really all it was—at the proper administration of Australian law, the so-called ‘man of steel’—what a joke!—showed himself to be the man of tin that he really is. It turned him into a quivering mess. He was not prepared to defend our own laws and to explain to Indonesia the quite proper processes which led to refugees from West Papua being granted asylum here in the first place—a move that we all applauded. The Prime Minister has not even been prepared to try to mount an argument about our sovereignty or to advance the many reasons why we as a nation are committed to the proper protection of genuine refugees. There has been not a peep out of him on that, let alone to insist to Indonesia that they should desist from treating the West Papuans so brutally that they flee for their lives. They were found to be genuine refugees. There was a reason behind it. These are not wilful schoolchildren just popping across for a day trip. Instead, this Prime Minister cavalierly sets aside universally agreed standards of human decency so as not to offend a neighbouring country—putting people’s lives at risk so as not to offend a government.

He is trampling on those Australian values that he and his ministers so often lecture us about and tell teachers they should be endorsing and teaching in school. Australia’s interests in the region are not going to be served by showing that we can be so easily bullied into abandoning our cherished values of freedom, independence and decency, respecting the human rights of all comers.

I would say to the Prime Minister: live by those values, Prime Minister, or at least demonstrate them in your decisions if you cannot live by them every moment. Your example is much more powerful to young people particularly than any amount of preaching. They watch you, they see what you do and you have just trampled on those values that you claim to see as important. The clear message the Prime Minister is sending is that care and compassion, freedom, integrity, responsibility, honesty and trustworthiness—they are all on the list—are just words. They are just words to the Prime Minister.

I think we are entitled to ask a few questions and to get answers to them. How can the Prime Minister so wilfully ignore the recent unanimous vote of this parliament to amend the Migration Act to effect a much needed overhaul of Australia’s detention and asylum-seeking regime? How can he do that so soon after that judgment has been made? How can he so brazenly turn his back on the Palmer report after his public utterances, and those of his ministers, that the recommendations would be implemented and the lessons learnt? They have just been thrown out the window, it would appear. We are entitled to ask the Prime Minister: how can he so cavalierly toss aside the goodwill of all the MPs and senators which was evident following the release of the damning Palmer report and during that very protracted discussion and negotiation that led to the much needed changes? They were just set aside without apparent regard.

How can he so shamelessly revert to a system which will keep innocent children in detention—no matter what the Attorney-General says—in circumstances that we know will cause them serious harm? He has never answered that question, and he should. How can he knowingly—this is it: knowingly—reintroduce the disgraceful regime of indefinite detention for which so many people are still paying with their sanity? Let us be clear about that: there are still people paying with their sanity. There are some who have paid with their lives. And how can he
traduce our independence and our proud democratic traditions—I should say once proud democratic traditions—so easily?

What the Prime Minister has shown to the nation is that direct negotiation with him, as occurred with his own backbenchers, is worth nothing. He is simply not to be trusted. Not satisfied with having trashed Australia’s standards of compassion and decency, the Prime Minister is now prepared to sacrifice our independence too, and I really choke on that. The stark reality is that our immigration policy is now being dictated by another nation, whose representatives then come here to watch and make sure it is done. How humiliating. Our parliament’s examination of the legislation to give effect to this capitulation is likewise, as we have heard, to be curtailed to avoid our speaking the truth to our neighbour.

If we were really a good friend to Indonesia, we would not be afraid to stand by our own standards and our commitments to treat asylum seekers with at least residual decency—and that is all it really is with this government. If we were true friends, we would tell them what we know about what is going on in West Papua. That is why the decision makers found them to be refugees. All is not well in West Papua. We would tell them that we have read the reports and heard the witnesses who attest to the fact that Indonesian police and military have engaged in violence and killings in West Papua. We would tell them that we know that Indonesian authorities have been responsible for torture killings of detained prisoners and that political, cultural and village leaders have been killed. The Attorney-General does not want to mention these untidy details.

We should tell the Indonesians that we know that some detained people have suffered electric shocks, beatings, pistol whipping, water torture, cigarette burns and confinement in steel containers, sometimes for weeks on end. We would tell them that we are aware of resource exploitation, of the destruction of Papuan resources and crops and of forced relocation and unpaid labour. We would tell them that we condemn such actions and we will protect anyone who flees from terror. If we were true friends, we would argue that there are other ways to govern the territory and that we understand but we cannot defend their reluctance to face the facts. But instead our Prime Minister humiliates all of us by his obeisance, by his capitulation.

This is the same man who said over and over again, ‘We’ll decide who comes to our shores and the circumstances in which they come,’ and variations on that theme. But he is not prepared at all, apparently, to defend the legislative independence of our national parliament. We are supposed to roll over and make the changes. He is now ignoring, too, the unanimous recommendation of the Senate committee that the bill should not proceed. Pushing the legislation through does not change that fact. He is not prepared to allow even the most cursory examination of this truly bizarre legislation which effectively deletes Australia, abandons our responsibilities as an international citizen and attempts to foist them on our impoverished neighbours in the region—who, by the way, are not all signatories to the necessary international conventions—or to find someone, anyone, who will relieve us of the discomfort of offending Indonesia. What a brave, brave man.

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (4.20 pm)—Notwithstanding the matter of public importance submitted for discussion by the opposition, there is no question of silencing anybody in this debate. On our side there has been extensive debate in the party room, the
Senate has reviewed the legislation, the policy has been in the public arena for many weeks now and debate has ensued. The matter will be debated in this House, with some restriction on the time available for parliamentary debate, but it will be properly debated.

The only reason that any time restriction is required is the endless filibustering on various bills by the opposition where they have nothing to say or nothing new to say. It is a cheap tactic designed to disrupt the House. On some bills we see speaker after speaker—and we have seen it in recent days and recent weeks—stand and basically repeat the speech of their colleague before them. It is simply a tactic to force the government to seek a limit on the time for debate on critical bills so that this opposition can then grandstand and seek to make cheap political points, as they have done today. Labor creates the problem and then complains bitterly about the solution.

You would think from all the feigned anger and the long faces that they were genuinely concerned. But of course the Labor Party are very familiar with restricting the time for debate. The Labor Party are world champions at restricting the time for debate. The Labor Party come to this accusation with form, with unclean hands. Between 1990 and 1996, when members opposite were in charge, the guillotine was used on no fewer than 437 occasions in just six years. Those opposite were ruthless with the guillotine. Let me quote some of the reasons that the now Leader of the Opposition gave back on 8 May 1991. He said:

... I agree that we have had to operate a guillotine very heavily.

...  ...

We find that the use of the guillotine in fact gives members of parliament certainty as to when matters will be debated and commonsense as to when they get to bed at night. ... We do not legislate by exhaustion; we legislate by expedition.

This is the now Leader of the Opposition back when he had charge of the House. Compare the record of 437 guillotines in six years with the record of this government. Since 1996, in 10 years, there have been just 42 occasions when this government has resorted to the guillotine. So the hypocrisy of the Labor Party on the question of restricting debate is palpable. There has been substantial debate and this House will have an opportunity for proper debate of the migration amendment bill.

The opposition is seeking to quite wrongly claim that Australia is placing Indonesia’s sovereignty ahead of Australia’s sovereignty with its changed immigration policies. The legislation in fact is all about further enhancing the border protection policies of the Howard government. And in doing so, as my colleague the Attorney-General said before me, we are asserting our sovereignty with the legislation that is coming before the House.

The offshore processing arrangements introduced in October 2001 and supported by those opposite have been an outstanding success. They have ensured the integrity of Australia’s borders and preserved Australia’s strong commitment to refugee protection. Two very important objectives have been achieved with those offshore processing arrangements. Under those arrangements, unauthorised arrivals at certain offshore parts of Australia identified as excised offshore places are prevented from making valid applications for visas, including protection visas, in Australia, unless the minister considers such an application to be in the public interest. This was legislation roundly supported by those opposite. Such persons may be removed to a declared country such as Nauru, outside Australia, for the processing of any claims that they are owed refugee pro-
tection under the refugees convention as amended by the refugees protocol.

These arrangements have proven their worth. Since the introduction of this legislation in 2001, enthusiastically supported by those opposite, there have been 1,547 people processed offshore under these arrangements. All had access to reliable refugee assessment processes, undertaken either by the United Nations High Commissioner for Refugees or by trained Australian officers. Not one person found to be a refugee in the offshore processes has been forced to return to their homeland. This record has demonstrated that the government has delivered on its obligations under the refugees convention to all of the people processed under those arrangements. However, it is important today, as it was in 2001, that Australia continually review its policy and legislation in this critical area. We must ensure that proper arrangements are in place to deal with new developments as they occur. Border protection requires continued vigilance. Those opposite understand this, or should—they had these responsibilities during their time in office. There should be some redefining of persons to whom the offshore processing arrangements apply in the view of the government. The government has formed this view.

This legislation is a response to the fact, as my colleague identified earlier in this debate, that some Indonesians from West Papua have had an intention to use our migration laws for political purposes to create a staging ground for an independence movement, for a separatist movement. Australia cannot find itself in a situation where our migration laws are manipulated and used to influence internal political factors in other countries. We cannot stand by and see our border protection compromised and used for other purposes. We are asserting, in this sense, our sovereignty. We have every right as a country to protect our borders, an issue Labor is reluctant to face on this occasion. Our migration laws are strong because we have established programs to direct who comes into our country and when they do so. We are in a position, and we must maintain in asserting our sovereignty, to ensure that our migration laws are not manipulated or used and abused by others with other agendas. Yet in doing so we are criticised for having a conversation with our Indonesian neighbours. Again, we face hypocrisy from those on the other side.

Let me remind you, Mr Deputy Speaker, what the Leader of the Opposition said in that debate in September 2001 when we as a government, with the support of the opposition, excised certain areas and islands off our coast. The Leader of the Opposition said:

It is incumbent upon Australian governments to assign top priority in Australia’s international relationships to the region around us and, even when we have a difficulty, not to run away from it. We should take the opportunities that are presented to us for a constant conversation and, when we are handling a problem associated with the immigration laws of this country in which they are engaged, we should conduct the diplomacy on a basis of mutual respect, care and caution and we should not brace them with a megaphone. One of the most shameful things in this whole exercise has been the fact that the original cause of all this border protection legislation lay in the fact that the Prime Minister and the government could not engage in such a good conversation with our nearest neighbour—a la Indonesia. The hypocrisy again is presenting itself. There has been and will be a proper debate on this matter, but it has not been assisted by the mindless tactics of those opposite. This bill will further assert Australia’s sovereignty by strengthening Australia’s border protection measures.

The DEPUTY SPEAKER (Hon. IR Causley)—Order! The discussion is now concluded.
CHILD SUPPORT LEGISLATION AMENDMENT (REFORM OF THE CHILD SUPPORT SCHEME—INITIAL MEASURES) BILL 2006
ASIO LEGISLATION AMENDMENT BILL 2006
TAX LAWS AMENDMENT (PERSONAL TAX REDUCTION AND IMPROVED DEPRECIATION ARRANGEMENTS) BILL 2006

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

COMMITTEES
Selection Committee
Report

The DEPUTY SPEAKER (Hon. IR Causley)—I present the report of the Selection Committee relating to the consideration of committee and delegation reports and private members’ business on Monday, 19 June 2006. The report will be printed in today’s Hansard and the items accorded priority for debate will be published in the Notice Paper for the next sitting.

The report read as follows—
Report relating to the consideration of committee and delegation reports and private Members’ business on Monday, 19 June 2006

Pursuant to standing order 222, the Selection Committee has determined the order of precedence and times to be allotted for consideration of committee and delegation reports and private Members’ business on Monday, 19 June 2006. The order of precedence and the allotments of time determined by the Committee are as follows:

COMMITTEE AND DELEGATION REPORTS
Presentation and statements
1 AUSTRALIAN PARLIAMENTARY DELEGATION VISIT TO THE REPUBLIC OF SOUTH AFRICA AND THE 114TH INTER-PARLIAMENTARY UNION ASSEMBLY IN NAIROBI

Report of the Parliamentary Delegation on a Bilateral visit to the Republic of South Africa (28 April – 4 May 2006) and the 114th Inter-Parliamentary Union Assembly in Nairobi (5-12 May 2006)
The Committee determined that statements on the report may be made—all statements to conclude by 12:40pm
Speech time limits — Each Member —5 minutes.
[Minimum number of proposed Members speaking = 2 x 5 mins]

2 JOINT STANDING COMMITTEE ON THE NATIONAL CAPITAL AND EXTERNAL TERRITORIES
Current and future governance arrangement for the Indian Ocean Territories
The Committee determined that statements on the report may be made—all statements to conclude by 12:50pm
Speech time limits — Each Member —5 minutes.
[Minimum number of proposed Members speaking = 2 x 5 mins]

3 STANDING COMMITTEE ON ECONOMICS, FINANCE AND PUBLIC ADMINISTRATION
Improving the superannuation savings of people under 40
The Committee determined that statements on the report may be made—all statements to conclude by 1:00pm
Speech time limits — Each Member —5 minutes.
[Minimum number of proposed Members speaking = 2 x 5 mins]

4 STANDING COMMITTEE ON SCIENCE AND INNOVATION
Pathways to Technological Innovation
The Committee determined that statements on the report may be made—all statements to conclude by 1:10pm
Speech time limits — Each Member —5 minutes.
PRIVy MEMBERS’ BUSINESS

Order of precedence

Notices

1 Mr Katter to present a Bill for an Act to amend the Trade Practices Act 1974. (Trade Practices Legislation Amendment Bill 2006) (Notice given 22 May 2006.)

Presenter may speak for a period not exceeding 5 minutes—pursuant to standing order 41.

2 Mrs Hull to present a Bill for an Act to amend the Snowy Hydro Corporatisation Act 1997. (Snowy Hydro Corporatisation Amendment Bill 2006). (Notice given 30 May 2006.)

Presenter may speak for a period not exceeding 5 minutes—pursuant to standing order 41.

3 Mr Keenan to move:

That this House reaffirms that:

(1) every Australian is entitled to the full protection of Australian law;

(2) cultural practices in any community do not lessen that protection; and

(3) human rights override cultural rights. (Notice given 24 May 2006.)

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

Speech time limits—

Mover of motion—5 minutes.

First Opposition Member speaking—5 minutes.

[Minimum number of proposed Members speaking = 5 x 5 mins]

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

4 Mr Beazley to move:

That this House:

(1) recalls and records the solemn commitment given by the Prime Minister to Alan Jones on Radio 2GB on 4 August 2005 that “I mean some people are going to have to work public holidays...it would be absurd and unfair and unreasonable if somebody has to work on a public holiday that person isn’t compensated by being paid whatever it is, the double time or the time and a half...those arrangements are going to continue...”;

(2) notes that appropriate compensation includes things like penalty rates and public holiday leave loadings;

(3) notes that since the Government’s extreme industrial relations changes commenced on 27 March 2006, a single sentence in an Agreement can remove all entitlements to public holiday pay, penalty rates and overtime pay, and that the Government’s own statistics show:

(a) 64 per cent of assessed AWAs have removed penalty rates;

(b) 63 per cent have removed leave loadings;

(c) 52 per cent have removed shiftwork loadings; and

(d) 41 per cent did not contain gazetted public holidays, and

(4) affirms its support for the Prime Minister’s August 2005 commitment that employees should receive adequate compensation for working on public holidays; and

(5) calls on the Government to immediately restore adequate compensation for Australian employees who work on public holidays, thereby holding the Prime Minister to his solemn promise to Alan Jones and the Australian people. (Notice given 13 June 2006.)

Time allotted—30 minutes.

Speech time limits—

Mover of motion—5 minutes.

First Government Member speaking—5 minutes.

[Minimum number of proposed Members speaking = 6 x 5 mins]

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

5 Mr Johnson to move:

That this House:

(1) recognise and honour marriage as an exclusive union between a man and a woman;

(2) celebrate the importance of marriage as an indispensable institution in Australian society; and
Mr MARTIN FERGUSON (Batman) (4.31 pm)—I seek to continue my contribution to the Petroleum Resource Rent Tax Assessment Amendment Bill 2006 and the Petroleum Resource Rent Tax (Instalment Transfer Interest Charge Imposition) Bill 2006 and in doing so to pick up the theme from the previous speaker, the Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs, who started to talk about sovereign risk. What the opposition is raising today is the risk to Australia. That is about our sovereignty with respect to energy security. In that context, I think Australians are entitled to a fair return for their oil and gas reserves. That is because resources remain our biggest global competitive strength. We appreciate that Australia needs to develop new industries. There is no better place to focus than on the oil and gas industry that can both enhance our export base and in doing so, importantly, secure Australia's fuel energy security for the future at a time when consumers are concerned about high petrol prices and increasing reliance on an unstable Middle East.

Australia has—and we are lucky—some 40 offshore basins that display signs of oil and gas potential, but half remain unexplored due to the cost and high risk of exploration in remote frontier areas. Despite the fact that oil prices are at record highs, exploration is not occurring in the areas most likely to deliver the next big oil province. I am informed that there have been only three wells drilled in frontier basins in the last three years and that most of the exploration being done by Australia's oil and gas companies is occurring overseas. This is because the high oil price incentive operates globally. The reality is that Australia remains a higher risk and a higher cost exploration province than other places around the world. The rate of success in Australia is one in 12 compared to one in three for North Africa and one in four for the Gulf of Mexico. Even our home-grown companies like Woodside and BHP Billiton are finding it more attractive to explore offshore rather than in Australia. Costs in Australia have increased by more than 35 per cent in the last year due to skills shortages, which have increased labour costs, and demand for equipment which has forced up rates.

The opposition suggests that it is time for the government to accept that we as a nation need urgent action to address these huge obstacles to investment and exploration in Australia. No stone should be left unturned; we should be aggressive about creating an investment environment which encourages exploration, an oil and gas industry, onshore in Australia. We therefore need to consider whether an enhanced PRRT deductibility for frontier oil exploration is enough or whether—and this is the challenge to government—more needs to be done. We need
to do that without affecting the integrity or stability of the PRRT system. We should be about encouraging junior and mid-sized oil exploration companies which are interested in developing small fields close to markets. In doing so we have to seriously consider the potential for flow-through share schemes, which were referred to by the member for Cook in his contribution just before question time. They have been successful in Canada, and at the recent Minerals Council dinner I noticed that the President of the Minerals Council of Australia chided the Australian government for yet again, in its 10th budget, walking away from the importance of the flow-through share scheme. The government was chided publicly about its weaknesses with respect to the investment regime in Australia which goes to nurturing and growing the oil and gas exploration and development industry in Australia. I think it is important that we do not forget those small and medium sized companies.

Smaller fields that are not economically attractive to the oil majors are becoming increasingly important contributors to our total national oil production, and I think the onus is on us as a nation to encourage the smaller explorers and developers to continue to look for and exploit these fields. They are sitting there waiting to be picked up by the small and medium sized operations in Australia. In that context, I am pleased to see that one of the areas that needs to be addressed—the gathering of pre-commercial data and the evaluation of new frontiers for oil and gas exploration—is now receiving serious attention from Geoscience Australia. That effort is very important and one which the Labor Party wholeheartedly supports. Geoscience Australia should be absolutely supported by government and the private sector to carry out this important, fundamental work for the future of oil and gas exploration and development in Australia.

I also suggest that, while we need to focus on finding more oil, we also have to understand the importance of this. We as a nation have been consuming oil three times faster than we have been finding it for the last decade. Our problem with gas is finding markets and overcoming development costs for the vast reserves we have found over the last 20 years. That is simple. Ninety-five per cent of Australia’s natural gas resources are in the remote north-west of Australia, but 90 per cent of Australia’s population live on the eastern seaboard. We have made this point on a number of occasions in debates in more recent times in this House and in the Australian community. That is why the role of the government should be about thinking of strategic national energy infrastructure today.

I understand that the Prime Minister wants to have a debate about nuclear energy. I simply want to say that, from an economic point of view, it does not stack up. But oil and gas exploration actually stacks up for Australia today. It is not a futuristic debate; it is a debate that we have to have now. It is the opposition that is pursuing this debate in the community and in the House. It is also reflected in the second reading amendment moved by the shadow assistant Treasurer, the member for Hunter, which I wholeheartedly support. This is a current debate, because the debate is about why an LNG export strategy is not accompanied by a national plan for our own future needs. That is about sovereign risk.

The parliamentary secretary for multicultural affairs wanted to talk about sovereign risk and our sovereignty today. This is about the future needs and aspirations of Australia. One of the reasons we are globally competitive, historically, is that we have cheap and reliable access to energy sources in Australia. We have to make the necessary investment today and create the investment regime which guarantees that competitive position...
for many years to come. That, therefore, includes us as a nation getting serious about transport fuels. We are heavily dependent on them because of the nature of Australia—an island nation, a vast geographic area. This is a serious issue that we have to start considering at a national level.

I believe that transport fuel security has never been more important. Just ask Australian consumers what they think about this issue every time they fill their car at the local petrol station. In their minds, petrol prices are at record highs. Australia—and the government's statistics show it—is facing growing reliance on foreign oil imports. That sends a reminder to me that, if that is our reliance, we have to start thinking about the risk to Australia's future. Can we rely, for example, on an unstable Middle East? The Australian consumers do not think so, yet the Prime Minister believes that ought to be our agenda.

It is interesting that, back in 1979, energy security was actually on John Howard's agenda. But now that he is Prime Minister in 2006, energy security is simply not on his agenda. I remind the House that the Prime Minister removed the excise on LPG back then, but today he is missing in action when it comes to the security of transport fuel supplies for Australians. He might not have done much in the management of the economy prior to 1983—record double-digit unemployment, record double-digit inflation, no economic growth and an industrial war in Australia—but at least he was then concerned about energy security, and he actually tried to do something about it.

That is why the opposition is raising today, as it has many times in this place, the need for the government to diversify gas markets and get in place national gas infrastructure for Australia's future energy security—and that includes gas to liquids. This issue finally passed from the lips of the Prime Minister last week when he was under pressure on *AM* about the debate on energy in Australia. Under pressure in terms of a narrow debate about nuclear energy, he was forced to admit, 'Yes, yes, yes, we know we have to do something about this, but it is not an immediate priority to us as a government.' I simply want to say it is an immediate priority. That is why I firmly believe that these bills are weak: they fail to take up the challenge that the federal opposition—the Labor Party—has already laid down. We are calling for consideration of a higher PRRT threshold rate and a review of the gas transfer pricing formula for gas developments, involving fuel projects.

The bills before the House fail to take up the Labor Party's challenge to provide other measures—and this is about thinking beyond the square—such as an allowance that would provide for up-front capital write-off for a proportion of investment in gas to liquids fuel projects without affecting the integrity of the existing depreciation regime. That is a little memo to the Treasurer. We all appreciate that you let down the minerals industry and the oil and exploration industry in the recent budget in terms of the flow-through share scheme. We say you should revisit that and also look at the issues we are raising today with respect to the capital write-off question.

The government has also done nothing to take up Labor's challenge to establish regional resource infrastructure funds and re-examine the depreciation regime for greenfield gas production projects. These are important. Regional resource infrastructure funds could be used to provide funding for the development of special economic zones to service our remote resource projects. The reality is that the nation cannot afford to develop every country town in regional Australia, but what it can and must do is establish
high-quality hubs with good hospitals, child-
care facilities, schools, sporting facilities,
airports, transport services and the other so-
cial and economic infrastructure that ordi-
nary Australians expect, because they under-
pin vibrant, healthy remote localities.

We believe success on this front requires a
genuine partnership between the three tiers
of government and the private sector. Those
centres should support the development of
our remote resources and provide sustainable
hubs for regional Australia. In terms of re-
examining the depreciation regime for gas
production infrastructure, it may also be de-
sirable to reconsider the treatment of capital
components such as pipelines that signifi-
cantly enhance the domestic gas grid infra-
structure. Alternatively, we could consider
special treatment for capital components that
achieve significant greenhouse gains and
contribute to national emission reductions.

It is also imperative that we find an equi-
table way to promote the development of gas
projects. Currently there are special incen-
tives in place for existing LNG projects and,
under the Howard government, it is likely
that each gas developer will make its own
bid for strategic investment incentives in one
form or another. In my view this is an ap-
proach fraught with danger, lacking rigour
and accountability, picking winners and po-
tentially distorting investment decisions and
the viability of one project compared with
another. Significantly, this approach has de-
monstrably led to huge revenue leakage and
financial benefits to proponents that would
never have expected such benefits.

The crude oil excise changes in 2001 are a
case in point. The estimated total cost to
revenue at that time was $75 million; the
cost today is now up to $360 million—and
that figure is still growing. It is an indict-
ment on the financial management of the govern-
ment. I believe that the new LNG, GTL and
other projects, which will secure for Austra-
lia’s next generation a new wave of wealth
creation, have to be considered in terms of
whether or not we cap such incentives or
look to the possibilities of redirecting over-
runs to new nation-building industries and
projects. I join my colleagues in supporting
the member for Hunter’s second reading
amendment.

In conclusion, I simply say that the Treas-
urer’s mismanagement and poor calculations
in the past provide Labor with very good
reason to refer these bills to a Senate com-
mittee. We have to ensure that there is in fact
no potential for revenue leakage or unfore-
seen financial impacts. This is an important
debate, and it is also time for the government
to think about new measures. We as a nation
need to encourage new industries such as the
gas to liquid industry. (Time expired)

Mr TUCKEY (O’Connor) (4.45 pm)—I
would like to congratulate the member for
Batman on his contribution to this debate on
the Petroleum Resource Rent Tax Assess-
ment Amendment Bill 2006 and the Petro-
leum Resource Rent Tax (Instalment Trans-
fer Interest Charge Imposition) Bill 2006. He
is starting to demonstrate leadership qualities
on that side of the House by his practical
assessments and by putting some substance
into his speeches, which—be they critical or
not—add significantly to the parliamentary
debate. I heard a previous member pointing
out that certain people complain about hav-
ing their opportunity to speak closed down
but that, when you read what they have to
say, you see that it is in fact often a waste of
the time of this House. I would not say that
of the member for Batman. I wish he had
stayed so that I could have told him about the
things in his speech that were good and some
of the things that were not.

I note that the member for Throsby, who is
at the table, has also agreed with me on some
of these energy issues so far. Nevertheless, she does not seem to have got her leader and others to focus on these very important matters, compared to some others which seem to be of great interest to them. I note that, notwithstanding the case put by the member for Batman for an increase in the petroleum resource rent tax threshold, that is not one of the opposition’s proposed amendments. That case has been put strongly by the industry with fairly substantial reasons. I gather that the government’s response is to try to achieve savings for the industry in administrative areas and that some of these are quite significant. I note that the Minister for Revenue and Assistant Treasurer, in his second reading speech, points out:

The amendments reduce compliance costs, improve administration and remove inconsistencies in the Petroleum Resource Rent Tax Assessment Act 1987—

which, as you would remember, Mr Deputy Speaker Jenkins, was the time when the Labor government was in office and brought these measures to the House. There has been a shift in time and a shift in need, and I will shortly refer to a number of the changes that have been made in those respects. Whilst I cannot agree to the amendment that suggests that the government should be condemned for introducing this positive legislation, I do tend to agree with the opposition that this parliament lacks, to use their words, ‘a comprehensive, national energy policy’. It is not a matter for words; in my view, above all else it is a matter for targets. You can find in the past evidence of governments around the world doing that. Maybe some diplomatic efforts are required to do as the member for Batman mentioned: unshackle the free world—and more particularly in our case the Australian motorist and others—from an unstable Middle East and ever-escalating prices.

We can do that with an energy policy, but what we want is an energy policy with targets. For the life of me I cannot see, having participated in some debates that have looked specifically at our best renewable options, why we should not be able to get together on those and bring to this parliament the credit that used to exist to a great extent when the present government was in opposition. It is an interesting aspect of that period in time—and I certainly do not want to return to that period—that, when the government of the day brought forward policies like the privatisation of the Commonwealth Bank, the opposition of that time said, ‘We support you simply because that was always our policy.’ Similarly, when the Hawke government, contrary to the views of many of its members, eventually decided to float the Australian dollar, we got up and said, ‘What a good idea!’ So there is plenty of evidence in this place that the parliament runs better when there are joint policies, and I think nothing is more important than a joint policy on energy as mentioned. I do not think we have one, and I am not aware of anything of substance that the opposition has provided.

I am concerned by suggestions in these opposition amendments that, by the government relaxing some of the administrative requirements and by companies being able to access what is virtually a self-assessment scheme, major oil- and gas-producing companies will seek to cheat the government of revenue. The PRRT process is common throughout the world. As a member of a joint delegation party to Norway recently, I found that their version of PRRT is at 77 per cent, so I would imagine that those dealing in the Australian environment would think they are pretty well off. There are probably some reasons for that, but it is interesting to note that by law the Norwegian government spends only four per cent of the rent that it raises, putting the rest into a future fund, that being
an initiative which this government has also taken in a more generic way. That other governments around the world also see the need to look at demographic change is evidence that we are on the right track.

Nevertheless, it is interesting that part of the suggestion from the member for Batman for a future energy policy was to look at gas to liquid processes. And the other day the Premier of Western Australia, when he was called upon to say something positive about energy—and he had been saying, ‘No nuclear’ without offering any alternatives—suddenly said, ‘We’ve got plenty of gas. We’ll liquefy it and pump it across Australia.’ Other people have thought of that, but it is not necessarily a good idea.

There is a fundamental rule of physics that says you cannot destroy an element. If the emission of carbon into our atmosphere in various forms—both particulates and, in particular, CO₂ gas—is delivering the climate outcomes which some claim and others deny, then it does not matter what sort of carbohydrate you use—you have carbon in it and you have an emission problem by degree. Unfortunately, considering the proximity and low costs of coal, coal is the worst. The CSIRO told us at one of their breakfasts that cleaning up the gas emissions would consume 20 per cent of the energy output of the powerhouse. So you are going to burn an awful lot of coal to clean up the emissions. It is almost a vicious circle. But, if we are going to have an energy policy and we believe it should have the best economic outcomes, we have to look at our renewables, but we also have to be very cynical about them.

I saw an excellent article today in the West Australian newspaper putting in quite good balance the different arguments about our future in energy—including, of course, nuclear energy—and quoting the views of a number of people. The article eventually had a quote from a professor who said wind power was much better than tidal power because it was cheaper. I am going to post him a copy of a newspaper article pointing out that a very significant wind-generating farm in New Zealand has 150 megawatts. That could be a small coal-fired station. I think the largest in Western Australia is 300 or 400 kilowatts and I think they have a couple in New South Wales that are 600 kilowatts. This is a big generator and its power generation can vary by 100 of those 150 megawatts within a five-minute interval. This is common in the use of wind power. The poor old power distributors are more worried about when it goes up than when it comes down so they do not fry everybody’s computers or blow out all their light globes. Wind power is totally incompatible with a grid system. I often remind people as a simple example that the wind blows strongest just as you turn the lights out. Of course, when you look at solar power, take your pick: do you want only to live in daylight?

These particular forms of renewable power do not suit the demands of our grid system as coal does. In fact, because of this huge variation, we are burning as much coal in coal-fired power stations waiting for the wind to drop off because we just cannot crank them up like we would, say, with hydro. Consequently, we are still burning coal, and people are making wonderful claims about all the emission savings from wind power. I think wind power is too expensive to be the solution to making hydrogen, but at least it would be compatible with the manufacture of hydrogen because you just make more or less.

In the tidal regions of the Kimberley, we have a harvestable energy resource, whatever it might cost, equal to all the energy of every
variety used in Australia. What is more, in bringing myself back to this legislation in more detail—although I think I am responding in most cases to the previous remarks, which I welcomed—the fact is that opposite that tidal resource in the Kimberley is yet untapped one of the largest offshore gas deposits known in Australia. It is owned by Woodside. If one is interested in emissions and in reserving our resources or maximising the amount we can sell to someone else or consume ourselves, it seems pretty silly to me to burn natural gas, a carbon emitter that is lower than coal but not clean, to generate the electricity power necessary to liquefy natural gas. It might be arguable that the generating capacity of power transmission of those tides in the Kimberley is a little bit far away from Karratha where we presently do our gas liquification, but it is awfully close to Broome. If there is going to be, as is proposed, a gas liquification industry installed north of Broome—and that would be better—then its energy resource will be generated from the tides of the Kimberley.

Whereas this professor said in the paper that it was too expensive—that is the Derby tidal power situation where a mickey mouse proposal was put forward; I supported it as a demonstration of a plant’s ability to generate power up there, but it was extremely expensive for what it was—we would have looked awfully funny to the people in Broome and Derby if we had tried to give them a stand-alone wind generation system. One minute they would be in the dark and the next minute their computers would be blowing up. There is not a wind farm in Australia that is allowed to operate without a connection to baseload power. If the baseload power fails for some reason, you have to shut the wind generators down for fear of the damage they will do. We just have to accept this. It is a silly argument to say that it is contributing to reduced emissions.

What I wanted to say on the renewable energy opportunity called the tide is that it too varies but on a highly predictable basis. High tide on the Kimberley coast 100 years from now can be predicted with certainty. Consequently, you can build—and I will not say redundancy—a capacity into tidal generation to overcome the blips on the neap tide, as they mention it. That can be done with pump storage. It can be done by literally pumping water with some of the generators in the correct direction. Because of its predictability, there are means by which you can respond. I hope that other speakers will want to say in support of their No. 1 pious amendment that this should be a serious matter for this parliament. Once you start making tidal energy in the Kimberleys, with the customer of liquefied natural gas—considering the double benefit of saving gas and having a cleaner outcome—you have an aluminium or bauxite deposit up there which could become an integrated aluminium industry based on that sort of energy. Aluminium, of course, is known as congealed electricity.

Then there is this huge opportunity to start producing hydrogen. The only fuel of this form of generation is money. Australia in an investment sense is awash with the stuff. We have our institutions, quite correctly, running around the world buying up tollways in Canada, airports in Brussels and anything else they can get their hands on because of the investment opportunities for that sort of money—a nine per cent superannuation deduction. That money is being invested overseas. It could be invested in that sort of energy generation in Australia. Once the money is spent, as the French have proved with their tidal power station, your operating costs are virtually zilch.

A company that invested in that energy production—and obviously had secured adequate markets—could use the money that
people put in for their superannuation. The member for Batman said that people are really feeling pain filling up their car at the bowser, and they are. If they were refuelling with hydrogen generated from tidal power, funded by superannuation, they would be contributing to their own superannuation. Moreover, as the member for Batman said, Australia would have a perpetual, secure fuel of mobility that was totally insulated from the goings on in the Middle East and the fluctuations of petroleum pricing—which, of course, liquefied natural gas is tied to for obvious reasons.

When General Motors tells me that only 12 per cent of the world’s population owns a car today and that that is going to go to 16 per cent by 2020, along with a population increase of 25 per cent, it is pretty obvious that petrol is cheap today because of the demand factors involved. Yes, I think they will go on finding it, and they will go on finding it at greater expense every time. I think I heard someone say today that we can go back into old resources that people thought uneconomic years ago, pump out the stuff at today’s prices and pump out even more of it at future prices, but the one guaranteed factor is that, unless we turn to another fuel of mobility, from an economic perspective it is going to get more and more expensive. So we have the opportunity. We should continue to produce our gas.

I welcome these initiatives, which are designed to ameliorate some of the costs associated with the PRRT. I am sure the oil and gas companies involved would have been happier with an increase, as mentioned by the member for Batman, in the threshold. The government has obviously decided it does not want to do that, but it is extending the olive branch to the industry in a very sensible way. We should be looking at our natural gas resources as a major export earner and at utilising them within the country for power generation. But, when it comes to moving motor vehicles, when it comes to recognising that transport consumes 50 per cent of the energy consumed in Australia, that could all be replaced by hydrogen. BMW have a technology that puts hydrogen into reciprocating motors. They are starting to install hydrogen fuel stations in Germany. So we know it all works. All we need is for governments to set some targets which say, for instance, that as at a certain date, if you do not have a hydrogen car, do not drive into Sydney. (Time expired)

Mr HATTON (Blaxland) (5.05 pm)—Point No. 1 is that the debate on the Petroleum Resource Rent Tax Assessment Amendment Bill 2006 and cognate bill is being foreshortened and my time is being foreshortened because at 5.30 we have to finish. In consideration of the fact that the member for Rankin is coming after me, I will speak for just over half the time that I normally would. It is interesting to follow the member for O’Connor in this debate, because he has a considered approach to matters of energy generation and the associated problems of climate change. He is one of a set of at least two bookends from Western Australia—that is, he and the member for Kalgoorlie—who tell us time and time again about tidal power in Western Australia and about how that could be used to generate power. The member for O’Connor has argued for a better way of producing hydrogen to power a hydrogen economy by setting up facilities to use that tidal power. The benefit would be that you would not be using a greenhouse gas emitter in natural gas, of which we have absolutely abundant sources.

Indeed, new fields—the Janz field and the associated field off Barrow Island—are going to be brought to market in Australia. This is the biggest investment in natural gas infrastructure in Australia’s history, with a minimum of 60 years worth of supply and, in-
indeed, the possibility of a 100-year supply of gas. The company involved, Texaco, has determined to do further exploration in the area of natural gas. Texaco knows that there is not only petroleum in that region—because that is what was searched for in the 1960s and 1970s—but immense natural gas resources. They were identified in the 1960s when people were searching for petroleum—the subject of this bill—and those resources are available to us.

The member for O’Connor also pointed out that what underlies and is underlined by many elements of this debate is that there is not one solution to how we go forward. The story of the petroleum resource rent tax from its first imposition and through the changes that have been made—particularly those significant ones in 1990—is that the world’s use of energy resources has changed from the 1950s to now. We have much more multilayered sources of energy; we also have a multilayered atmosphere that is in significant difficulty. The member for O’Connor argued against the sceptics’ view—the leading sceptic in Australia being the geologist Professor Ian Plimer. Most people would now have come to the fairly solid view, particularly after the experience of the last couple of years, that, yes, climate change is real and needs to be dealt with significantly.

But the answer is not just one set of renewable resources but an entire suite of them, not only to provide for Australia’s energy needs but also to provide for world needs. As with most other technological change, while we are moving to new forms of technology—or, indeed, to very old ones such as wind and tidal power—and bringing together new ways to utilise solar energy as well as biomass energies and so on, we are not going to get rid of the ones we currently have. It is a question of how we actually control and attempt to ameliorate the deleterious effects of some of those key energy sources—in Australia, particularly from coal, natural gas and the use of natural gas to burn coal more intensely to produce energy. In Australia we need to find ways to find more petroleum. That is what the changes to this act are supposed to be centred on. We also need to continue to tax petroleum and the companies that are looking for it.

From the early 1960s it was completely understood that, in order to go into the high-cost business of finding petroleum resources for Australia, companies needed to (1) be brave and (2) be encouraged to do it. But when they were successful—not only in Western Australia but particularly in Bass Strait and the other fields that have been found—with Labor coming to power the imposition of a resource rent tax was a recognition of the fact that, if you are going to make a lot of money out of this over a long period, it is right and proper that the government taxes what is one our most significant natural assets.

We are debating these changes without the government providing much time to look at the specifics. Labor has already indicated through its amendment and in the Senate—even a Senate controlled by the government—that the schedules in this act need to be dealt with in as much depth as possible. I will examine the key schedules, and I particularly want to look at the significance of the changes. They include a move from an annual assessment to a quarterly assessment and effectively treating this tax similarly to most other business taxes. That is the effect of schedule 1, and Labor supports that. Schedules 2 and 3 provide that, if you have a company or a series of corporate groups involved in an internal corporate restructure, you need to allow them to transfer exploration expenditure between the petroleum projects of group members.
That is unexceptional. There is no particular problem with clause 1 of the schedule of the current act, which contains a very strong test. The reason it has a strong test is that, when this was put in place, the government did not want it to be abused. A key question, and one that the minister has to answer, arises in relation to schedule 2. It removes the strong test and puts an extremely weak one in its place, allowing common ownership at the start of the year of expenditure and then only assessing that common ownership after it has been transferred and used—that is, you take the whole loss and it is only realised once the corporate restructure has taken place. The minister needs to address the question of whether there will be deleterious effects from that and whether it will be used responsibly. Is the government willing to look at that in the future if it does prove to be deleterious?

If that is an interesting area, there is a more interesting area in schedule 3. The government’s proposed amendment allows the present value of expected future expenditures associated with the closing down of a petroleum project to be deductible against the petroleum resource rent tax receipts of this project. That is made as far as the costs are not already covered. The future expenditures that relate to so much of this project as continue to be used under an infrastructure licence will be deductible. If you look at how this is expected to operate, this really is an utterly extraordinary provision. Why? For those closing down costs when the project is terminated, you would expect that the program would have a definite termination. This provision says that the costs from the project are allowed to be offset against revenue until the project ends. The deduction can be claimed now; the ending of the project may just go on forever. We may come to no final point where we can clarify this—there may be no end point to it. It cannot just be off in the never-never, like the ill-considered measures the government brought in with regard to the wine industry, where we had a 25-year term of investment turned into five years and massive structural problems and significant overproduction within the industry as a result.

This particular schedule change needs to be looked at very carefully because, to protect Commonwealth revenue, we need a workable act, not an act so loose and ill considered that it allows almost anything to be done with it—not an act that allows companies to simply extend the life of a thing forever so that they are not forced into the position of having to come up with the goods at the end. It reminds me of a practice in Lebanon during World War II which transferred to Australia and particularly to South Africa. The practice was that, when you built a house, you would build one or maybe two levels of the house but leave bits of iron sticking up into the air—because if you actually finished the house you would have to pay tax on it. In Lebanon, if you leave a bit of iron sticking up into the air, there is no end to the house. This provision is a bit like that. Under this provision, there is no end to the project. This could stink to high heaven. I think it needs to be very closely examined in the Senate.

Schedule 4 runs to a whole series of deductibilities. The key thing is that this is about companies that are involved in renting the petroleum resource. These are major investments, but these companies are being treated as if they were individual taxpayers doing their own self-assessment. That is why the bill says, ‘If you don’t get the self-assessment right, we’ll penalise you and whack you.’ But I would be very surprised if major penalties arise out of this. It is the government’s duty not just to do what they have done since 1996—benchmark and audit—but also to actively govern and make
provision for what we have done in the past. The government needs to tax companies properly. It needs to take responsibility for assessing them and taxing them in an effective way.

I am really annoyed by the fact that I am not able to speak for a significantly longer period. It is more than a week to the winter break, but the government has shortened the debate on a series of bills. I was on the speakers list for two bills this morning, but I was not allowed to speak. Here we have a set of bills that does some credible things, but there is not enough time to introduce them and look at them specifically. They need to be looked at very closely in the future. I support the shadow minister’s amendment, because this government lacks a long-term view of Australia’s energy needs and does not really understand that the story is about getting there and back again. It is about making changes to Australia’s infrastructure capacity and trying to ensure that people go out to look for the resources that we need in a responsible way and under the close watch of the government. The government should not abrogate its duties in that regard.

We currently have an absolute minerals boom. Given the provisions in this bill, I ask, as the member for Rankin may well do: what would the government do to give companies a clear run in a minerals and resources bust? I will end my remarks there.

Dr Emerson (Rankin) (5.18 pm)—In making an assessment of the merits of the Petroleum Resource Rent Tax Assessment Amendment Bill 2006, it is useful to have a look at the background to the introduction of the petroleum resource rent tax. I had a role in developing the PRRT—firstly while doing my PhD thesis at the Australian National University and then as an adviser to the then Minister for Resources and Energy, Senator Peter Walsh. There is a very strong theoretical and conceptual background to the PRRT. Essentially, it is designed to claim for the community a reasonable share of any resource rents generated. If resource rents are not generated, no PRRT would be collected. But if large resource rents are generated, as they appear to be at the moment through the resources boom, the community gains a substantial share of those rents through the operation of a profits based tax.

This is a very important point: the PRRT is a genuine profits based tax; it is based on actual cash flows—that is, cash outlays deducted from assessable receipts. The concept is that it is a tax based on actual net cash flow. The PRRT replaced an incredibly arbitrary set of taxation arrangements for the petroleum industry in the form of the crude oil levy. The crude oil levy was set on a yearly basis, if not more often, by the government of the day, depending on its revenue needs, the price of oil at the time and claims by the industry that it needed some sort of tax relief because it was investing in new projects, most particularly in Bass Strait. The problem with those arrangements was that, being so arbitrary, they would change in unpredictable ways and it was very difficult for industry to make long-term investment decisions.

One of the great strengths of the PRRT is its predictability and, therefore, its stability over time. This tax was introduced in the mid-1980s. Here we are 20 years later and the PRRT legislation has needed only minor modifications, which I think is a tribute to the design and implementation of the tax by the then Labor government. One change we made in 1990 was to allow for the wider deductibility of exploration expenditures to give extra incentive to explore. This was a proposal that we put to the industry in 1984, but the industry rejected it at the time. We said that it was a short-sighted decision by the industry to reject this proposal in favour
of a higher accumulation rate, or threshold rate, for the petroleum resource rent tax. We said that we thought, in time, the industry would come back to the government and see the wisdom of allowing wider deductibility in exchange for some reduction in the accumulation rate. Predictably, that is what the industry did in 1990, and the government readily agreed.

We therefore come to these changes. I will speak about a change that is contained in schedule 3, which relates to the closing down of platform facilities and the transition to an infrastructure licence rather than a production licence. What that really means is that a business might use the platform facilities for purposes other than extracting petroleum resources. It might use them, for example, to process gas. In so doing, it would move from a resource rent extraction operation into a manufacturing operation, thereby changing the nature of the project.

Under this legislation, when project facilities stop being used for the project but remain in use, any later costs of closing down their use under the infrastructure licence—which currently are not recognised for PRRT purposes—would in effect be deductible, because schedule 3 to the bill allows for the present value of expected future expenditures associated with closing down petroleum project assets that continue to be used under an infrastructure licence to be deductible against PRRT receipts for this project. The fundamental problem with this proposal is that it shifts the basis of this tax away from actual cash flows to the present value of estimated closing down costs. In other words, this proposal violates the fundamental principle of the petroleum resource rent tax being a tax based on actual cash flow. The PRRT is not and never was a tax based on expected future cash flows, possible future cash flows or the present value of estimated future cash flows but a tax based on actual cash flows.

Under the new law, where ownership of the facilities used under the production and infrastructure licence is maintained by the project operator or where the taxpayer with an interest in the petroleum project gives consideration for disposal of the facilities to be used under an infrastructure licence, the present value of estimated closing down costs of the facilities under the infrastructure licence is taken into account when working out the PRRT liability of the petroleum project that has ended. That explanation is provided in the explanatory memorandum at page 38. It is very important to grasp this concept. It says:

... the present value of estimated closing down costs of the facilities under the infrastructure licence is taken into account in working out the PRRT liability ...

That is why I am saying that this proposal violates the principle of a tax that is based on actual cash flow. Of course, industry would want to estimate any sorts of future costs and to bring them to book now and claim a deduction. I do not particularly blame the profit-maximising resources sector for wanting to put this request onto the government, but I do blame the government for seriously looking at it without the benefit of a Senate inquiry to examine the implications of this departure from a tax based on actual cash flow.

I must express publicly my disappointment with Treasury and the explanatory memorandum, because this is something that the industry itself obviously wants and yearns for. The industry has lobbied the government long and hard for this. Under ‘revenue implications’ in the explanatory memorandum it says there are none. So here is an industry that wants a major change in the treatment of projects for petroleum resource rent tax purposes—a profit-maximising industry wanting those changes—and the Commonwealth of Australia says it has no
financial implications. The explanatory memorandum says:

This is because without this proposal, infrastructure would close down with its petroleum project and the actual closing down deductions would be claimed anyway.

Who is to say that those projects would be closed down in the absence of this concession that the industry is seeking? If it is profitable for the infrastructure project to proceed, why would it close down if it did not get this deduction?

I accept that the absence of some deduction in relation to future closing down costs could have a deterrent effect in particular circumstances, but it is extraordinary for Treasury to say that in all circumstances if this concession were not granted there would be no infrastructure project because the platforms would close down. It is rubbish. How could Treasury know in advance that in all circumstances where a project is being transformed from a gas or petroleum production project into an infrastructure project that project would not proceed unless this concession were given? That is why Labor members of this parliament are expressing concern with this provision about the violation of the principle of the PRRT being based on actual cash flows and not on some company’s estimate of the possible future closing down costs, some time out into the distance, brought back in net present value terms to be claimed as a deduction when the project does move from a petroleum production project into an infrastructure project.

I will close with these remarks. The petroleum resource rent tax was introduced by the former Labor government. It is expected to collect $1.4 billion this year, expanding to $4 billion towards the end of this decade. The government says that in opposition it supported all of Labor’s reforms. That is not true. The coalition did not support the petroleum resource rent tax when Labor introduced it. It has kept it in place, but now it wants to weaken the base of the petroleum resource rent tax for dubious purposes. I accept that some changes to the legislation could be considered in relation to this issue, but to simply grant the present value of the company’s estimates of future closing-down costs is arbitrary in its nature, and that is why we are deeply concerned about the proposal.

The DEPUTY SPEAKER (Mr Jenkins)—Order! It being 5.30 pm, in accordance with the resolution agreed to earlier today I call the Minister for Revenue and Assistant Treasurer.

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (5.30 pm)—I thank the members who have taken part in this debate on the Petroleum Resource Rent Tax Assessment Amendment Bill 2006 and the Petroleum Resource Rent Tax (Installment Transfer Interest Charge Imposition) Bill 2006. The Petroleum Resource Rent Tax Assessment Amendment Bill 2006 implements a range of changes and improvements to Australia’s primary offshore petroleum taxation system, with effect from 1 July 2006.

Schedule 1 to this bill amends the Petroleum Resource Rent Tax Assessment Act 1987 to require taxpayers to transfer and deduct transferable exploration expenditure when calculating their petroleum resource rent tax quarterly instalment. Currently, this expenditure can only be transferred and deducted at the end of the financial year.

The Petroleum Resource Rent Tax (Installment Transfer Interest Charge Imposition) Bill 2006 ensures constitutional validity of an instalment transfer interest charge. This charge is designed to recoup the time value of money associated with transfer of exploration expenditure in working out a quarterly instalment of tax that is subsequently re-
versed. It relates to the measure contained in schedule 1 of the Petroleum Resource Rent Tax Assessment Amendment Bill 2006.

Schedule 2 to the Petroleum Resource Rent Tax Assessment Amendment Bill 2006 makes amendments to allow internal corporate restructuring within company groups to occur without losing the ability to transfer exploration expenditure between the petroleum projects of group members. Currently, some company groups maintain inactive companies in order to protect their future ability to transfer unused exploration expenditure.

Schedule 3 to this bill allows the present value of expected future expenditures to close down an infrastructure facility associated with a particular petroleum project to be deductible against the petroleum resource rent tax receipts of this project. Schedule 4 to this bill applies the self-assessment regime to petroleum resource rent tax taxpayers as it generally applies to income tax. This will result in petroleum resource rent tax taxpayers fully self-assessing their liability and will also enable them to obtain binding rulings from the ATO.

Schedule 5 to the bill introduces several unrelated amendments to petroleum resource rent tax, including the following three primary amendments. First, payments of fringe benefits tax will be a deductible expense for petroleum resource rent tax purposes. This is consistent with the income tax treatment of these payments. Second, vendors disposing of an interest in a petroleum project will be required to provide a transfer notice to the purchaser of the project, setting out relevant information such as the amount of undeducted expenditure available. This is designed to encourage better provision of available information between vendors and purchasers transferring an interest in a petroleum project. Unlike income tax, the purchaser inherits the vendor’s petroleum resource rent tax position. Finally, the lodgment period for petroleum resource rent tax annual returns is extended from 42 days to 60 days, which will ease compliance costs for petroleum resource rent tax taxpayers.

The amendments in these bills reduce compliance costs, improve administration and remove inconsistencies in the Petroleum Resource Rent Tax Assessment Act 1987, improving the efficiency of the tax. Furthermore, the bills contain positive amendments which are consistent with the government’s overall approach to taxation reform, directed at simplifying Australia’s taxation system and making the system internationally competitive.

I should also bring to the attention of the House that the Australian Petroleum Production and Exploration Association, the peak industry body representing Australia’s upstream oil and gas industry, has publicly welcomed the proposed changes in these bills. The APPEA has said that the bills will clarify some uncertainties in the legislation and provide a clearer framework for industry to undertake their ongoing business activities. For the reasons I have outlined above, I commend these bills to the House.

The DEPUTY SPEAKER (Hon. AM Somlyay)—The original question was that this bill be now read a second time. To this the honourable member for Hunter has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The 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

The DEPUTY SPEAKER—In accordance with the resolution agreed to earlier today, I put the question that the remaining stages of the bill be agreed to.

Question agreed to.
Bill read a third time.

PETROLEUM RESOURCE RENT TAX (INSTALMENT TRANSFER INTEREST CHARGE IMPOSITION) BILL 2006

Second Reading

Debate resumed from 25 May, on motion by Mr Dutton:

That this bill be now read a second time.
Question agreed to.
Bill read a second time.

Third Reading

The DEPUTY SPEAKER (Hon. AM Somlyay)—In accordance with the resolution agreed to earlier today, I put the question that the remaining stages of the bill be agreed to.

Question agreed to.
Bill read a third time.

AUSTRALIAN RESEARCH COUNCIL AMENDMENT BILL 2006

Second Reading

Debate resumed from 30 March, on motion by Ms Julie Bishop:

That this bill be now read a second time.

Ms MACKLIN (Jagajaga) (5.36 pm)—First of all, I would like to talk about the appalling behaviour of the government in the chamber today. We have before us a critical piece of legislation which has the potential to undermine the integrity, the independence and the international reputation of the Australian Research Council and of Australian research more generally if it becomes law. But the government today has made a total mockery of this bill by deciding to ram it through the House tonight with no proper debate, no chance to move and debate amendments and no opportunity to question the Minister for Education, Science and Training over the impact of this very heavy-handed bill. This is yet another example of how this government is out of control and out of touch. The government does not seem to be able to handle any debate or dissent, whether it is in this chamber today or on the Australian Research Council.

The Australian Research Council Amendment Bill 2006 gives effect to the former education minister’s unilateral decision to abolish the board of the ARC. With a simple press release, the former education minister decided to intervene and direct the actions of the ARC in a way that no other minister has done before. The Howard government had a chance to redeem itself earlier this year when a new minister came to the education portfolio. The current Minister for Education, Science and Training could have quietly backed away from some of her predecessor’s more outrageous excesses, but she chose not to.

With this bill, the minister is damaging the integrity and independence of the ARC in four main ways. First of all, the bill abolishes the ARC’s board and transfers the board’s functions to the chief executive officer and the minister. Secondly, it makes the CEO directly answerable to the minister. Thirdly, it gives the minister the power to intervene directly in the everyday workings of the ARC, to appoint the chief executive and all of the ARC’s committees, including the ARC’s main peer review committee, the College of Experts. Fourthly, it removes the ability of the ARC to offer strategic advice and conduct inquiries into research matters of national interest.

Lastly, the bill extends appropriation funding to the ARC for 2008-09. There is no pol-
icy reason for tacking on the ARC’s core funding grant to the end of this extreme and very heavy-handed bill. The current act gives the ARC security until 2008. The only reason that the ARC’s appropriations have been tacked onto the end of this bill is that the government knows that Labor will not stand in the way of core funding to the ARC. It is this last feature of the bill which means that Labor will not oppose this legislation.

Of course, we in the Labor Party understand that we must exercise responsibility and care when it comes to funding high-quality research in this country. However, we do have very serious concerns with this legislation. I would have moved amendments in the consideration in detail stage, and I would have had the opportunity to question the minister about our concerns, but that is not possible because of the heavy-handed way in which the government has behaved today. The amendments that I will seek to have incorporated would have improved transparency and limited the capacity of the minister to impose her political whim on the ARC.

The government justified its decision to sack the board and diminish the ARC’s importance under the guise of its review of the corporate governance of statutory authorities and officeholders, otherwise known as the Uhrig review. This review does recommend that boards of statutory authorities be abolished unless the government is prepared to devolve all responsibility to those agencies.

But we have a problem when the Uhrig recommendations collide with this government’s political reality. This Howard government is a heavy-handed, meddling, ideologically driven outfit, not afraid—asever—to destroy anything that opposes its views. This is the sad political reality of why we are presented with these changes today and why the government is getting rid of the ARC board. That will not deliver better governance, more transparency or proper accountability of taxpayers’ funds. It is just like everything else in this government. This government is all about playing politics and pushing extreme agendas, and that is what we are looking at today.

Under the existing ARC Act, the ARC was charged with, first of all, making recommendations to the minister about which research proposals should be funded; secondly, administering the various regimes of financial assistance provided by the ARC; and, thirdly, providing strategic advice to the minister on research matters. This bill transfers all of these functions to one person, the chief executive. The board of the ARC was charged with hiring the chief executive with the approval of the minister, directing the CEO to perform certain functions, establishing committees to assist the effective and efficient functioning of the ARC, making sure that the ARC’s functions were performed properly and, finally and very importantly, initiating inquiries on research related matters.

The ARC bill transfers the first four responsibilities to the minister and, most disappointingly, removes the power to conduct inquiries from the ARC. So the ARC will become one person in the hands of a grand puppet master, the Howard government’s education minister. The ARC’s funding recommendations have always been subject to the minister’s final approval, but the presence of a board has created a buffer between this government’s politically driven agendas and an independent research funding body.

At the moment, the ARC board assesses recommendations from ARC committees and sends its recommendations to the minister for approval. It is up to the minister to reject or change the board’s recommendations. This bill would change that. If this bill becomes law, unamended, the minister would be able to reject or change recommendations from
the chief executive, a single person who is appointed by the minister and of course can be sacked by the minister. The ARC could run into grave problems if this bill becomes law. There will be no group of eminent experts from the academic or business communities to mediate the minister’s interference. It is much harder to sack 14 distinguished people who disagree with you than the one you have appointed yourself.

Under the ARC’s current act, the education minister can only appoint the chief executive if he or she has taken the board’s advice on the appointment. The minister will no longer have to consult anyone with academic or management expertise before naming a favourite. And let us not delude ourselves for one single minute that the chief executive has much protection or job security if they disagree with a minister in this government. I doubt that the chief executive of the ARC in the future will have much job security at all.

If the government is genuinely concerned that there is confusion over reporting and accountability with the ARC, the solution is for the minister to issue clear directions to the ARC and to establish a set of expectations that she expects them to meet. Good governance and accountability could slip away from the ARC’s grasp with this major transfer of powers to two individuals, the minister and her chief executive. If this bill becomes law, the minister’s selection of the chief executive and all of the ARC’s committee members would not be regarded as a legislative instrument. No democratically elected member of parliament would be able to question or challenge this government’s record when it comes to these issues. Let us not fool ourselves: this government is not interested in transparency or accountability. Even before this bill was introduced, the Howard government had plenty of form on meddling with research and research funding. Brendan Nelson, the former Minister for Education, Science and Training, vetoed at least 10 separate grant recommendations from the ARC in just two years. This government certainly has plenty of form on silencing dissent.

But this bill goes much further than allowing an education minister to veto proposals. The minister will now be able to establish any ARC committee that looks at grants and select every individual assessing grant proposals before those committees. This includes all the ARC’s peer review panels, including its College of Experts. The minister will also be able to appoint directly the one person whose job it is to sign off on those grant recommendations and deliver them to the minister. Under the current act, the board of the ARC does all these things with the approval of the minister. The difference is crucial. It is one thing to accept or reject membership recommendations from the board of an expert body; it is quite another to make them yourself. Before appointing someone, the minister only has to ‘try to ensure that the composition of the committee reflects the diversity of the interests in the matter or matters that the committee will be dealing with’. Telling a Howard government minister to ‘try to ensure’ that they do not rort something is like putting a big bag of lollies in front of five-year-olds and telling them to sit still. This government just will not be able to help itself.

The College of Experts plays a critical role in the ARC, as do the expert panels that assess proposals for the ARC’s Linkage grants and Federation Fellowships. Many of its members are internationally acclaimed researchers, and they provide strategic advice to the board on funding proposals across a wide range of disciplines. Peer review is currently international best practice, the most reliable mechanism we have today to assess high-quality research around the world. The
research community is very right to be worried about the College of Experts being turned into a ministerial plaything. Where would we have renewable energy research or embryonic stem cell research if it were up to a Howard government minister to pick whoever they liked to assess those proposals?

If this bill becomes law the minister will also have the power to get rid of the College of Experts completely, so at the drop of a hat the minister could destroy the integrity of the ARC. No country in the world would take the quality of research in Australia seriously if a minister meddled with peer review in this way. The Federation of Australasian Science and Technology Societies said:

Australia produces about 1% of the world’s knowledge and accessing the other 99% is significantly dependent on:

the quality of Australian research;
the calibre of Australian researchers; and
the integrity of Australian research agencies and institutions.

Australia has built a reputation of excellence in many fields of research, thanks in part to the integrity of the competitive research funding process. Freedom from political interference in research and research funding decisions is critical to that reputation. To top it off, the minister retains her ability to say yes or no to any grant that comes through this process.

It is true that the current minister has said that she does not intend to veto grant recommendations or interfere with the College of Experts. If that is the case, why give the minister this kind of power in the first place? Labor recognises that ministers in any government must have ultimate responsibility for activities in their portfolio. But what we are responding to today is what we know has happened time and time again with the government. They just will not be able to help themselves from taking advantage of the massive power that this bill allows. This bill is a slap in the face for good governance, transparency and accountability. We know that the government have form when it comes to all the different pork-barrelling examples we are so familiar with, whether it is transport, regional grants or schools funding. We know what the government like to get up to. It is simply not in the interests of good governance or world-class research for the minister to be able to manipulate or pork-barrel our research funding in the way in which it has been done in other areas.

I am also concerned that the government has undermined the ARC’s ability to provide strategic advice on research issues and conduct inquiries into research matters of national interest. This is a very important aspect of the ARC’s capacity. The ARC may no longer be able to examine whether it is serving the national interest through targeted research, whether it is funding research appropriately or whether the research that it funds is having any impact. The ARC itself was unclear at Senate estimates whether it retains the power to initiate inquiries under the bill. There is no reason to take this very heavy-handed approach to the ARC under the guise of the Uhrig review of governance. In fact, the Minister for Health and Ageing tabled a bill this year to change the governance arrangements of the National Health and Medical Research Council in line with the Uhrig review but without abolishing its board.

Labor’s amendments would have protected the integrity of the ARC and its grants approval processes, if we had had the chance to have them moved, debated and voted on. For the information of those who are very concerned about these issues, I will go through the amendments that Labor would like to have seen made to this legislation. Firstly, we would like to see and certainly would have amended the legislation to have
the board of the ARC retained as an important safeguard against politicisation by this government. Secondly, Labor seeks to enshrine peer and expert review as the main mechanisms to be used to determine research funding recommendations to the minister. I have already given my reasons for believing that the minister’s unfettered power to change or abolish peer review could damage Australia’s research recommendations. Labor also seeks to amend the legislation because we reject the government’s attempts to make the chief executive completely vulnerable to ministerial interference. We would do this first by making sure that the chief executive is appointed responsibly and is answerable to the minister through the board. We also reject the government’s attempts to appoint the ARC’s committees directly.

Department of education representatives tried to tell the Senate committee inquiring into this bill that there was no change to the minister’s powers. They said:

I think the first thing to point out is that the amendments actually maintain the minister’s decision-making role in appointments to designated committees and in the grant approval processes. The legislation does not enhance or diminish that; it maintains it.

Unfortunately, this is simply not the case and you would have to wonder why the department said this to the inquiry. The bill before us and the act as it stands today are substantially different. Even the ARC concurred at the recent Senate estimates hearings that this bill is a radical departure from existing arrangements. A sensible role for the minister to play under the current act is to outline priorities and expectations for statutory bodies and to lay out clear guidelines to meet those priorities. Meddling with the internal management of the ARC, its staff and its committees is not good governance.

We would also like to see the minister being required to table approved grants in every calendar year. Tenured employment is a figment of the imagination of most staff at universities these days and very many of our researchers rely on grants for job security. We certainly need to make sure that, when the government decides to approve grants, it is done in a timely way. Universities rely on grant funding to manage research and to make sure that staff will be there to conduct the research in the following year.

Given the chief executive’s enhanced responsibilities under this legislation, we certainly think that their operational responsibilities should include developing and presenting the organisation’s strategic plan to the minister. It is very important for us to remember that the ARC exists to fund the best and highest quality research in Australia and to build the international reputation and integrity of Australian research. The ARC’s governance arrangements should assist in that purpose but, unfortunately, much of this bill threatens to destroy the integrity and independence of the ARC.

Mr LAMING (Bowman) (5.56 pm)—We are here today debating the Australian Research Council Amendment Bill 2006 as a government response to the Uhrig review of governance into Australian research, but first I would report on the research community’s significant and positive response to the 2006 budget announcement of $905 being injected into research. Obviously, it followed that that substantial and significant injection was widely acknowledged and highly regarded at medical research dinners around the country.

Together with that announcement came an award. On Thursday night, Professor Tien Wong from the Royal Victoria Eye and Ear Hospital—a young clinician scientist at the Centre for Eye Research Australia at the University of Melbourne—was acknowledged as an outstanding role model for clinicians. Tien, at the age of just 38, is develop-
ing a $6 million retinal vascular imaging centre. He is responsible for a number of multidisciplinary collaborative papers in that area and has worked to develop a centre that links 15 research institutes together, both in Australia regionally and the US. The potential work of Australian researchers at this institution is significant. It has linked heart disease with hypertension, which are leading causes of death in this country. That is why the award to Professor Tien Wong was received so warmly in Melbourne when presented by Minister Fran Bailey. That award recognises the achievement of Australia’s finest young scientist and he is in extremely good company.

Great talent in medical research needs to be backed up by resources; without those, that wonderful work is impossible. The Australian government over 10 years has increased medical research funding substantially, even as a proportion of GDP, and the allocation made in the last budget continues that. Most OECD economies are making substantial strides in health and medical research funding. It is interesting to look at the United States, where a substantial jump in funding that started in 1998 has now levelled off significantly. The lesson we take from that is that, in any area where we choose to increase funding, that commitment has to be sustained. There is no point in making large flashy claims in an individual year, if they cannot be followed up in the years to come.

In Australia’s case there have been consistent increases, a doubling of funding in many cases. Let me take you back to when this government began in 1996: the total budget for health and medical research was $127 million, a paltry sum in comparison. Since then, there have been substantial increases in infrastructure, in bringing on new, talented researchers and providing the fellowships that bring great minds back to this country, and in a boost to both the ARC and the NHMRC. The $500 million boost over four years takes me back to 2002, when some of the most strenuous cases being put to the government were to increase and to continue the commitment to health and medical research. I am pleased to say that that work was extraordinarily effective. If there is a lesson on how to secure such increases in funding, it was done superbly by groups such as ASMR and others who were able to convince and lobby so effectively to see these very worthwhile increases secured.

The fellowships to which I referred are for 50 to 65 senior research positions, costing $170 million over nine years. It is worth remembering that to bring the greatest minds back to this country often requires an enormous amount of clinical support, research support and infrastructure, and for that we rely upon the support of state governments to provide a lot of the platform to do it. The additional funding is also being directed through the NHMRC. The response to the Wills review was significant, the doubling of funding that occurred over forward estimates in 2001 was significant and what happened in the last budget was a continuation of that.

What is also important is the establishment of a research fellowship scheme. That will complement a number of schemes that already exist to make sure that we keep the best brains in health and medical research working right here in this country. One area that was mentioned by the opposition spokesperson was adult stem cell research. It was suggested that that sort of research might be under threat. That could not be further from the truth. We have world-class researchers in stem cell development in Melbourne. It was the National Adult Stem Cell Research Centre, with a particular focus on Parkinson’s disease, motor neurone disease and schizophrenia, that was the recipient of $20 million over four years.
In addition, a number of our finest medical research centres have been given significant infrastructure boosts. I would like to highlight the Walter and Eliza Hall Institute of Medical Research, but also the Brain and Mind Research Institute received $10 million. Two hundred million dollars was provided over seven years to fund overhead infrastructure in a range of Australia’s finest independent medical research facilities, and $31 million was announced for the medical research infrastructure initiative in last year’s budget.

What we do have, apart from a significant jump in funding for medical research with the announcement by the Treasurer in the 2006-07 budget, is a call to arms for young researchers to never forget that there is no such thing as earmarked funding and no such thing as guaranteed funding formulas that assure you of a source of funding forever in areas as important as medical research. What became very clear to me as I worked quite closely with those who were seeking increases in funding was that researchers are not a group that seeks approbation every day, that they are not a sector of society that constantly seeks self-congratulation. Rarely do they get the approbation that they deserve, but they do essential work that is vital.

It is quite easy for an economy to choose to free-ride and rely on the invention and the ingenuity of others, but that is not what Australia does. We have a fine reputation for research. We have a great challenge to commercialise our great ideas. Thomas Barlow wrote a recent book on this very topic, saying that Australia punches above its weight. I would not say substantially so because I would not want to overstate the case, but Australia does an excellent job in its contribution to health and medical research and, in particular, to biotechnology.

I think it would be somewhat of an overstatement to say that the reforms that have been presented in today’s bill in some way fail to enshrine peer review, threaten to undermine it and may risk politicisation. While I can understand the sentiment from the other side of the chamber that they fear this may occur, let us be honest: just by further streamlining what is already a very efficient machine should never be seen instantly as an attempt to remove transparency or as something sinister. I think that is perhaps reflecting a little paranoia from the other side of the chamber, given that the record of health and medical research in the early 1990s was not such the warm story that it has become in the last 10 years.

I should leave the final word with those who are working at the coalface, with those who contributed to the very successful last triennium that closed with its final meeting about a month ago. On behalf of both sides of the chamber, I thank those who have made incredible contributions over three years to health and medical research—to Professor John Shine, Kerry Breen, Adele Green and Judith Whitworth, already eminent figures who, over and above their research work, have made it their mission to ensure that Australia leads the way in research. I encourage younger researchers to fill their footsteps and spend just a small proportion of their excellent clinical and research careers in ensuring that Australian research remains at the top of world outputs, as it is at the moment. For those reasons, I support both Australia’s performance in health and medical research and this bill.

Mr BOWEN (Prospect) (6.05 pm)—The honourable member for Bowman says that the Labor Party is paranoid that there will be political interference in the grants process. We are not paranoid that there will be political interference; we are certain that there has been political interference, that there will
continue to be political interference and that it will get worse with the Australian Research Council Amendment Bill 2006.

This bill significantly changes the mechanism by which grants are awarded by the ARC, and that is something the honourable member for Bowman referred to very briefly in his remarks. He did not address the very significant changes in the mechanism by which grants are awarded by this council, and very significant amounts of money are involved. This year the ARC has a budget of some $570 million.

Can I say at the outset that I agree with the honourable member for Bowman on one thing: the staff at the ARC do a good job, they are a professional outfit and they do their best with the resources the government gives them. The ARC plays a particularly important role, considering this government’s failings in relation to research and development. This government has dropped the ball on research and development. The level of business expenditure on R&D has only just recovered to the levels this government inherited in 1996, and it has only just recovered from the government’s very short-sighted reduction in the R&D tax concession from 150 per cent to 125 per cent.

Our levels of business expenditure on R&D are well below the OECD average. In 2004 Australia was ranked 16th of the 28 OECD countries and Australia’s performance of 0.89 per cent of GDP was well below the OECD average of 1.51 per cent. Further, Australia’s growth rate in business expenditure on research and development has also lagged behind that of the rest of the world. Australia is ranked 26th for growth in business R&D. I mention this because this makes the role of the ARC even more important. The lack of business expenditure on research and development means that Australia’s government expenditure on research and development is particularly important.

I have spoken in this House before about international best practice when it comes to R&D. Despite the good work that the ARC does, I would submit that it does not reach international best practice. The government should be looking closely at bodies such as Enterprise Ireland, Science Foundation Ireland and the National Microelectronics Research Centre of Ireland. It needs to be looking closely at those countries mentioned by the former chief scientist in his 2003 report, A chance to change—countries like Canada, Finland and, of course, Ireland.

Finland embarked on a national research and development project which saw its research and development levels and its levels of highly elaborately transformed manufactures—high-tech manufactures—increase exponentially over the 1990s. That is something this government completely and utterly failed to do. Reforms and resourcing along the lines adopted by those nations would make the ARC a body which would reach world’s best practice.

I would now like to turn to the specific provisions of this bill. This bill abolishes the board of the ARC, makes the CEO of the ARC responsible directly to the minister and allows the minister to appoint the CEO directly. So we have the situation where the CEO will now be signing off recommendations to the minister on what should be funded and what should not be funded and that the CEO’s job security will be completely at the mercy of the minister. It also gives the minister the power to create committees and appoint members of those committees. The bill does retain the College of Experts, but it downgrades its status by having it as just another committee, meaning that the minister has the power to directly appoint its members.
I want to make one point very clear: I do believe that there must be a role for the minister to approve or reject funding applications at the end of the process. When we are talking about half a billion dollars of taxpayers’ money, there must at the end of the day be an elected and accountable person responsible for the expenditure of that money. Indeed, that person can only be the minister. But the minister’s powers must be administered in an open and accountable manner. This bill reduces the transparency and accountability of the funding process.

This is not a hypothetical or esoteric matter. This is not a matter, as the honourable member for Bowman suggested, where the opposition alleges that some future minister at some hypothetical point down the track might want to interfere in the selection process of grants; this is a relevant and timely matter. We say not that it will happen in the future; we say that it has happened recently and that it is happening now.

The former Minister for Education, Science and Training vetoed seven projects last year that were recommended for funding by the ARC College of Experts. Each of these applications was in the field of humanities and social science. This is perhaps unsurprising, but clearly the field of humanities and social science is something that the minister and indeed everybody who sits in this House would have an interest in. There are two scenarios here. Either the College of Experts recommended inappropriate areas for funding—areas the average Australian taxpayer would say money should not be expended on because they were a waste of money and that funding was unnecessary; or the College of Experts made appropriate recommendations—that the areas need to be better researched, but the minister thought that the findings of that research might be politically embarrassing or it was research that did not fit the cultural and ideological predilections of this government.

I do not know which is the answer, because the government will not release the details of the rejected applications. This is not transparency. It may well be that I and members on this side of the House would agree with the minister that these funding applications should have been rejected. I suspect that there would be varying views within the House on the matter. But we cannot have a debate and a dialogue about it because we do not know. The fact that the government will not release the details of the grants that were rejected makes me suspicious that it is the latter reason—that they do not fit in with the cultural prejudices and predilections of this government. We all know that the Howard government believes in controlling the debate in the culture war—that this is something particularly important to the Prime Minister. We all know that the Howard government has particular cultural concerns. I suspect that this government has been interfering with the grants process to meet those concerns.

But this is not a matter that applies to the humanities only. Sometimes, even medical research can be controversial. It is quite conceivable that the ARC would want to fund some medical research that a minister for some moral, religious or other reason found objectionable. In my view, it would be necessary to have a full and open public debate on this. It should not be possible for a minister to secretly kybosh a funding application. This bill gives the minister so much sway that it is doubtful that such a controversy would ever reach the light of day.

In an area such as this, where there are complex moral, ethical and medical arguments to be had, transparency and openness are key. I am not saying such decisions should come to this House for approval. Of
course, they should not; they should be approved or rejected by the minister. But that minister’s decisions must be on the public record and there must be an open and transparent process which allows those decisions to be questioned by members in this House, in the other place and in public. This bill does not present transparency and it does not promote openness.

As I say, I believe the minister should have the right to veto certain funding applications, but this must be done in an open and transparent manner. This bill worsens openness and transparency. By abolishing the board, there is less of a buffer between the minister and the funding approval process. This is not an improvement to governance; it is a deterioration in good governance. It has the capacity to impact—in fact, I would respectfully submit that it already has impacted—on the good reputation the ARC has for the rigour of its application and approval process, and I refer not only to the ARC’s reputation domestically but to its reputation internationally. Up until this recent series of political interference, that process has been rigorous. On average, three-quarters of the applications in any one year are rejected. That says to me that there is a rigorous process, that there is quite an onerous process for applicants to go through.

This bill was introduced by the current Minister for Education, Science and Training, but it was flagged by the previous minister. On the 29 March this year the minister told the Australian newspaper that she thought she would be having a much less interventionist role than her predecessor. The journalist in the Australian wrote:

Her comments will go some way towards restoring confidence in an agency whose future was looking rocky.

But just one week later the minister introduced this bill, the bill that gives her the power to be a lot more interventionist, although she said she would be less interventionist. The minister might find that she is just too tempted with the extra power that she is giving herself in this bill, but in any event she will not be the minister forever. This bill allows future ministers to intervene in the funding process without even the brake of a board. The board plays a very important role. If a minister is overreaching, if a minister is interfering or if a minister is making inappropriate political decisions about the funding allocation of taxpayers’ money, then a board can be a handbrake. A board can be a warning signal to a minister: ‘Back off—we believe this is inappropriate.’ But there will be no board once this bill passes through this parliament.

I support the Deputy Leader of the Opposition’s comments and her call for the reconstitution of the board of the Australian Research Council, for proper peer review to be enshrined and to have the CEO answerable to a board, not to the minister directly. I agree that the minister should also be tabling approved grants in this place. I believe that this bill will make it harder for the ARC to reach international best practice, not easier. I hope that the government will at long last, after 10 years of neglect, embrace a national program to enhance research and development so that we can, as a first step, increase our R&D to OECD levels. I hope that the board of the ARC is left in place so that it can play a role in that process and that the ARC can be restored to its important and pre-eminent role as Australia’s primary research funding source.

Mr HENRY (Hasluck) (6.18 pm)—The Australian Research Council Amendment Bill 2006 amends the Australian Research Council Act 2001 to implement changes to the ARC’s governance arrangements in response to the government’s endorsement of the recommendations of the Review of the
Corporate Governance of Statutory Authorities and Office Holders. The issue of governance is a perennial challenge but has gained prominence in recent years. The importance of good governance in the private sector, especially in publicly listed companies, is hard to overstate, but I would argue that good governance is even more important in government itself. Here in government we have a fundamental responsibility to the Australian community that we will not only use their taxes wisely but always work to secure the future of our nation. This is what governments are supposed to do. This is most fundamentally what separates businesses from government. What businesses do could be in the nation’s interest, but it is our job to protect that interest, now and in the future.

This is why in November 2002 the Howard government appointed Mr John Uhrig AC to conduct a review of corporate governance of Australian government statutory authorities and office holders. The Uhrig review was designed to identify any ways governance could be improved without compromising the statutory duties involved. The Australian Research Council Amendment Bill 2006 is an example of the government acting to implement the insights and recommendations of this review. In this case it involves modifying the legislation covering the operation of the ARC, arguably one of the most important statutory bodies for Australia’s future success and prosperity. The Uhrig review was charged with identifying opportunities for positive reform. It specifically allowed for the development of a template of governance principles with the potential to be applied broadly across government.

I will make some points on the outstanding contribution of the ARC to date and why I think that opportunities to further improve the operation of the ARC are so important. But first I think it is worth noting several of the key points made by the Uhrig review. The report is clearly founded on the view that government is responsible for carrying out its taxation, regulatory and service provision roles in a way that meets four key criteria: efficiency, effectiveness, objectivity and transparency. Governance of statutory bodies is obviously crucial to this.

While there is no universally agreed definition of good governance, the report did identify three key elements which must be clear and well executed: (1) understanding of what constitutes success, recognising that this will be different for each statutory body but that it should include statements of purpose and performance expectations; (2) organising the entity for success—this includes appropriate structures and definitions of roles as well as clear arrangements for the delegation, control and use of power; and (3) ensuring success, which involves accountability, transparency and evaluation.

In creating the template principles for Commonwealth statutory bodies, the review considered evidence on good governance from a wide range of public and private sector entities. It found a number of valuable opportunities for improving the effectiveness of governance practices within Australia’s statutory bodies. These are outlined in the report, but what concerns us most here today is the guideline for which statutory bodies would work best with a board. The Uhrig review found that operation with a board is best suited to bodies with a predominantly commercial focus to their activities but that bodies whose major activities were non-commercial would be best suited to an ‘executive management’ template in which the CEO reports directly to the minister responsible. The government requested that ministers assess governance arrangements against these templates, as they serve to assist as a reference point in the establishment of effective governance arrangements.
The Uhrig governance principles also fully inform the policy document, ‘Governance arrangements for Australian government bodies’, released by the Department of Finance and Administration in August 2005. The aim of this document is to promote consistency in the governance arrangements of Australian government bodies, while reinforcing the principles set out in the Uhrig review, in line with the department’s ongoing role of promoting better practice governance of Australian government bodies generally.

This brings me back to the ARC, which clearly fits the latter category. Although successive boards of the ARC have served the nation well and provided excellent stewardship and leadership in their roles, this government agrees with the finding of the Uhrig review that this is one of the agencies that will be able to work more efficiently under an executive management model. The ARC is not an organisation that the Howard government would change lightly. In fact, this government has been visionary in its commitment to supporting research, especially the fundamental, frontier-of-knowledge type of research made possible through the ARC. This is all part of the government’s 10-year commitment to science and innovation, which was made with the release two years ago of Backing Australia’s Ability: Building Our Future through Science and Innovation. Last year, for example, over $380 million was awarded to nearly 1,400 research projects in the new Commonwealth grants program alone.

As well as providing for governance improvements, this bill also increases overall appropriation for the ARC by more than $570 million. The ARC is of vital long-term importance to Australia, and anything that improves its flexibility, responsiveness and effectiveness is a valuable opportunity to invest in our future. In fact, a 2003 report by the Allen Consulting Group found that, in terms of impact on gross domestic product alone, the ARC delivered a social benefit rate of return of 39 per cent and that, taking into account less easily measurable benefits such as health, cultural and environmental outcomes, the social rate of return to the Australian community was more likely to be 50 per cent. This is an outstanding result, even better than the excellent rates of return achieved by Australia’s other publicly funded research programs. I am not a scientist but, from what I understand, this rate of return is indicative of the extraordinary value offered by fundamental, innovative research programs, especially when they are within the context of a well-managed and well-prioritised national funding program such as the ARC, with its parallel emphases on discovery and linkage.

This bill allows for the retirement of the ARC board to prevent confusion of responsibilities between the board and the CEO. Under this new legislation the CEO will report directly to the minister but will still be supported and guided by the ARC’s College of Experts, a 70-plus strong panel from across the nation, which has long been providing the front-line intellectual and professional advice on research management and priorities that an agency such as this relies on. This bill does not change those arrangements. In fact, it streamlines them without affecting the independence of the ARC itself, which this government achieved through the Knowledge and Innovation reforms introduced in 2001. In keeping with this government’s approach to this, the minister’s role regarding application assessments remains unchanged.

This bill allows for the minister to create an advisory committee with a strongly strategic role. In essence, the CEO will therefore get advice from the College of Experts on matters of grant applications and from the advisory committee on matters of strategic direction. This is a much more transparent
system both in terms of clarity of role for the dedicated and highly qualified people who give their time to serve in this way and in terms of openness and accountability for grant applicants and the public in general.

The range of grants awarded in my own state of Western Australia last year is a wonderful illustration of the diversity of research this government is supporting through the ARC. Just one of the examples from Murdoch University is looking at the sugar based metabolism of Australia’s honeyeaters. These unique Australian species offer knowledge not just on our unique environment but also on how we can develop better treatments for metabolic conditions in humans. Curtin University of Technology was awarded grants for research into ceramics, geology, hydrodynamics, science education, cultural linguistics, corporate performance and computer modelling, while the Western Australian Museum is receiving funds to explore the relationship between climate change and extinctions. The University of Western Australia also has an impressive list of funded projects including tissue engineering, human vision, brain growth and learning ability in children, biometrics, cancer treatments, immune system genetics, how to prevent antisocial behaviour in disadvantaged young people, fisheries management, oceanography, super gravity and development of a new laser clock. The fact that these are examples only from last year’s grants list, and only from WA, illustrates powerfully what a diverse, vibrant and exciting sector the research community is in Australia.

The Australian government’s support for science and innovation, as reported in the 2005-06 science and innovation budget tables, was a record $5.53 billion in 2005-06. In 2006-07 the Australian government will provide $560.6 million in support for the ARC. Australia ranks 7th amongst OECD countries in terms of world science and engineering articles per million population. At 757 articles per million population, this is more than 1½ times the OECD average of 484. Australia ranks in the top half of OECD countries for prominence of cited science and engineering literature in most areas of research. This includes 15th in clinical medicine, 15th in biomedical research, 12th in chemistry, 12th in earth and space science and 14th in engineering and technology. Australia ranks 11th among OECD countries in terms of share of world scientific publications for 2000-04, with 2.89 per cent.

The ARC is exactly the sort of agency that should be a statutory body. The long-term focus and emphasis on diversity are where government excels and plays a crucial enabling role in making sure Australia’s research achieves excellence and remains globally competitive so that it can continue to deliver benefits to the community for generations to come. This bill of amendments ensures even better governance and therefore even better outcomes from our nation’s most exciting research endeavours. I commend the bill to the House.

Mr KELVIN THOMSON (Wills) (6.29 pm)—The primary purpose of the Australian Research Council Amendment Bill 2006 is to abolish the Australian Research Council board and to transfer its powers to the chief executive officer and the minister. The government justifies this legislation by citing the conclusion of the Uhrig review that agencies should ultimately be directed by government—that is, by ministers. There is reason to support greater transparency in the operations of the Australian Research Council to ensure public accountability. This could be achieved by clarifying and delineating the ARC’s functions rather than by abolishing a critical mediating body that stands between a government and the independent function of our primary academic-funding body. I believe that this bill undermines the autonomy
and therefore the academic credibility of the Australian Research Council and its importance as an advisory body on research matters. The bill removes the ability of the Australian Research Council to initiate and to conduct inquiries into relevant research issues.

Despite the opportunity this bill provides to the government to effectively politically annex the Research Council, Labor will not oppose it because it extends the standing appropriation to the Australian Research Council. The appropriation for 2008-09 is some $572 million. To oppose this bill would effectively mean opposing funding to the Australian Research Council. The bill continues the current practice of prohibiting the minister from recommending which particular projects are to be funded. However, the bill allows the minister to appoint directly the chief executive officer and all committees of the Australian Research Council. This bill is unprecedented in the amount of control that any minister has had or has been given over the grants process in the history of the funding body. The bill also reduces the importance of the ARC as a body capable of offering strategic advice and conducting inquiries into research matters of national interest.

Labor believes that the bill ought to be substantially amended and that those amendments ought to reflect the following: retention of the board with oversight and advisory capacity; enhanced responsibilities of the chief executive officer, including direct reporting of ARC decisions to the minister and power to establish advisory committees as needed; retention of the College of Experts as an independent committee of the ARC over which the minister has no power of appointment—this is not the case with the existing ARC Act; and, finally, retention of the ability of the Australian Research Council to initiate and conduct inquiries over research matters of interest. I think that these changes to the bill are absolutely necessary to protect academic independence and research integrity.

What the government is putting forward dilutes the peer review process. By introducing political elements into the process of funding Australian academic research, the government detracts from the fidelity of the peer review process. Peer review is the foundation of the world’s academic achievements. It is the basic process by which knowledge is tested and built upon. Arguably, the ARC could be more transparent, peer review need not mean secrecy and the reforms that improve transparency are arguably in order. But to assume political influence over the council and its decisions, as this bill will enact, is to debase the academic integrity of Australia’s tertiary sector. This matters. It matters because our academic integrity provides quality. It matters because our academic integrity provides up-to-date training for Australians. It matters because it is academic integrity that attracts foreign students. It matters because it is our academic integrity that appeals to internationally respected professors, researchers and tertiary industries. I ask the government: why threaten the integrity of an institution as important to our future as this one? You have to ask yourself: can there be any reason for this other than this government’s instinctive quest for greater power and its dislike of independent sources of research and advice?

I draw the attention of the House to the performance audit carried out by the Australian National Audit Office into the Australian Research Council’s management of research grants. This audit report is No. 38 of 2005-06. It makes a couple of significant findings. It indicates that the Audit Office has detected areas where the Australian Research Council could improve its performance management framework and be more consistent with the
outcomes and outputs framework of the Department of Finance and Administration. In particular, the Audit Office found that there was no obvious link between the Australian Research Council’s effectiveness indicators and its 10 key performance indicators and that reporting against the effectiveness indicators was minimal. The separation of indicators against administered and departmental items or output and outcomes in the portfolio budget statements was also not well defined.

The Audit Office suggested that the Australian Research Council use more targets and a wider range of quality and quantity measures to describe its performance and its performance reporting to Finance’s requirements. The Audit Office also indicated that there were shortcomings in the Australian Research Council’s administrative processes, which meant that the Australian Research Council was not in a position to determine and inform the government of whether all grants met their objectives, whether funds were used as intended and whether ARC goals were being fully met.

While it is observed that the ARC has a strong focus on selecting the best applications, the Audit Office found that it had few systemic processes to enable effective or timely post-award management of grants. One of the recommendations of the Audit Office for the Research Council comprises a number of suggestions to strengthen the Research Council’s management of grants with particular emphasis on improving the effectiveness, transparency and accountability of the Research Council’s grants administration. I certainly hope that those recommendations are followed up and put into effect and that we see some improvements as a result.

In this country there is considerable concern about the effort being put into renewable energy research. A number of renewable energy researchers have suggested that there is a climate of fear causing a loss of expertise and tipping Australia, which used to boast a world-leading industry, into decline. The Canberra Times has reported on comments made by the Murdoch University Professor of Energy Studies, Dr Philip Jennings. According to the report:

... scientists were fearful of losing research grants if they were perceived as criticising Federal Government policies on renewable energy or climate change.

Dr Jennings said:

They’re afraid of being victimised because they have seen it happen to colleagues who have spoken up about government funding cuts to renewables research.

Similarly:

Former federal energy policy adviser and whistleblower Guy Pearce has ... called for “independent and credible economic research” to inform the Government’s policy on energy options on climate change.

In addressing a coastal environment forum in Queensland recently, Professor Pearce said:

It’s important to understand that some of the same interests who have persuaded our government to avoid emission cuts domestically also have an interest in domestic nuclear power. Our two biggest uranium producers are also in the coal and aluminium business …

The fact is that Australia was a pioneer and world leader in solar technology as far back as the 1940s but has lost its leadership as research programs have closed. Scientists have moved overseas and taken up lucrative research opportunities in Europe, China and Japan. For example, we have lost solar thermal technology to China because there were no funds for its commercialisation. It has been estimated that that kind of industry would have been worth at least $1 billion to Australia, but that opportunity has been lost. Because of work done at the CSIRO in days gone by, we led the world in solar water heater technology. Regrettably, we have now
lost that lead to Israel and Greece because of this government’s short-sighted views on renewable energy.

The federal government has progressively stripped solar energy of research funding. It closed the Energy Research and Development Corporation and the Cooperative Research Centre for Renewable Energy, so in this country we now have only two solar energy research centres—one at the Australian National University and the other at the University of New South Wales—despite Australia’s strong international track record of innovative solar technology.

A recent report to the World Bank by six leading scientists recommended active and continued support for solar thermal technology, claiming that it could play ‘a more significant role’ than, for example, wind power in achieving deep cuts to greenhouse gas emissions. That report supports claims made in a report by the Cooperative Research Centre for Coal in Sustainable Development that solar thermal technology is capable of producing Australia’s entire electricity demand.

It has also been suggested at the CSIRO that the kind of research work that we need to build our sustainable energy industries for the future and meet our climate change targets and responsibilities is simply not being done. Scientists at the CSIRO have been operating under a climate of job insecurity and keeping their heads down while the CSIRO is progressively failing to deliver on the kinds of things which we as Australians expect and are entitled to expect of it. Figures from the Department of Education, Science and Training show that administration now consumes 46½ per cent of national gross expenditure on research and development, which is up from 28½ per cent in 1989. Between June 1998 and June 2004, the CSIRO more than doubled its corporate management positions at the same time as it lost 316 people from its research projects.

The public need for expert scientific information on these issues of climate change, fossil fuel energy reliance and building of sustainable industries has never been greater, but instead of speaking out about these issues in public the CSIRO has turned inwards to exert more control on what its staff do and say. We now have a situation where the vast majority of new science positions are on short terms and the funding sometimes binds the science to confidentiality or supports a narrow view. In my view, it is regrettable that the careers of internationally respected scientists such as Dr Graeme Pearman and Dr Roger Pech were scrapped. That sets a poor example for younger scientists and discourages them from emerging as champions in the area of contemporary public debate on energy issues. We now have a situation where for the last financial year 93 per cent of appointments to the CSIRO were on fixed-term or casual arrangements, and job insecurity and the burgeoning demands of bureaucracy have forged a culture amongst CSIRO staff of keeping your head down, meeting the indicators and effectively doing the real science at night. That is regrettable and really needs to change.

We have seen a series of troubling headlines concerning CSIRO, including that CSIRO is failing to meet forecasts, that prices are rising, that standards are falling, that CSIRO is in the red and that CSIRO is set to scrap research jobs. Instead of stories of scientific triumph, CSIRO has been making the news as a result of internal strife, staff cuts, corporate excess, financial woes and those sorts of things. If we are going to see the kind of research effort that this country needs, the kind of effort that will position us properly for the future, we need our research bodies to be capable of focusing on original research, without anything in the
way of political direction. The changes that the government has put forward in this legislation are unhelpful in this regard. This bill undermines the autonomy, and therefore the academic credibility, of the Australian Research Council. By transferring the powers of the ARC board to the chief executive officer and the minister, the bill opens the way for inappropriate interference. Furthermore, it removes the ability of the Research Council to initiate and conduct inquiries into relevant research issues. The amount of power over the grants process that that gives to the minister is without precedent and capable of being abused. I do not support it and the opposition does not support it.

The only reason we support this bill is that we do not want to put ourselves in the position of opposing funding for the Australian Research Council, because clearly that funding needs to go on. In my view, it is improper for the government to link serious changes of this nature to funding for the council and to put the parliament in this kind of jeopardy, whereby we are not in a position to vote in the direction we would wish to vote concerning the kinds of provisions that form the heart of this bill. Nevertheless, that is the situation. Before the government gags debate with a closure motion, we will certainly be taking the opportunity to register our concerns about the impact of this bill on public accountability and on the independence of the research process at the Australian Research Council.

Mr GARRETT (Kingsford Smith) (6.47 pm)—As previous members have mentioned, the Australian Research Council Amendment Bill 2006 has been opposed, in part, by the opposition because of what it contains. We should really be calling it the ‘Andrew Bolt’ amendment. I am glad to see that the former minister for education, the member for Bradfield, is present in the chamber. It is interesting to look at the debate about the Australian Research Council board and the way in which the approval of research projects was undertaken by the ARC. An article in the Australian on Wednesday, 29 March 2006 entitled ‘Dust-up down at the ARC’ referred to the contribution by one of the lay members of the research grant committee and to the objections of Paddy McGuinness, who is well known to members of the House, and others to the grant applications that were put forward for the minister’s consideration. The article said:

It was an extraordinary period for ARC staff, many of whom were caught in the crossfire. Humanities and creative arts executive director Mandy Thomas, who had carriage of much of the correspondence between the protagonists, was one of them.

At the height of the kerfuffle Hoj sent an email to Thomas urging her to “stay strong”. “I am sorry you have to endure all this,” he said.

This was as a result of a public campaign waged by an opinion writer for the Herald Sun, Mr Bolt, who it seems disagreed with some of the decisions taken by the Australian Research Council board. We find ourselves in an extraordinary situation. Despite the government’s comments and despite the references in the explanatory memorandum to the Uhrig report and so on, this bill is in effect a response to Mr Bolt’s continued proclamations from the privileged position he inhabits—his views, or otherwise—and the views of other conservative commentators as to what research we should or should not be funding in this country through the Australian Research Council.

I spoke in the parliament last month about the decision to abolish the staff elected position on the ABC board. The decision on the ARC board is somewhat similar in that a loud range of credible voices are concerned about the direction in which this amendment would take us. But the government is clearly intent on carrying this legislation through the
parliament, and there are political reasons, as opposed to policy reasons, for this amendment coming before the House. Under this bill, it is proposed to abolish the board of the Australian Research Council—which is made up of academics, community representatives and department of education officials, and whose membership has in the past been determined by the minister—and replace it with an advisory body which would provide advice to the minister—who is currently Professor Peter Hoj. The CEO would take on the responsibilities of recommending to the minister which research proposals should be funded, administering the various regimes of financial assistance provided by the ARC and providing advice to the minister on research matters.

What is contemplated by this bill is that the minister will now assume the power from the board to appoint the CEO, to direct the CEO to perform certain functions, to establish committees, to assist with the effective and efficient functioning of the ARC and to ensure that the ARC’s functions are performed. This amendment greatly increases the role and responsibility of the CEO, who will be directly responsible to the minister. This bill effectively concentrates a great deal more power in a process which, up to this point in time, had been the province of a range of experts. From now on it will be the minister and, at his behest, the CEO who will determine what the ARC will and will not fund. I think it is very difficult to say that this will improve the governance of the ARC.

It is also true that, under this amendment, the minister will have more power to intervene in the functions of the ARC. The former Minister for Education, Science and Training, Dr Nelson, now the Minister for Defence, who is in the House, vetoed 10 or 11 recommendations for ARC grants. There was much publicity at the time about these recommendations and their fate. The changes that the government is contemplating in the amendment have attached to them the prospects of ongoing funding for the ARC. Clearly, the opposition would not oppose those measures, but it is very clear that there is a significant amount of concern in the scientific community, the wider community and the media about the nature of the proposed changes.

Effectively, these changes mean that there will be a further erosion of arms-length funding. I note the Australian Academy of the Humanities has argued that it is imperative that research-funding bodies are independent from government. I think that that is a self-evident enough assertion, but it is important and it is not reflected in this amendment. Frankly, for there to be confidence in the decisions that are made by funding bodies, that component of arms-length funding—the removal, as it were, from the perception or the taint of influence—is absolutely essential. It is one of the critical components of there being public confidence in a body like the ARC and in an ARC board.

The Australian Academy of the Humanities voices additional concerns. They include concerns that the performance of the ARC itself will be dependent upon one person—in this case, the chief executive officer—and that the chief executive officer, as a result of that enhanced discretionary and effective power, will feel a little more pressure than otherwise would have been the case, given that they have been appointed by the minister as well.

The National Tertiary Education Industry Union has also criticised these amendments and said that the amendments will undermine the independence and accountability of the ARC. The argument is that the findings of the Uhrig review are being implemented differently across agencies. The Uhrig review
recommended that statutory agencies should use boards where they could be given genuine independence and full power to act and that where boards are not afforded this autonomy they should be replaced by an executive management system of governance. In this case, the executive management system proposed under the bill leaves only the chief executive officer to oversee the peer review process and also to respond to and relate the minister’s decisions.

I think it is well understood and well known here that the peer review process has played a very important part in equivalent and corresponding overseas bodies and that peer review is considered one of the means by which good decisions are taken that identify and harness the best of emerging and existing scientific and research thinking. The Social Sciences and Humanities Research Council of Canada states quite simply that peer review is universally recognised as the most objective and effective way to allocate public research funds, but this amendment appears to make no provision for keeping the College of Experts and the establishment, appointment and function of committees are now totally in the hands of the minister.

I think most significant were the comments and the criticisms from the Australian Vice-Chancellors Committee. The AVC Committee is probably the most significant grouping of leading academics, representing their institutions as they do, and I would have hoped that the government would have been mindful of the comments that were made by the Australian Vice-Chancellors Committee. Its concerns relate again to the minister’s ability to designate committees and control appointments and the functions of these committees. I quote:

... the AVCC is concerned that there may not be sufficient diversity in that selection process to ensure fair and reasonable advice is provided to the CEO.

Labor believes that the board of the ARC should remain as a barrier against possible political interference, that the CEO should remain free from ministerial interference, that the minister—any minister—should not meddle in the running of the ARC and its committees, that peer and expert review should remain cornerstones of the funding recommendation process, that the minister should have a deadline by which approved grants are tabled in each calendar year and that the CEO should have the enhanced responsibility of developing the ARC’s strategic plan.

There is an opportunity that the government has let go here to introduce change within the ARC which would greatly increase their capacity to run vital research projects of national significance in areas like climate change, energy alternatives and digital innovation. There is much that can be said about the sorts of directions that the ARC could and should go in, but clearly with this amendment the government shows that, by abolishing the board of the Australian Research Council, it does not have confidence in the scientific community or in the peer selection process and that it is responding to the political pressures that have emanated from right-wing journalists and commentators. To that extent, I will leave my comments about the bill there.

Ms JULIE BISHOP (Curtin—Minister for Education, Science and Training and Minister Assisting the Prime Minister for Women’s Issues) (6.59 pm)—in reply—In concluding the second reading debate on the Australian Research Council Amendment Bill 2006 I want to thank members for their contributions. This bill amends the Australian Research Council Act 2001 to implement changes to the Australian Research Council’s governance arrangements in response to the government’s endorsement of the recommendations of the Review of the
Corporate Governance of Statutory Authorities and Office Holders by John Uhrig.

The assessment of the ARC against the recommendations of the Uhrig Review found that the functions of the ARC are best suited to the executive management template. The bill will enhance the ARC’s governance arrangements to make it fully consistent with this template. This includes retiring the ARC Board and transferring the majority of the board’s functions and responsibilities to the Chief Executive Officer of the ARC. The bill allows for the creation of and appointments to designated committees which will provide advice to the chief executive officer. The chief executive officer will receive input on research matters directly from an advisory committee which will be created as a designated committee under the amended provisions of the act. As I indicated in my second reading speech, the advisory committee will not look at individual grant applications. It will focus on providing strategic advice on matters related to research and the operations of the ARC. I understand that the ARC board has given some consideration to the functions and membership of the advisory committee and I will be grateful in receiving their thoughts on this matter.

As is the case under the current ARC Act, I will continue to be responsible for approving or not approving recommendations for research funding. The College of Experts will be maintained as a designated committee as it currently is. It will continue to play a key role in the ARC’s peer review processes, particularly through the consideration of applications for funding under the discovery projects program.

I have stated publicly that I want to be able to have faith in the independence and the integrity of the peer review processes. The recent Australian National Audit Office report on the ARC’s management of research grants states that the ARC has a substantial peer review process in place with a strong focus on research merit and national benefit enabling the ARC to select and fund high-calibre research.

Way back in 2000 during the debate about the establishment of the ARC as an independent statutory agency, I noted in this House that the ARC would be a provider of strategic policy advice to the government on matters related to research. This is not changing under the new arrangements. The College of Experts will make funding recommendations to the chief executive officer, who will in turn provide me with advice. This will expedite the ARC’s funding processes, provide greater certainty to researchers about the future of their ARC funding and allow the ARC to respond quickly and flexibly to emerging priorities.

I note the debate in the House last month surrounding the National Health and Medical Research Council Amendment Bill 2006. Some seem to think that the changes to the NHMRC and the ARC are wildly different. In fact, where the ARC and NHMRC have similar functions, the proposed governance arrangements of the ARC and the NHMRC will be similar. In both cases, it will be the minister who will be responsible for accepting or not accepting the recommendations of the chief executive officer. In both cases, it will be the chief executive officer who receives advice on the competitiveness of research-funding proposals.

The NHMRC will also have some governance arrangements that differ from the ARC. For example, the ARC does not have a committee comparable to the Embryo Research Licensing Committee, and nor should it. The ARC is also not required to issue regulatory guidelines. These arrangements make it necessary for the additional level of independ-
ence from the minister that those specific committees have.

The changes to the ARC and NHMRC indicate that the outcomes of the recommendations of the Uhrig Review are being effectively implemented by government, ensuring clear lines of accountability from the minister down to the agency, and implementing better corporate governance in the public sector.

As announced in the 2004 $5.3 billion package Backing Australia’s Ability, the Australian government signalled its ongoing commitment to the role of the ARC in the national innovation system by continuing to maintain the doubling of its program funding that was announced in 2001. Under the package, the government committed an additional $1.5 billion over five years for the ARC to 2010-2011. This commitment reflects the value and importance to the Australian government of funding high-quality research and maintaining the integrity of the ARC. I commend the Australian Research Council Amendment Bill 2006 to the House.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

The DEPUTY SPEAKER (Hon. IR Causley)—In accordance with the resolution agreed to earlier today, I put the question that the remaining stages of the bill be agreed to.

Question agreed to.

Ms Macklin—I seek leave to incorporate the amendments which have been circulated in my name.

Leave granted.

The amendments read as follows—

(1) Schedule 1, item 1, page 3 (lines 6-15), omit the item.

(2) Schedule 1, item 2, page 3 (line 16) to page 4 (line 3), omit the item.

(3) Schedule 1, item 3, page 4 (line 4) to page 5 (line 21), omit the item.

(4) Schedule 1, item 4, page 5 (lines 22-25), omit the item.

(5) Schedule 1, item 5, page 5 (line 26) to page 7 (line 4), omit the item.

(6) Schedule 1, item 6, page 7 (lines 5-12), omit the item.

(7) Schedule 1, item 7, page 7 (lines 13-14), omit the item.

(8) Schedule 1, item 8, page 7 (lines 15-16), omit the item.

(9) Schedule 1, item 10, page 8 (lines 3-4), omit the item.

(10) Schedule 1, item 11, page 8 (lines 6-8), omit the item.

(11) Schedule 1, item 13, page 8 (lines 12-14), omit the item.

(12) Schedule 1, item 14, page 8 (lines 15-17), omit the item.

(13) Schedule 1, after item 18, page 8 (after line 25), insert:

18A Subsection 42(2)

Omit the subsection, substitute:

(2) The plan must be in writing and must not be given to the Minister unless it has been approved by the Board.

(14) Schedule 1, item 19, page 8 (line 26) to page 9 (line 1), omit the item.

(15) Schedule 1, item 23, page 9 (lines 9-11), omit the item.

(16) Schedule 1, item 24, page 9 (lines 12-13), omit the item.

(17) Schedule 1, item 25, page 9 (lines 14-16), omit the item.

(18) Schedule 1, item 26, page 9 (lines 17-18), omit the item.

(19) Schedule 1, item 27, page 9 (lines 19-20), omit the item.

(20) Schedule 1, item 28, page 9 (lines 21-22), omit the item.
(21) Schedule 1, item 29, page 9 (lines 23-24), omit the item.
(22) Schedule 1, item 30, page 9 (lines 25-26), omit the item.
(23) Schedule 1, item 31, page 9 (line 27), to page 10 (lines 1-3), omit the item.
(24) Schedule 1, item 32, page 10 (lines 4-5), omit the item.
(25) Schedule 1, item 33, page 10 (lines 6-7), omit the item.
(26) Schedule 1, item 34, page 10 (lines 8-9), omit the item.
(27) Schedule 1, item 35, page 10 (lines 10-11), omit the item.
(28) Schedule 1, item 36, page 10 (lines 12-13), omit the item.
(29) Schedule 1, item 37, page 10 (lines 14-15), omit the item.
(30) Schedule 1, item 39, page 10 (lines 23-24), omit the item.
(31) Schedule 1, item 40, page 10 (lines 25-26), omit the item.
(32) Schedule 1, item 41, page 10 (line 27) to page 11 (line 1), omit the item.
(33) Schedule 1, item 44, page 12 (line 31) to page 13 (lines 1-19), omit the item.
(34) Schedule 1, item 45, page 13 (lines 20-31) to page 14 (lines 1-16), omit the item.
(35) Schedule 1, item 47, page 14 (line 29) to page 15 (lines 1-17), omit the item.
(36) Schedule 1, item 48, page 15 (line 18) to page 16 (line 5), omit the item.
(37) Schedule 2, after item 2, page 17, (after line 16) add:

3 After subsection 50(4)

Add:

(5) The Minister must ask for and consider the advice of the Board before making a determination

(38) Schedule 2 after item 2, page 17, (after line 16) add

4 After subsection 51(3)

Insert:

(39) Schedule 2 after item 2, page 17 (after line 16) add:

5 After subsection 52(2)

Insert:

(2A) A recommendation must not be made unless it has been subject to peer or expert review by the ARC.

(40) Schedule 2, after item 2, page 17 (after line 16) insert:

6 After subsection 52(4)

Insert:

(5) Where the Minister does not approve a proposal or makes any changes to a proposal, the Minister must table in each House of the Parliament:

(a) the specific area and topic of the proposal;

(b) a statement of reasons for not approving or for amending the proposal.

(41) Schedule 2, after item 2, page 17 (after line 16) insert:

7 After subsection 52(4)

(6) Material tabled under subsection 52(5) must not breach the privacy of any person who has submitted the proposal.

Bill read a third time.

BUSINESS

Rearrangement

Dr NELSON (Bradfield—Minister for Defence) (7.05 pm)—1 move:

That order of the day No. 9, Government business, be postponed until the next sitting.

Question agreed to.
Debate resumed from 31 May, on motion by Mr Abbott:

That this bill be now read a second time.

Ms GILLARD (Lalor) (7.05 pm)—I rise to speak today on the Health Legislation Amendment (Private Health Insurance) Bill 2006. Mr Deputy Speaker, can I foreshadow that the opposition will have a second reading amendment and in the consideration in detail stage will be moving an amendment to the provisions of the bill, the contents of which I will deal with as I speak to it now.

This bill makes changes to the powers of the Private Health Insurance Ombudsman and also makes minor amendments with regard to the administration of the private health insurance rebate by Medicare Australia and by the Australian Taxation Office. The legislation will make changes to the powers of the Private Health Insurance Ombudsman which expand and enhance the powers of the Private Health Insurance Ombudsman so that, in addition to dealing with consumer disputes with funds, the ombudsman can now examine issues relating to the arrangements between the insurer, the provider of the service and brokers. These amendments will also allow the Private Health Insurance Ombudsman to become involved in the mediation of disputes, albeit on a voluntary basis only.

The bill will also make the necessary amendments so that the Private Health Insurance Ombudsman will be able to direct the participation by the subject of a complaint in compulsory mediation. He or she will be able to mediate between a health fund and a health care provider on his or her own initiative or at the minister’s request, including directing participation in compulsory mediation.

The Private Health Insurance Ombudsman will have the necessary powers to require the production of records not only from health funds but also from health care providers and brokers. The bill ensures that the Private Health Insurance Ombudsman, the ombudsman’s staff, external mediators and persons dealing with the Private Health Insurance Ombudsman are appropriately protected from civil and personal liability arising from the increased powers.

The Health Legislation Amendment (Private Health Insurance) Bill also makes an important amendment to the legislation as it inserts an objects clause. This objects clause is important because it ensures that the Private Health Insurance Ombudsman will have consumer protection as the focus of his or her attention even though the ombudsman’s powers are extended to examining issues relating to service providers. The last thing Labor wants to see is an ombudsman focusing on disputes such as contractual disputes between funds and providers when the ombudsman’s aim should be to focus on how these issues impact on consumers. It is not the ombudsman’s role to act as a referee on pricing and service disputes between funds and providers. This is a job for the parties and of course the Department of Health and Ageing. The government has stated that the purpose of the additional powers is to increase the effectiveness of the ombudsman in resolving complaints and contract disputes. Labor will support any measures taken to ensure that consumers are protected and well represented in the highly complex and sometimes opaque private health insurance market.

Labor does, however, have some concerns about the consultation that took place in the lead-up to this bill. The industry was directly
contacted to provide its input on this extension of powers. This is to be expected, and the sector is also to be commended for broadly supporting these changes. However, direct consultations excluded consumers and consumer groups, and the minister’s request for submissions through the Private Health Insurance Circulars came only three weeks before the deadline for submissions, which coincided with the Christmas week. Mr Deputy Speaker, I am sure that, like me, you would be concerned that any request for submissions coming only three weeks before the Christmas week is likely to be viewed as a very token request for submissions. Clearly it is of concern that consumers and consumer groups have been excluded from consultation at all.

As members in this place, we would all be aware—indeed you would have to live underground not to be aware—that our constituents’ main concerns with private health insurance are its ever-increasing premiums and the problems that people have when they use their policies. In particular, people face exclusions that they did not know were applicable, and they are surprised, when they come to use their policy, that something they seek to use the policy for is not covered. And of course one of the huge bugbears for consumers in the private health insurance system is gaps. When people use their private health insurance, often having contributed to it over a lifetime, they are astonished that they are also presented with a bill for quite big dollar sums for gaps that they did not know were going to exist. Indeed, it is because of ever-increasing premiums, because of unexpected exclusions and because of the fear of gaps that some people surrender their private health insurance. We would all be aware from private health insurance statistics that, in mid age ranges, the number of people holding private health insurance is reducing. I would warrant that that is because of the pressure of increased premiums and because people are not sure about the value for money of the product, given the exclusions and the gaps.

We know that private health insurance premiums have increased a staggering 40 per cent since 2001, despite a Howard government election promise in 2001 that it would be putting downwards pressure on private health insurance premiums. So I think we can see that the promise made in 2001 was completely empty. Private health insurance premiums have escalated dramatically since. Consumers have seen the rise of exclusions on the one hand and gaps on the other, but, when it comes to a consultation process about the powers of the ombudsman to deal with disputes in the private health insurance sector, we find that the Howard government has conducted this consultation process so that consumers or their advocates were not included in the loop in any way, shape or form.

I have had cause before to raise in this place the political closeness—indeed, the interdependency—of the Howard government and the private health insurance industry. We do think that there is an unhealthy interdependency there and that the private health insurance industry exercises a lot of strategic political muscle when it comes to the Howard government. We certainly do not say that it was inappropriate for industry to be consulted on the contents of this bill; indeed, it was highly appropriate for industry to be consulted on the contents of this bill. But there is more than one party to this transaction. When you purchase private health insurance, there is the private health insurance industry but there are also the millions of private health insurance consumers around the nation, and we certainly believe that those consumers should have been included.
On the question of the affordability of private health insurance, I have said that premiums have gone up a staggering 40 per cent since 2001. I think we should just take a moment to note that that means they have been increasing at over twice and three times the rate of the consumer price index and that, in dollar terms, the staggering increase in private health insurance premiums has negated the dollar value of the Howard government’s much vaunted private health insurance rebate. It is important that, even with the rebate, we do all we can to keep private health insurance affordable and accessible. This is particularly the case for those who rely on it for access to dental care, because we know that, in this country, unless you can privately fund, or you are privately insured for, dental care, you are thrown on a public system that is in crisis. It is in crisis because of the withdrawal of the $100 million by the Howard government as one of the first acts it engaged in when it came to office.

The government abolished the Commonwealth dental scheme and took $100 million out of public dentistry. When it did that it denied any Commonwealth responsibility for dental care. This is, of course, an absurdity, because the most casual reading of the Constitution would show that the federal government does have responsibility for dental care and has specifically been given power for medical and dental services. Notwithstanding that, the Howard government ripped $100 million a year out of our dental system. Having done that, we see a crisis right around the country, despite increasing investment by state Labor governments around the country. So what is available for people interested in dental care through private health insurance, if they are able to afford it, is very important.

We know that the changes in this bill will not assist in giving the ombudsman power to deal with complaints relating to private health insurance premiums. Once again, we have seen consumers not being consulted and we have seen them in a position where they are evermore reliant on their private health insurance because of the withdrawal of appropriate funding to health services like dental care. Even though this bill contemplates an extension of the ombudsman’s powers, it will not extend the powers in a way that means the ombudsman will be able to deal with issues and complaints relating to ever-escalating private health insurance premiums.

The Department of Health and Ageing has argued that complaints about premium increases have been decreasing, but I would suggest that this is largely due to the fact that the ombudsman lacks any power to take action in this area. Obviously people soon learn that if they are complaining to an agency without power there is not much point in complaining. While the regulation of the annual premium increases is the responsibility of the Private Health Insurance Administration Council and the ultimate tick-off is by the Minister for Health and Ageing, there is no scope for the ombudsman to examine, from a consumer’s perspective, the reasonableness of premium increases or the variability from state to state and between funds within states. That is why, when we reach the consideration in detail stage of this debate—which will obviously be on another occasion when the parliament sits—I will be moving an amendment which builds on the other changes in this bill and which will relate to the Private Health Insurance Ombudsman’s ability to make recommendations to the minister and the department. The amendments I will propose will extend the ombudsman’s ability to make recommendations to the minister or the department regarding disputes about the conduct of brokers and providers, in addition to funds, as is already the case.
Once again, Labor is supportive of general extensions to the ombudsman’s powers, but we believe that the ombudsman should be given further powers to investigate premium increases—and when we deal with the consideration in detail stage we will be pursuing that matter further. In order to give the ombudsman such power in looking at and investigating premium increases, we would see an extension of powers within this bill, connecting it to the powers in the Trade Practices Act so that the Private Health Insurance Ombudsman could make recommendations to the minister, which would enable the minister for health to direct the ACCC to monitor the private health insurance industry’s pricing. We are particularly concerned that there be extra powers in relation to monitoring on premium increases, given that we are in the year in which the Howard government intends to sell Medibank Private.

Whilst the Howard government has maintained that the sale of Medibank Private will increase competition in the private health insurance sector, this claim does not stand up to the most cursory examination. Whilst the Howard government has not come clean with this parliament, with holders of Medibank Private policies or with Australians generally—who all have a joint interest in the future of Medibank Private—as we understand it, the most likely mechanism for the sale of Medibank Private is that it will be a trade sale, not a public float. Indeed, the Howard government has not ruled out breaking Medibank Private up into pieces and selling them separately.

Either of these sale strategies is a recipe for further market consolidation in the private health insurance market, particularly in some states of Australia, and you do not need to have a master’s degree in economics to know that if there are fewer players in the marketplace there will be less competition and, therefore, less rigour in pricing and we are much more likely to see more extensive private health insurance premium increases than we otherwise would have.

I want to give some examples to the House of the importance of the Private Health Insurance Ombudsman and, consequently, the importance of some of the issues before the House today that we are dealing with. These examples have been brought to the attention of my office by the persons concerned. One dealt with the question of insulin pumps. A family had a policy that covered an insulin pump for a child who had diabetes. The private health insurance fund refused to cover the cost of this pump, even though it was part of the policy. The family lobbyist the fund but without success. The family went to the Private Health Insurance Ombudsman, who then found that the family’s policy did cover the cost of the pump and that the fund was trying to exploit a loophole regarding supply of a product out of a hospital setting. That was a happy example of the use of the Private Health Insurance Ombudsman’s powers.

However, it is a matter of regret that I have to report to the House that we do not see happy results on all occasions. Indeed, we were not able to get a result where their private health insurance would lend support to their dialysis.

These examples are offered to reinforce the importance of the work of the ombuds-
man. Consequently, Labor supports the additional increase in powers. It may have been that, had the Howard government properly consulted with consumers and consumer groups, this bill would have contained an even further extension of powers. Certainly, we believe that those powers should extend to having the rollover of private health insurance premium increases that I have outlined—and we will be pursuing that at the appropriate time.

When I conclude my speech, I will move a second reading amendment that will comprehend two issues of concern to the Australian community and that relate to the content of this bill. The first is the sale of Medibank Private. That is a huge structural change to the private health insurance market, which we believe will lessen competition and, in particular, cause increased escalation in premiums and the second reading amendment will deal with that issue. In addition, the second reading amendment will deal with the critical structural weaknesses in Australia’s health sector.

Mr Deputy Speaker, you would be aware that we cannot have a healthy health system overall if all of its parts do not work properly. In this country we have historically had and will continue to have a mixed system, which includes a public sector. The majority of Australians rely on the public sector for their entire health care, but all Australians rely on it for some of their health care. In particular, Australians rely on the public health system for treatment in truly urgent situations, in true emergencies. In addition, all Australians, irrespective of their private health insurance status, rely on the public sector for the most high-end and complex care. As I think we all know intuitively, if you had an incredibly complex life-threatening health condition and needed a frontier surgical intervention, it could be done only in a tertiary public-sector teaching hospital; it could not be done in any other health setting in Australia. So we all have a shared interest in the future of the public hospital system. Many Australians are also interested in the private hospital system because they either self-fund or insure against private hospital costs.

The Howard government, when you review its health performance, is failing across both of these sectors. The failures in the private health insurance sector I have outlined, with escalating premiums and increasing gaps and exclusions. The failures in the public health sector are well known. Firstly, we have a workforce crisis. Clearly, our public health system—indeed, our private health system—cannot work, unless we have enough doctors, nurses, allied health professionals and, indeed, dentists to provide the care and right across this country we do not have sufficient numbers of those people. Indeed, in recent days the minister for health in question time has boasted about how many doctors and nurses we are importing. He is not wearing our undersupply of Australian doctors and nurses as a badge of shame; he seems to think it is a badge of honour that the only way the Howard government can get sufficient doctors and nurses in this country is to import them. Labor thinks there is a better way, which is that we train enough doctors and nurses to meet Australia’s health care needs.

Secondly, Mr Speaker, as you would be aware, when it comes to our health system, the Howard government has failed to deal with the important issue of Commonwealth-state reform. Billions of dollars are wasted as a result of the gaps, holes, duplication costs and blame shifting between our federal system and our state systems. The states have indicated their preparedness to participate in major health reform but, unfortunately, the Howard government is not prepared to work with them as a true partner in
health reform and to generate a more efficient health system overall.

Thirdly, we have a systemic underfunding of our health system. Mr Speaker, you would be aware that, on the last occasion the Commonwealth and the states negotiated the Australian health care agreements, the Howard government took $1 billion off the table—and $1 billion shows when it comes to the operation of the health system. In view of the time and to suit the convenience of the House, at this stage I will move the second reading amendment standing in my name and otherwise reserve my rights. 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 the minister stands condemned for failing to:

(1) address the concerns of members of Medibank Private and proceeding with the sale of Medibank Private even though the majority of Australians are opposed to the sale.

(2) address critical structural weaknesses in the health sector such as workforce shortages and the rising costs of health.”

Debate interrupted.

ADJOURNMENT

The SPEAKER—Order! It being 7.30 pm, I propose the question:

That the House do now adjourn.

Industry Policy

Mr MARTIN FERGUSON (Batman) (7.30 pm)—I suggest to the House that much has been said in recent times, especially since the budget, of the windfall gains to Australia from the resources boom and the importance of not squandering these benefits. Alternatively, not enough has been said, not just this year or last but for many years, about the decline of support for industry under this government.

It must be acknowledged that there are very different views on each side of politics about the role of government support for industry, but the withdrawal of the Howard government from such a critical area of policy is of grave concern. Just look at the automotive manufacturing industry in Australia at the moment if you have any doubts about the concerns with respect to industry policy in Australia.

Putting politics aside, there has been some academic work done on sectors of industry but little research on an overarching industry policy since the late 1990s. While I would not suggest that academia takes its lead from government, I think the decline in research is in part testimony to the lack of government vision for industry in Australia. This reflects the importance of government leadership, not just in developing good policy but in stimulating debate about good policy.

As has been repeatedly said, it is in times of prosperity that government can afford to assist other areas of the economy so that when the inevitable downturn to the resources cycle occurs Australia will be better positioned to cope. I believe the Prime Minister should be fully aware of this, given his long political history. He has indeed cited the biggest challenge in times of prosperity as the pitfalls of complacency. The Prime Minister said:

Complacency is the giant killer of Australian politics.

In a recent opinion piece, John Roskam, of the Institute of Public Affairs, concluded that the Prime Minister might have added that ‘complacency is the giant killer of good policy’. Like many other commentators, Roskam is worried that Australia is experiencing its own resources curse. He has argued that, in countries with access to effortless wealth, there is no imperative for political or economic reform. They become tardy about their duties. Neither is there any concern to ensure that growth is sustainable. He says:
Elites concentrate on distributing income rather than generating it.

That is an interesting consideration. Nowhere is this more evident than in the recent budget. It is also reflected in the government’s approach to industry policy. Having slashed the Labor Party’s industry policies, to the outcry of industry, the Howard government has exited the industry stage and dropped the curtain on Australia’s future economic performance.

Two inquiries have been launched, with the support of state governments, into manufacturing industries and services industries beyond the resources boom. It is the responsibility of a House committee. This is important from my portfolio point of view because of my responsibilities for the tourism sector, a key sector in the services sector of the Australian economy, especially in regional and remote localities.

I also suggest to the House that a whole of government approach to industry policy would have been working to develop these sectors for many years. Unfortunately, under this government there has been no vision for industry. In an analysis of the government’s industry policy a few years ago Evan Jones, from the University of Sydney, concluded that ‘current industry policy is steeped in ambiguity’. He went on to describe it as a ‘policy vacuum’.

When we look at mining, it is important to remember that it is only four per cent of gross domestic product. What is more sobering is that this figure is little different from the figure of 30 years ago. So we have not come far, and we should have learnt from the past cycle of boom and bust. The industry employs only one per cent of the workforce, only half of the employees it did 20 years ago.

So, yes, the resources sector is important from an export earnings point of view, but there are also challenges. I believe these statistics show that, more than ever, there is a need for this government to develop a sound industrial policy to lay the groundwork for economic prosperity into the future. It not only concerns us in the context of industry policy; it also raises the serious question of investing in education and training. Without the ongoing skilling of the Australian workforce, we cannot develop industry policy because the human capital is required to make the investment bear fruit in Australia. I say to the House this evening: don’t just rest on our laurels by distributing the benefit of the present resource boom with tax cuts and add-ons, but think about our requirement to use some of those resources to invest in our future. We need industry policy and skilling policy to guarantee our future. (Time expired)

Health Insurance

Mr LAMING (Bowman) (7.35 pm)—Nearly 50 per cent of Australians aged between 30 and 50 now have private health insurance. Given the contribution made by the member for Lalor only a few minutes ago, I think it would be remiss of me to leave some of the claims that she made unanswered, so I would like to devote a couple of moments this evening to picking up on some of the criticisms that she made about private health insurance in this country.

Most important of all was the criticism that there has been very little consultation in the area of private health insurance. Given the contribution made by the member for Lalor only a few minutes ago, I think it would be remiss of me to leave some of the claims that she made unanswered, so I would like to devote a couple of moments this evening to picking up on some of the criticisms that she made about private health insurance in this country.

Most important of all was the criticism that there has been very little consultation in the area of private health insurance. That could not be further from the truth. There has been extensive consultation, both with industry and with the Australian Medical Association and other bodies, in coming up with some of the legislation that has been debated today. It is extraordinary that those on the other side of the chamber, with a record of trying to kill off private health insurance at every election and then trying to be as silent
as possible on the issue of private health insurance in between elections, can stand up today and speak about the rights of the consumer—remember, of course, that the consumer would not even have the option of private health cover under their policies. I am sure the member for Isaacs would have a memory long enough to recall exactly where private health insurance stood in 1996. That was at a level of 31 per cent and falling fast.

Ms King interjecting—

Mr LAMING—I accept the member for Ballarat’s question. Let us not forget that in 1996 private health insurance was ailing. It was falling at two per cent per year. If it had continued without the intervention of this side of the chamber, estimates are that we could well have seen private health insurance levels of between 10 and 20 per cent. They are not. They are closer to 45 per cent nationwide—between 43 per cent and 45 per cent.

They are ordinary, hardworking Australians at every income level. Twenty per cent of those in the lowest income quintile still take out private health insurance. This is not an option for the rich; this is an option for all Australians. It is made affordable by the private health rebate and by three of the most extraordinary policy interventions in recent Australian health policy history: Lifetime Health Cover, the rebate and community rating—making sure that those that are unlucky enough to be ill pay no more for their private health insurance than anyone else. It is a very important policy trident that has pushed up private health care and private health cover.

What has that done? That means that we do not have the queues in the public hospitals that we may well have had. We have present in the chamber a former GP in the member for Bradfield, who will recall that, were we to remove private health insurance altogether and move the 30 per cent of Australian who are currently covered back into the queues of public hospitals, we would need not just $20 billion a year to run hospitals but possibly $30 billion a year. The cost of the rebate to shift people across into private health care is only $2.8 billion per year. That is small change compared to what we would have to pay to run public hospitals to support 80 or 90 per cent of Australians, who under a Labor alternative government would have no option.

I will have another chance to talk about the myths that are perpetuated by the other side of the chamber relating to health insurance. I will not go into that today, but I do want to pick up two issues: the issue of the cost of private health cover and gaps and the issue of exclusions. The complete and utter focus of the opposition on private health costs is simply a switch from two years ago of worrying about bulk-billing rates. Now of course they focus on the cost. There is never a point made that the cost of private health cover is simply a reflection of the cost of delivering health services in a developed economy. Public health expenditure rises at a similar rate, assuming nearly nine per cent of GDP now. Even the hospital agreements that are made between Commonwealth and state increase between 25 per cent and 36 per cent over and above inflation over the terms of the AHCAs—the Commonwealth-state health agreements. We have now under this government an affordable option of private health cover—a choice to take out a policy and a burden removed from public hospitals. Of course, when we talk about exclusions in cover, let us never forget that the greatest exclusion of all is not being able to get into a public hospital because you have a 25,000-patient waiting list. That is what I call an exclusion. So do not start complaining about small exclusions in policies that exist right across the insurance sector. What we have
now is a viable private health alternative to public hospital and health delivery.

Telecommunications

Ms KING (Ballarat) (7.40 pm)—I want to raise again the woefully inadequate situation we face in regional Australia when it comes to broadband. When you look at the patchy provision of broadband across my own district and then you multiply that out to what is happening right the way across regional Australia you can only conclude that we are living in a broadband backwater. The Howard government’s approach to broadband infrastructure has been to waste hundreds of millions of dollars pork-barrelling and patching up an inadequate system with inadequate solutions.

That has left us in the position where Australia ranks 17th out of 30 countries surveyed by the OECD for the take up of 256 kilobits per second broadband, where the World Economic Forum ranks Australia 25th in terms of available internet bandwidth and Australia’s networked readiness as 15th and falling and where a recent World Bank study confirms that Australia has access to some of the slowest broadband in the developed world. Not only is it amongst the slowest in the developed world but also it is amongst the most expensive. There has been no national plan to invest in broadband infrastructure and no vision to improve access, let alone get us up to the broadband speeds of our international peers. What passes for broadband in Australia is a disgrace. While other countries enjoy broadband speeds of 100 megabits per second, we languish behind with a broadband standard of just 256 kilobits per second.

The reality of this neglect is highlighted in my own district. High-speed broadband is not available across all of my electorate. There is a patchwork of access. Some people are able to access the internet only through dial-up, with inadequate download speeds, inability to download or receive large documents and constant complaints of suddenly being disconnected. Some areas have access to ADSL broadband, but there are also areas where ADSL is not available at all, as either the technology installed is incompatible or the local exchange is not ADSL enabled. Some people have gone to the expense of installing satellite, where again the speeds and reliability can vary. Wireless is also being used by some, and again the speeds can vary significantly depending on the number of users.

We have been relatively lucky in Ballarat, in that Ballarat’s Neighbourhood Cable have invested in laying down cable throughout Ballarat and high-speed broadband and voice over IP is available for Neighbourhood Cable customers, but the majority of people in my district are still reliant on the crumbling Telstra network. Failure to invest in this network has meant that the capability for everyone in my electorate to access ADSL broadband, let alone anything better, is severely constrained.

We face the ridiculous situation in country Victoria where every time a community wants to access ADSL broadband we literally have to petition Telstra through their expression of interest system to try to get enough people signalling they want ADSL broadband before Telstra will even listen to us. Telstra set arbitrary high targets and even when a community manages to get enough signatures they have to wait until there are government subsidies provided to Telstra before they will even listen to us. Telstra set arbitrary high targets and even when a community manages to get enough signatures they have to wait until there are government subsidies provided to Telstra before they will do anything at all. At the moment, despite having enough expressions of interest, there are communities such as Haddon in my district still waiting for ADSL because Telstra say that they are waiting for another injection of special government funding before they can afford to put the service on.
At the moment the communities of Blackwood, Bullarto, Ascot and Yandoit are in essence petitioning Telstra to have their local exchanges enabled. We have run successful campaigns in Gordon, Wallace, Mount Egerton, Napoleons and Miners Rest to have their exchanges enabled with ADSL broadband. But the issue also exists in the heavily populated area of Darley, some 30 minutes from the heart of Melbourne, where, because of Telstra using RIMs to patch up a failing telecommunications network, there are now substantial problems accessing ADSL.

We are excited in my district if, through this process, we can actually get access to the relatively slow ADSL broadband, but we should be expecting even better speeds than are currently available. High-speed broadband should be available as a matter of course. The technology to provide high-speed broadband both to smaller country towns and to large regional centres is available now. It needs government investment to bring it to our door. Australia’s performance when it comes to access 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 five capital cities. It will not provide a solution to regional and rural Australia. It will relegate us to being second-class citizens when it comes to broadband.

On budget reply night, Labor committed to an historic nation-building telecommunications investment for a national next generation broadband network. We have committed to invest $757 million over three years and to apply the equity from the $2 billion Commonwealth fund to a joint venture which will see 98 per cent of Australians’ businesses and homes having high-speed broadband, not via the patchwork that we currently have but via a high-speed fibre-to-the-node broadband network across the country. For the two per cent where this is not possible, we will upgrade satellite and wireless technology. We need government leadership to facilitate the roll-out of true broadband. (Time expired)

Hasluck Electorate: Brickworks

Mr HENRY (Hasluck) (7.45 pm)—Tonight I rise to speak against the proposed brickworks on land at the Perth airport in my electorate of Hasluck. This is the fifth time I have spoken on this and the fifth time that I have called on Minister Truss and the Howard government in this place to stop this brickworks from being built. Yet there are still members of the Labor Party who question my commitment to stopping the brickworks—members of the Labor Party, like the Leader of the Opposition, who engage in cheap political point scoring and scaremongering of the worst kind instead of working to get the best outcome for the people of Hasluck.

This comes as no surprise. I have lived in my electorate for 20 years. I have raised my children in Hasluck. I work in Hasluck. I visit the homes of my constituents in Hasluck. I have written to the residents of Hasluck and they have written to me. I talk to the people in Hasluck every day. The best interests of the people of Hasluck are at the forefront of my mind. The Leader of the Opposition does not even live in his own state, let alone in his own electorate. The member for Brand is happy to fly in to my electorate, have a so-called community meeting with another Labor member, Senator Sterle—attracting only 24 people in High Wycombe—and peddle the most extraordinary and far-fetched lies and then fly out again. How would either of these two know what was going on in Hasluck?
Senator Sterle, the Johnny-come-lately senator, the senator who stands for nothing, has made one speech in the other place—just one—in which he criticised my efforts to stop the proposed brickworks. Then, when Senator Sterle was asked to speak at a public rally against the brickworks, he refused the opportunity. When at that same public rally I invited all of the concerned state and local government representatives to form a delegation to Canberra to address our concerns to Minister Truss, I was overwhelmed with respondents. Did Senator Sterle offer to assist? Did the Labor state Treasurer, Eric Ripper, whose electorate covers High Wycombe and other areas around the airport, offer to join me? Did Michelle Roberts, another state Labor minister, whose electorate of Midland will be most affected by the brickworks, offer to come to Canberra and help convince Minister Truss that the brickworks should not go ahead at the airport site? Not one Labor politician had the decency to even respond. Indeed, did the Labor government of Western Australia propose an alternative site? No. Only one local government councillor offered to come to Canberra.

I am implacably opposed to this proposed brickworks, as are thousands of constituents in my electorate. They are opposed to the brickworks being located at the Perth airport. While I respect BGC and the employment opportunities that they have created in WA, this is not the right place to build a brickworks in Perth. But let me say this: Senator Sterle should start looking at his Labor colleagues for actions and answers. Why has Alannah MacTiernan refused to provide a proper site for the BGC brickworks? This would not be an issue today if the Labor government in WA took its job seriously and provided for industry growth and development in a responsible way. There is a chronic brick shortage in WA. BGC is a major builder and simply cannot get bricks quickly enough. The WA Labor government should recognise this shortage and provide appropriate locations for additional brickworks to be built to meet this need.

But it seems that the Labor Party is just a hotbed of hypocrisy. Despite Senator Sterle’s supposed concern for the wellbeing of the residents of Hasluck—concern expressed in just one speech in parliament—what does he have to say about the two new brick kilns approved by the Labor minister Alannah MacTiernan, in Midland, without any public consultation? There has been not a squeak from Senator Sterle, not a squeak from the Leader of the Opposition and not a squeak from anyone in the Labor Party. Why? Because they do not actually care about the people who live in Hasluck, who will be affected by this proposed brickworks. I care about my constituents. That is why I will continue to say no to the brickworks at Perth airport.

**Child Care**

Ms GEORGE (Throsby) (7.49 pm)—This year’s budget will be a great disappointment for many people in my electorate who cannot find or afford child care or have their children placed in before school, after school or vacation care. This government wants to give the appearance of responding to the pressures in the system, but the reality is that not one single extra place is guaranteed, nor will child care be a single cent cheaper, as a result of this year’s budget. It is all rhetoric and little by way of substance.

The main concerns raised recently with me by constituents include the lack of long day care places for the under-tuos, the inflexibility in the system that fails to cater for the needs of shift workers and the cost of long day care, which on average in my electorate is around $40 a day, which is prohibitive for many local families. Last year the cost of child care rose by 12 per cent, four
times the rate of inflation, and the ABS child-care price index has surged 65 per cent in the past four years. They also complain about the lack of before and after school care spaces and vacation care.

Currently in my electorate of Throsby there are only 740 OOSH places to service a primary school aged population of around 14,000 children. In major centres like Unanderra and Warilla, there is not one provider of before school, after school or vacation care programs, and in the southern part of the electorate there is only one before school program. Now I learn that the Berkeley program, run by Barnardos South Coast, is to cease at the end of June, leaving 15 families and 21 children unable to be accommodated in the neighbouring Warrawong service.

The government’s great pronouncements on budget night, particularly that about getting rid of the caps on these places, will not fix the problem in my electorate, as this example clearly shows. We know that there are already about 67,000 outside school hours places from previous budgets that remain unutilised. These places are not being used for a variety of reasons—most importantly, the cost of providing these services, particularly in low-income areas such as the ones that I represent. None of these problems have anything to do with the cap and removing the cap is not going to fix the problem. All this government is doing is taking the unplanned market based system that has already created shortages, particularly for under-twos in long day care, and applying it to other types of child-care arrangements. It is a big con. The government wants to give the appearance of creating places, whilst actually giving up on supply problems and leaving parents and providers to struggle on with the real problems that plague the system.

In a recent survey leaflet in my electorate I asked constituents to tell me the specific problems that they were confronting. I regret to say that this recent budget failed to address the problems they raised with me. For example, a constituent from Barrack Heights said:

$160 a week for two children to attend two days does become expensive. I work to get a little in front but I end up paying out too much. So the question is am I better off just staying at home looking after my own children?

Another constituent from Flinders said:

It hardly makes it worth returning to work part time, when 2 children-costing almost $100 a day is charged for childcare. By the time tax is taken out of the wage, there is very little remaining.

There are very few centres who cater for under 2’s and the waiting lists can be phenomenal. As we need a place for both children together—it’s likely impossible.

Another constituent said:

Working in the health industry as a registered nurse I find it difficult to accommodate my hours together with childcare. I always have to ask my mother for help taking and collecting children from school. I feel all hospitals should have their own child care facilities including before and after school care.

This one is a typical scenario of many families in my electorate trying to juggle work and family life. This constituent said:

I commute to Campbelltown each day and drop my daughter at my mum’s at 7am pickup at 5pm. My sister works in Nowra and also drops her two children there at 7am and pickup at 6pm. If our mother/father, who are aged need medical care our jobs are in jeopardy. We had “peace of mind” knowing before/after school care was at Balarang if anything happened—but that has now shut down. Mum and Dad now have kids from ‘over the road’ on Friday’s—they used to go to the Balarang Centre. My folks need a medal!!

Another constituent said:

I sent my child to a community based preschool and am not entitled to 30% tax rebate as it is not
approved care. This makes it more expensive than a full time 8-5 centre. The 30% rebate should be extended to all care types (including informal care) for working parents.

(Time expired)

**Black Hawk Helicopter Accident: 10th Anniversary**

Mr FAWCETT (Wakefield) (7.54 pm)—I rise tonight to note the fact that this week marks the 10th anniversary of the accident in Townsville in 1996 between two Black Hawk helicopters, which were taking part in Exercise Day Rotor. I rise to talk about this because I think it is appropriate to remember the people who died in that accident and to look at the courage and commitment of the individuals in that accident but also at what has happened organisationally since that time. I hark back to the words of David Bourke, who was the pilot of Black 2, the second Black Hawk. Talking about those who had died, he said that he did not want their lives to be lost for nothing. I think it is appropriate to look back and see what has changed and what has developed in the whole area of this counter-terrorist capability.

For those who are not familiar with it, six aircraft from A Squadron from the 5th Aviation Regiment, with 24 aviation personnel, were taking part in this exercise, along with 43 servicemen from the Special Air Service Regiment. As they were approaching fire support base Barbara on a very dark night two aircraft, Black 1 and Black 2, collided. Black 2 exploded with a fuel air explosion and crashed along with Black 1. Eighteen servicemen lost their lives that night. I think it is appropriate to recognise not only the sacrifice that they made through giving their lives but also the sacrifice that they had made to that point with the tempo, the training, the burden to their families, the constant fear and the risk of the work; and to recognise the fact that there are still servicemen and servicewomen right now who provide that service and make that sacrifice on a daily basis. As I look at my own electorate of Wakefield I see the people, whether they be with the Defence Science and Technology Organisation; the Aerospace Operational Support Group; the maritime patrol capability of the Orions, who are constantly deployed at the moment; the recruit training unit; the regional surveillance unit; or the proof and experimental range at Port Wakefield, there are a range of people who serve and sacrifice time with their families to provide the level of defence capability we enjoy.

As I consider courage I look back at people like Gary Proctor and Dominic Boyle, who escaped from Black 2 but risked their own lives to go back in to free one of the loadmasters, Bill Mark. And I look at the courage of people like David Bourke, who not only survived the accident—many people would look at an experience like that and not want to be involved in aviation at all, let alone in the high-risk nature of counter-terrorist operations—but who has over the last 10 years played a pivotal role in the ongoing development of Army’s night aviation counter-terrorist capability. He has made a significant contribution, leading to what we were able to then provide in terms of security to the Olympic Games, the Commonwealth Games and at other times where the government has needed response options to either special recovery operations or to counter-terrorist operations.

Lastly, I wish to look at the commitment of Army, particularly 16th Brigade Aviation, to learning from the accident. I think it is appropriate, at a time when people often criticise defence, to look at just how transparent they were post this accident in terms of conducting the board of inquiry, making the recommendations known and then, importantly, following through with those rec-
ommendations. 16th Brigade Aviation in particular led the defence aviation community in developing some of the concepts of operational airworthiness and the way that they are implemented to manage risk while still having a focus on achieving the operational outcome.

Through the work that was commissioned by 16th Brigade Aviation we can now say that the ADF literally has world-class—in fact, world-leading—night vision equipment and tactics. Through the creation of the 171st Aviation Squadron and its impending deployment to Holsworthy we will see the closure of some of the key recommendations of the report which looked at specialising and co-locating some of the counter-terrorist capabilities. This aviation capability with the Tactical Assault Group East in Holsworthy will form part of that. Importantly, this world-class capability is made up of our people as well as the organisational structures, the support, the training, the equipment and the doctrine. At this time, while we remember the accident and those who served, I think it is also cause to celebrate that the wish of David Bourke that those deaths were not for nothing, but that we would learn from them, has been realised and we do now in fact have a world-class capability, which is mainly based upon the people who sacrifice and serve every day and every night.

PERSONAL EXPLANATIONS

Mr WILKIE (Swan) (7.59 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mr WILKIE—Most grievously.

The SPEAKER—Please proceed.

Mr WILKIE—Tonight during the adjournment debate the member for Hasluck stated that no-one from the Labor Party has been raising the issue of the brickworks at Perth airport. I have raised the concerns of local residents on many occasions, publicly and in this place. As recently as today’s consideration in detail of the appropriation bills in the Main Committee I asked the minister specific questions relating to the brickworks and was surprised that the member for Hasluck was missing in action during the debate.

The SPEAKER—Order! It being 8 pm, the debate is interrupted.

House adjourned at 8.00 pm

NOTICES

The following notices were given:

Mr Abbott—That so much of the standing and sessional orders be suspended to enable the following to occur during the periods set aside in standing order 34 for government business on Thursday 15 June 2006:

(1) in relation to proceedings on the Health Legislation Amendment (Private Health Insurance) Bill 2006 at the conclusion of the second reading debate, not including a Minister speaking in reply, or at 10.30 a.m., whichever is the earlier, a Minister to be called to sum up (for a period not exceeding 5 minutes) the second reading debate and thereafter, without delay, the immediate question before the House to be put, then any question or questions necessary to complete the remaining stages of the bill to be put without amendment or debate; and

(2) in relation to proceedings on the Do Not Call Register Bill 2006 at the conclusion of second reading debate, not including a Minister speaking in reply, or at 1.20 p.m., whichever is the earlier, a Minister to be called to sum up (for a period not exceeding 5 minutes) the second reading debate and thereafter, without delay, the immediate question before the House to be put, then any question or questions necessary to complete the remaining stages of the bill to be put without amendment or debate; and

(3) immediately after proceedings on the Do Not Call Register Bill 2006 have been concluded;
the Do Not Call Register (Consequential Amendments) Bill 2006 to be called on and the immediate question then before the House to be put, then any question or questions necessary to complete the remaining stages of the bill to be put without amendment or debate; and

(4) any variation to this arrangement to be made only by a motion moved by a Minister.

**Ms Ley**—To present a Bill for an Act to amend the law relating to agriculture, fisheries and forestry, and for related purposes. *(Agriculture, Fisheries and Forestry Legislation Amendment (Export Control and Quarantine) Bill 2006)*

**Mr Bowen**—To present a Bill for an Act to require annual reports of departments and agencies to report on the payment of accounts. *(Payment of Accounts by Government Bill 2006)*
Wednesday, 14 June 2006

The DEPUTY SPEAKER (Hon. IR Causley) took the chair at 9.30 am.

STATEMENTS BY MEMBERS

Rankin Electorate: Australian Labor Party

Dr Emerson (Rankin) (9.30 am)—I wish to pay tribute to four members of the Australian Labor Party in my electorate of Rankin who were given awards at the Queensland state conference on the weekend just past. Jim Sykes, Chris Murphy and Brian Godley all received life membership of the Australian Labor Party and Garnett Kelley received a meritorious certificate.

Jim Sykes is a school teacher and, as a result of his 30-year membership of the Australian Labor Party, he was awarded life membership. Jim certainly deserves it. He has always helped out not only on polling booths but in organising the Australian Labor Party within the seat of Rankin so that we are able to retain the seat of Rankin and contribute to the overall task of forming a government. It is a great honour for me to report that the seat of Rankin is the only seat in Queensland that has always been held by the Australian Labor Party. Jim’s wife, Vicki, has always lent her support to Jim. Good on you, Jim, for all your work with the teachers federation and the ALP in our area.

Chris Murphy has toiled long and hard and effectively with his wife, Marilyn, who is only three years short of being able to attain life membership. They and their two children, Declan and Cairen, are members of the Australian Labor Party and contribute very strongly to our local community. Chris ran a very good campaign for a by-election in division 5, which was vacated by Councillor Able who became the Mayor of Logan City. Chris has been a staunch and hardworking member of the Labor Party for so many years.

Brian Godley also has been a great contributor. Brian was a policeman and his wife, Johanna, has given enormous support. Garnett Kelley, who used to work in the steelworks in the Illawarra and came up to Queensland, would have received life membership but they could not track his records back to the early postwar years. Garnett Kelley is not in the best of health. He lives with his daughter, Leanne, and he has also done magnificent work. He is a great friend of Ted Warren and all of us, and we wish Garney all the best, along with Jim Sykes, Chris Murphy and Brian Godley.

Stirling Electorate: Innovation Grants

Mr Keenan (Stirling) (9.33 am)—Once again, I have the privilege to speak about yet another company in my electorate of Stirling that has been able to take a relatively simple idea and with hard work and ingenuity has turned it into a world first. Since 2004, I have been proud to announce that the Australian government delivered innovation grants worth close to $4 million to my local area, and for the three companies that have received the grants there are amazing stories attached to each of them.

The first company comprises a group of engineers who met in their backyard garage in Balgata and who have essentially been responsible for creating a state-of-the-art safety device that monitors the structural integrity of aircraft. Both Airbus and Boeing have taken a great interest in that development. Another company comprises a group of scientists who took a
common weed and extracted an anticancer drug out of it that is now being commercialised and can attack even late stage cancers.

The latest company to receive $1.6 million by way of a Commercial Ready grant is going to further develop its groundbreaking translating bifocal contact lens. Benora Pty Ltd has developed the triton translating bifocal contact lens using new moulding technology and advanced soft lens material to achieve the best compatibility with corneas.

It was first developed by Mr Donald Ezekiel, who is a well-known and respected local optometrist who had the simple idea for this lens more than 10 years ago. That idea is now a patented bifocal contact lens and is designed to meet a rapidly growing market segment of more than 110 million contact lens wearers in a market that is currently estimated to be worth about $4 billion worldwide.

The $1.6 million grant provided by the Australian government will be used to conduct further research and development as well as to help commercialise the lens so it can become market ready. This will mean the company will be able to employ more local staff and import global technology never before seen in Australia. It is a great example of an innovative local company and local people turning a very simple idea into a successful global product.

These companies are key drivers of jobs, exports and economic growth in our region, and I had the pleasure of visiting Benora Pty Ltd last week and was very impressed with what I found. There is an enormous amount of ingenuity right here in our own backyard and the Australian government is to be commended for backing these dreams and turning them into internationally respected technological advancements. I very much look forward to monitoring the success of this innovation and this locally based company that employs local people and that is working to commercialise its product and have an impact on the global market. (Time expired)

Media Ownership

Mr MURPHY (Lowe) (9.36 am)—I was heartened yesterday to read an article in the Financial Review titled ‘Nats meet to hammer out media policy’, written by David Crowe. Mr Deputy Speaker Causley, I hope you read that article, being a National Party member. You would be aware of my long campaign against the government’s agenda to reform Australia’s media ownership laws and concentrate media ownership and the consequences for our democracy. Arising from that article yesterday, I fired off a letter to the Financial Review—and thank heavens the Financial Review has published that—because it gives a little bit of heart to people like me and other members of the opposition that there are some members of the coalition, principally the member for Hinkler and Senator Barnaby Joyce, who are prepared to water down the government’s proposed legislation to concentrate media ownership.

Moreover, I put a question on today’s Notice Paper, question No. 3642, to the Minister for Communications, Information Technology and the Arts. Mr Deputy Speaker, I ask you to have Senator Coonan answer that question. I have asked Senator Coonan on many occasions whether she will guarantee that there will be no further concentration of media ownership in Australia with regard to the reforms being proposed by her. She refuses to answer that question. I think it is outrageous that Rupert Murdoch and James Packer already have such a large number of media assets in Australia—

Mr Slipper—They won’t give you good coverage.
Mr MURPHY—I am not afraid of that, because what I am speaking about, as the member for Fisher knows only too well, is an issue that goes to the heart of the public interest and our democracy. It is appalling to concentrate media ownership. Who is running this country—James Packer and Rupert Murdoch? You are allowing it and you should be fighting against it. With great respect, you should be fighting this, and I would hope that the Deputy Speaker goes back to his party room and supports Mr Neville and Senator Joyce in outlawing the government’s proposed agenda, which is going to be a vicious assault on our democracy. It is going to slaughter the public interest. We might as well shut down this place and not have federal elections because, ultimately, they can be determined by Mr Packer’s or Mr Murdoch’s support at a federal election. This is outrageous. It has got to stop. Mr Deputy Speaker, I ask you to get Senator Coonan to answer my question on today’s Notice Paper. (Time expired)

Family Relationship Centres

Mr VASTA (Bonner) (9.39 am)—The coalition government has introduced the most significant reforms to the family law system in 30 years and family relationship centres are the cornerstone of these reforms. As of July 2007 the people of Upper Mount Gravatt and surrounding south side suburbs in Bonner will have direct access to one of these new centres.

Mr Slipper—Because of your representations to the Attorney.

Mr VASTA—Thank you, honourable member for Fisher. The Upper Mount Gravatt Family Relationship Centre will be a welcome support for local families and I believe it will become a vital source of assistance to the community. Upper Mount Gravatt is a hub of activity. It is a central suburb on the south side of my electorate and an ideal location for the centre. The areas in and around the suburb are home to over 11,000 families and, in addition, many businesses and an already established government agency in Centrelink. Garden City Shopping Centre, one of the largest Westfield centres in Brisbane, draws families from throughout the wider south side community to Upper Mount Gravatt on a regular basis.

The family relationship centre will be another easily accessible service for residents and will be the first port of call when people need help to make their relationships stronger or when relationships end. South side families will have access to highly trained professional mediators at the centre who will use innovative, child focused dispute resolution techniques to encourage parents to put aside their own differences to agree on what is the best result for their children. This sort of mentoring and dedicated assistance service will address a grassroots need in the community. Since being elected, I have run several mobile offices on the south side of the electorate and in that time I have been approached by many separated parents, single parent families and even relatives affected by separation and individual family issues, all of whom are in desperate need of assistance and attention. Many are incapable of affording quality legal advice or counselling, and there is simply no local alternative.

On 3 October last year, after holding a round of mobile offices in August, I wrote to the Attorney-General, the Hon. Philip Ruddock, pleading with him to deliver one of the new 65 family relationship centres to the south side of Bonner. I lobbied for a centre in Mount Gravatt or in the neighbouring suburbs around it, and I assured the Attorney of the many benefits that it would bring to the local community and the wider community. I take this opportunity to commend my senior colleague and thank him for having listened and ensured that the doors
Grayndler Electorate: Tran Family

Mr ALBANESE (Grayndler) (9.42 am)—I rise today to draw federal parliament’s attention to the plight of the Tran family in my electorate. I do this on their behalf and on behalf of the Vietnamese community in my electorate, who have made substantial representations. The Tran family arrived in Australia between 1995 and 1997. Mr Tat Thang Tran has a master of commerce in economics. His wife is Mrs Hai Nhu Le and their three children are Hung Le Tuan Tran, aged 15, a student at Canterbury Boys High School, My Linh Tran, aged 12, and Jason Le Tran, aged four. This family is facing the possibility of being split up because they have two separate applications. So far Mr Tran has been unsuccessful in his application to be able to stay in Australia.

I wrote to the Minister for Immigration and Multicultural Affairs, Amanda Vanstone, on 27 March, the first time, and spoke to her on that day. On that day I lodged a petition with over 2,300 signatures, calling for the minister to intervene to allow this family to stay in Australia. I followed that up with letters on 26 April and 19 May, when I included 21 additional letters of support. It is certainly of great concern that Mr Tran faces deportation as he fears for his safety if he is returned to Vietnam. The family is certainly making a great contribution to this country. Jason, their youngest boy, was born in Sydney. The children are very much part of the local community and part of the Australian community.

Surely the minister should be able to express some compassion and allow them to stay here. We have been advised that, at the moment, the minister is unable to intervene under section 417 until the RRT reach a decision in this case, but I would certainly urge the government to intervene and to have compassion in this case. I assure the members of the Vietnamese community in my electorate that I will continue to represent in the strongest possible way the interests of the Tran family. (Time expired)

Canning Electorate: Queen’s Birthday Honours

Mr RANDALL (Canning) (9.45 am)—I would like to pay tribute to some worthy recipients of awards in the recent Queen’s Birthday Honours List last Monday. I begin by saying that two outstanding recipients were two local mayors in my electorate. The first was Linton Reynolds, the Mayor of the Armadale Council, who lives in Kelmscott. Linton Reynolds has done a sensational job as mayor of that city. He has been the mayor of Armadale for most of the time that I have been the member. He has taken it from a rather depressed city that was going through hard times into a city of growth, and I pay tribute to him. He has received a number of citations and awards—for example, the Centenary Medal in 2001 and a local government award in Western Australia. Mayor Reynolds is the person who gets the job done in a no-nonsense fashion. He has a harmonious council, and he has welded together a marvellous community. As an aside, he is a former Vietnam veteran and somebody who has a form of MS which is somewhat debilitating to him in doing his job—but he never complains or uses it as an excuse. He gets on and does the job.

The other recipient is the Mayor of Canning, Dr Michael Lekias, known as Mick Lekias. He has received this award not so much for his job as the Mayor of the City of Canning but for service to the Greek community through a range of business, cultural, sporting and welfare
organisations and for service to medicine, because he is a medical doctor. Mick is a charismatic person. If you went to a citizenship ceremony before the council, you were always sat down and asked if you wanted a beer, gin et cetera with him, irreverently having a smoke beforehand in a non-smoking area. Mick is a fantastic bloke whom the council is lucky to have had. That council was sacked some years ago due to its inability to operate. He was placed there as somebody who would heal the council. He has been there ever since and has done a fantastic job, so I congratulate Mick Lekias.

There are other people that I would like to mention in some detail later: Professor John Yovich, for his service to tertiary education. He is the vice-chancellor of Murdoch University. There is also Mr Ron Doubikin of Roleystone in my electorate; Professor Anne McMurray, for her service to nursing; Mr Bruce Gordon Martin of Roleystone; and Rolly Tasker. Those in yachting know Rolly Tasker for his fantastic achievements not only in ocean racing but in the first America’s Cup challenge. I would also like to mention Eric Charlton for his service to—

and, as my time has expired, I seek leave to table these citations. (Time expired)

Leave granted.

Religious Minorities

Mr BRENDAN O’CONNOR (Gorton) (9.48 am)—I rise to make comment upon a private member’s motion that was moved in the House some weeks ago by the member for Mitchell. The motion raised some concerns about the way in which the Turkish government had made some decisions, and it wanted to bring those to the attention of the House. As we know, every member has a right to question a decision of our parliament or, indeed, parliaments of other democracies. However, I think it is important for me to reflect upon the construction of that motion and to point out that the member for Mitchell, willingly or otherwise, offended many in the Australian Turkish community by particular references. As I said, whilst I think it is the right of members to raise particular matters and question whether unfair decisions are made in any country, I think it was inflammatory to refer to Istanbul as Constantinople.

A division having been called in the House of Representatives—

Sitting suspended from 9.50 am to 9.57 am

Mr BRENDAN O’CONNOR—As I was saying, the motion, wittingly or otherwise, was offensive to many in the Australian Turkish community. It is an example of the importance of members being aware of the implications of using particular language. In the case of that motion, using the word ‘Constantinople’ instead of ‘Istanbul’ may not seem important to those not interested in the history of Turkey, the Ottoman Empire or that region of the world but it would have been an affront to many people—certainly, students of history—not just the Turkish community.

I do understand that the motion, once it was debated, was amended to remove some of the offensive terms. I was not able to speak on the motion. I understand the four members who spoke on the motion talked about the importance of the contributions made by the Australian Turkish community. In the end, it did not turn out as badly as it could have. I do think it was unnecessary to have used inflammatory language to provoke concerns and anxiety amongst the Australian Turkish community and, in future, I would ask that the member for Mitchell or any other member desist from such behaviour.
Centrelink

Mr LINDSAY (Herbert) (9.59 am)—Mr Deputy Speaker, I want to begin my contribution with a weather report, if I may. It was minus seven degrees in Canberra this morning, and it was 24 degrees warmer in paradise this morning, so—

Mr Slipper—The Sunshine Coast?

Dr Emerson—What was it in Townsville?

Mr LINDSAY—In Townsville, it was a minimum of 17 degrees, and the maximum will be a delightful 26 degrees today. The moral of the story, for anyone listening to this, is that if you want to be warm, if you want to go to paradise, go to Townsville—a great city, the capital city of Northern Australia. Last Monday, I was privileged to open Centrelink’s new customer service centre and call centre in Townsville, and I want to report to the parliament that it is undoubtedly the best service centre and call centre in the entire Commonwealth of Australia.

Mr Nairn—What about Cooma?

Mr LINDSAY—The new facility has about 400 staff. It is state of the art, absolutely modern, and head and shoulders above Cooma. I think that the member for Eden-Monaro should not mislead the parliament this morning. I pay tribute to Peter Searston, the Centrelink area manager for central and northern Queensland, for his leadership in developing such a magnificent new facility for Townsville and Thuringowa.

Mr Slipper—It would not be there without you, would it?

Mr LINDSAY—No, it would not be there without me. I also pay tribute to an unsung hero, Rick Finerty, the call centre manager, who, of course, takes calls from all over Australia, including from Eden-Monaro, Rankin and Fisher. It is a great call centre and something that we can all be proud of. The Centrelink customer service centre continues the government’s commitment to providing a range of government services under one roof to help Australians reach their goals and full potential.

I remember from years ago the old Department of Social Security. Centrelink these days is a customer service organisation without parallel. In fact, many people in private business remark to me that, if they could run their businesses as well as Centrelink does in a customer service sense, they would have a great business. Isn’t that a great tribute to what the government has been able to do, in encouraging Centrelink to be so strongly customer focused? Certainly, I have that service in my electorate. I hope that all of my colleagues have the same service in their electorate.

It is an exciting time for Centrelink. They are helping to manage the government’s new reforms to the welfare system for working-age Australians. There will be a huge challenge in that and, of course, they will manage the access card arrangements when they are implemented for the benefit of all Australians. Congratulations to the staff at the Townsville Centrelink centre.

Mr Kevin Lee

Mr SERCOMBE (Maribyrnong) (10.02 am)—With the large number of ADF personnel deployed overseas, issues of morale are obviously very important for us all to bear in mind. We saw recently in East Timor, from the reaction to the visit by the Minister for Defence, that the issues that adversely affect morale can be many indeed. One of the most substantial issues
for morale is a sense amongst serving personnel that, if there are problems, if there are issues, they should be treated justly and get fair and proper process.

For some considerable time now—probably for more than seven years—I have been raising with the appropriate ministers in this place and in several parliamentary contributions the circumstances of a constituent of mine, Kevin Lee, who, some 50 years ago, served with the Royal Australian Navy in Japan. Mr Lee got himself into some strife, I would suggest through no fault of his own, and was subjected to a totally unfair and improper legal process whereby he was incarcerated. Time constraints prevent me from going into the details of his case but he has had support in terms of his circumstances from no less a personality than retired Rear Admiral Kennedy. In more recent times he has been receiving the active support of retired Brigadier Kerry Mellor, who is an advocate for the Regular Defence Force Welfare Association. Mr Lee is an ageing gentleman who wants to be exonerated within a reasonable period of time and, tragically, he has been subjected to intensive bureaucratic mucking around and an unwillingness on the part of the boffins and the brass within the Defence establishment to have a substantial look at his case.

Brigadier Mellor wrote to the Prime Minister earlier this year in terms of some frustration and he received from Andrew Kefford, a senior adviser to the Prime Minister, frankly, a totally unacceptable answer. Amongst other things, the Prime Minister’s adviser said:

As you would be aware, the issues surrounding the incident are a matter for the Department of Defence and the Prime Minister is not able to intervene in this matter.

Frankly, that is total nonsense. This is an issue that goes well beyond, in my view, the circumstances of one particular, very distinguished gentleman who has served his country and who has been treated quite unfairly and improperly. It goes very much to the degree of certainty that all personnel can have in having matters dealt with fairly and impartially, and not having tainted evidence introduced into cases. In relation to my constituent’s circumstances, he did not have defence counsel. He did not understand the charges or the proceedings because they were conducted in Japanese. There were no first-hand witnesses at his trial. Frankly, the circumstances are totally unsatisfactory. He deserves justice. (Time expired)

Caloundra City Show

Mr SLIPPER (Fisher) (10.05 am)—I had the pleasure of attending the Caloundra City Show at Maleny, on Friday, 2 June and Saturday, 3 June. Those who know the town of Maleny in the Sunshine Coast hinterland appreciate that it is an area of lush green paddocks and rolling hills. Often, it has been known as ‘Constable country’. It is an area known for its dairy industry, although some farmers are now diversifying into other niche products, such as cheese made from goats’ milk, as well as wine. Many restaurants have opened, as well as craft shops, holiday cabins and so on. Maleny is a town which, despite the progress of the Sunshine Coast, has retained a country feel. Along with other hinterland towns such as Montville and Mapleton, it is popular with tourists who are keen to see the beautiful hinterland regions, including the many facilities offered by them.

The annual show at Maleny retains this warm country feel, despite the fact that this year the winds picked up on Saturday and brought a brisk chill factor to the showgrounds. People commented to me that it was nothing that a dagwood dog smothered in tomato sauce could not fix. While at the show, I was able to catch up with those who organised the show, such as
hard working president Ivan Hankinson and secretary Lyn Burgess. There are some 250 vol-
unteers who make sure that the show is a success.

I spent parts of two days at the event, so I was able to have a good look around, including
at the dairy cattle, the ring events and the produce stalls, including the one run by Angelika
Wicke-Duesing and her husband, who run Sunshine Farms. They make some of the tastiest
relishes and sauces I have ever come across, all with natural ingredients and by hand. I want
to congratulate the committee and the volunteers who helped to make the Caloundra City
Show at Maleny a great success.

The Liberal candidate for Kawana, Steve Dickson, and the Liberal member for Caloundra,
Mark McArdle, were also present at the show. I managed to catch up with people in the Na-
tional Party, such as former senator Stan Collard and his wife, Gloria, Greg Newton, Harvey
Bryce, Olive and David Hockings, Alex Barnett and others. I also enjoyed meeting the Na-
tional Party candidate for Glasshouse, Ken Piva, once again. He is a hard worker and dedi-
cated to making a real difference for the people of the region. Despite the less than favourable
media coverage at the time in relation to the proposed merger of the Liberal and National par-
ties in Queensland—a merger which I supported and still do—the two parties once again
shared booths at the show, and we were able to have a strong, favourable and united coalition
presence.

The Caloundra City Show at Maleny is always enjoyable. It was again this year. The show-
grounds were beautiful, there was wonderful hospitality, a tremendous climate and a large
number of local participants. Many people travel from Brisbane and from other parts of the
Sunshine Coast to enjoy the Caloundra City Show each year. I salute all of those who are re-
sponsible for making it such an outstanding success.

(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 13 June, 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 de-
clining 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;

MAIN COMMITTEE
(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 NAIRN (Eden-Monaro—Special Minister of State) (10.09 am)—I wish to address the Main Committee to close the second reading debate on Appropriation Bill (No. 1) 2006-2007 and the cognate bills: Appropriation Bill (No. 2) 2006-2007, Appropriation (Parliamentary Departments) Bill (No. 1) 2006-2007, Appropriation Bill (No. 5) 2005-2006 and Appropriation Bill (No. 6) 2005-2006. I am pleased to bring what has been a lively and extensive debate to a close. Once again, there has been broad participation in the debate, with more than 100 members contributing. This demonstrates the parliament’s ongoing keen interest in the government’s management of the economy and its strategies for the future. The public can be reassured that due consideration is being given to the needs of individuals and the broader Australian community in our great parliamentary forum.

I would like to thank all those members who have contributed to the debate. The discussion has focused on a broad range of issues, from the general state of the economy, to issues emerging in members’ electorates, and to more general policy issues such as tax reform, investing for the future and the availability of child care. Of course, we are all interested in what the opposition speakers have had to say about these bills and the broader budget but, not surprisingly, I and my colleagues in government do not agree with most of the opposition’s sentiments.

I would like to take this opportunity to provide an overview of the package of appropriation bills. I will start with the budget bills. These bills provide for substantial funding, totalling approximately $62.7 billion. They reflect the government’s commitment to build opportunities for the future by investing in families, the aged, defence and security, and transport and water. The initiatives which the budget provides include: funding of $48 billion on health and aged care, including a new $1.9 billion package over five years for mental health services; a comprehensive tax reform plan that provides another instalment in income tax reform, incorporates a major improvement in business tax and includes a proposal to simplify and streamline superannuation, which represents the most significant change in nearly 20 years; provision of additional assistance to almost half a million Australian families through the family tax benefits system, costing $993 million over four years; removing the limit on the number
of subsidised outside school hours care and family day care places, which is expected to generate an additional 25,000 places by 2009; and $5 billion to enhance our training and skills under the new national training agreement, covering 2005 through to 2008.

Also included in the package of five appropriation bills are two supplementary additional estimates bills for this financial year, 2005-06. These bills propose expenditure of $3.6 billion for important initiatives that can be accommodated this financial year because of the strength of our fiscal position and the Australian economy generally. The funding in the supplementary additional estimates bills provides, amongst other things, increased funding of $2.1 billion for the AusLink program. This includes an additional $307.5 million for local roads as a supplement to the Roads to Recovery program. For example, in my electorate of Eden-Monaro, local councils receive almost $8 million to upgrade local roads, thanks to this program.

We provided an additional $521.2 million to extinguish the Australian government’s liability for the superannuation entitlements of former State Rail employees of South Australia and Tasmania; an injection of $500 million to the Murray-Darling Basin Commission to protect the resources of the basin and enhance environmental flows; an additional $310.4 million to fund a coordinated package of measures to assist those adversely affected by tropical Cyclone Larry; and grants totalling $265 million to a number of medical research facilities. I should comment that $50 million of that is going to the John Curtin School of Medicine at the ANU—something that I have certainly taken a great interest in—and an additional $75 million is going to the ANU for a general upgrade of infrastructure. There is also a payment of $270 million to the Australian Rail Track Corporation. While it is not listed in the budget, because it is a public-private partnership, we announced just recently the successful tenderer to begin work on the new $300 million Defence headquarters outside Queanbeyan. That is coinciding with the budget.

I emphasise that the significant level of expenditure proposed in the package of bills is only possible because of the government’s continued strong management of the economy and ongoing economic reform. Australia’s impressive economic performance over the last decade is set to continue. The outlook is for ongoing, solid economic growth, coupled with low unemployment and moderate inflation. Last week we saw the unemployment figure of 4.9 per cent—getting below five per cent for the first time in 30 years—and 4.6 per cent in my electorate of Eden-Monaro.

The opposition has questioned the sustainability of our budget initiatives and says that we are assuming a protracted commodities boom. We are not. Our budget projections show a step-down over the two years back to more normal levels. We have done that because we believe it will happen and because it is prudent not to base our budget on assumptions of a long-term change when it could be a short-term occurrence.

The opposition has also asserted that we have missed an opportunity in this budget to invest for the future. This observation is clearly wide of the mark. The Future Fund took its initial deposit last month of $18 billion. An additional deposit will shortly be made, representing the surplus from the 2005-06 budget, with a further deposit planned from the Telstra privatisation process. The fund will be well on its way to funding the government’s superannuation liability by 2020.
Through its commitment to sound financial management, the government has put the budget in surplus, retired government net debt and commenced saving for its future obligations. This has freed the next generation of Australians to meet their own challenges, unencumbered by the legacy of past Labor governments that spent beyond their means. The opposition has complained that the budget does not invest in Australia’s infrastructure. I challenge the opposition to name a budget that has invested more in infrastructure than this one has. As the Treasurer has observed, this is the biggest investing budget in a long time. The opposition has made misleading comments about the equity of the tax reforms announced in the budget. As the Treasurer has demonstrated, the largest tax cut in percentage terms is for people earning $10,000. They have a tax cut of 100 per cent. Of course, in dollar terms the tax cuts are greater for the higher income earners; that is because they are paying more tax. In distributional terms, the greatest tax cuts go to lower income earners.

Those who argue that we have not addressed bracket creep should remember that 80 per cent of taxpayers are on taxable incomes of $75,000 or less. As their income increases, they do not move to a higher marginal tax rate. The great bulk of taxpayers can move through the range of $25,000 to $75,000 without a change in their marginal rate, which means that most Australians will not be facing an increase in marginal tax rates over the course of their working lives. The tax cuts announced in the 2006-07 budget build on the reforms delivered through the new tax system announced in July 2000 and the initiatives contained in the 2003-04, 2004-05 and 2005-06 budgets. The combined effect of these tax reforms has been to deliver significant reductions in tax for all taxpayers.

The opposition has claimed that the child-care reforms announced in the budget will not result in additional child-care places. This is incorrect as well. The government invests heavily in child care, providing close to $2 billion annually. In the 2006-07 budget, the government will provide an additional $120.5 million in new child-care initiatives over four years. The initiatives announced in the budget will provide parents with unprecedented access to out of school hours care and family day care. From 1 July 2006, the cap on child-care places will be removed, with the result that 99 per cent of all child-care places will be uncapped. Under this arrangement, a child-care service provider will be able to set up or expand to meet demand in an area. By removing the cap on places, the market will be free to provide child-care places wherever that demand is.

The opposition has also made misleading claims about the effective marginal tax rate faced by families. Since coming to office, the government has put in place a range of policies to decrease families’ effective marginal tax rates. This budget will reduce the effective marginal tax rate of approximately 40,000 families, due to the relaxing of the first income threshold from $37,500 to $40,000 for family tax benefit part A, from 1 July 2006. This is in addition to the 40,000 families who were expected to face lower effective marginal tax rates under the 2005-06 budget measure, which was intended to reduce the first income threshold to $37,500 from 1 July for family tax benefit part A.

The opposition has claimed that the government has not invested in education and training, but the budget provides funding of $21.7 billion for 2006-07 for the Education, Science and Training portfolio to support a range of initiatives. This commitment, which builds on the record funding already provided in previous budgets, has a specific focus on our young people, ensuring that they are equipped with the right skills, knowledge, values and resources to
achieve their objectives in a fast-changing world. We would be even better off if the New South Wales government, for instance, and other state governments increased funding to education at the same rate that we have. The disparity can be seen throughout my electorate. Every time a new school is built or expanded it seems that it is the federal government that is putting in the bulk of the funding. There is no greater example of that than the school where I live—Jerrabomberra school. The state Labor member constantly takes credit for it, but 92 per cent of funding for that new school was provided by the federal government—not the state government.

At the commencement of the debate the honourable member for Lilley moved an amendment to the second reading motion on Appropriation Bill (No. 1) 2006-2007. The government does not support the proposed amendment. The reasons for this should be clear. I have already dealt with many of the specific issues that were raised in the amendment. The budget bills and the supplementary additional estimates bills proposed by the government provide us with the means to address the significant changes currently faced by the Australian economy. The initiatives contained in the budget will ensure that the economy continues to prosper and will position us to meet the challenges that lie ahead.

In conclusion, the three budget bills for 2006-07 and the two supplementary additional estimates bills for 2005-06 are important pieces of legislation underpinning the government’s initiatives and reforms to be introduced over the next 12 months. I commend the budget bills and the supplementary additional estimates bills 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 Lilley has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Question agreed to.

Original question agreed to.

Bill read a second time.

APPROPRIATION BILL (No. 1) 2006-2007

Consideration in Detail

The DEPUTY SPEAKER (Hon. IR Causley)—In accordance with standing order 149 the committee will first consider the schedule to the bill. It might suit the convenience of the Main Committee to consider the items of proposed expenditure in the order shown in the schedule which has been circulated to honourable members. I also take the opportunity to indicate to the Main Committee that the proposed order for consideration of portfolios’ estimates has been discussed with the opposition and other non-government members, and there has been no objection to what is proposed.

The schedule read as follows—

Families, Community Services and Indigenous Affairs Portfolio
Employment and Workplace Relations Portfolio
Immigration and Multicultural Affairs Portfolio
Communications, Information Technology and the Arts Portfolio
Industry, Tourism and Resources Portfolio
Environment and Heritage Portfolio
Transport and Regional Services Portfolio
Agriculture, Fisheries and Forestry Portfolio
Attorney-General’s Portfolio
Foreign Affairs and Trade Portfolio
Health and Ageing Portfolio
Defence Portfolio (Department of Veterans’ Affairs)
Prime Minister and Cabinet Portfolio
Treasury Portfolio
Finance and Administration Portfolio (including Department of Human Services)
Education, Science and Training Portfolio
Prime Minister and Cabinet Portfolio (continued)

The DEPUTY SPEAKER—Is it the wish of the Main Committee to consider the items of proposed expenditure in the order suggested? There being no objection, it is so ordered.

Families, Community Services And Indigenous Affairs Portfolio
Proposed expenditure, $2,444,747,000.

Ms PLIBERSEK (Sydney) (10.23 am)—Mr Deputy Speaker, I seek clarification. We were expecting the Minister for Families, Community Services and Indigenous Affairs to be present this morning.

The DEPUTY SPEAKER—The Minister for Community Services is present.

Ms PLIBERSEK—We were expecting Mal Brough.

The DEPUTY SPEAKER—The Minister for Community Services is representing Mr Brough.

Ms PLIBERSEK—The agreement that has been published and circulated has Mr Brough on the list.

The DEPUTY SPEAKER—I have an amended list which says ‘Mr Cobb’. Maybe it has changed.

Dr Emerson—Mr Deputy Speaker, the opposition has not been made aware of any such amendment. We have in front of us a document—‘Appropriation and related budget bills, consideration in detail, Families, Community Services and Indigenous Affairs, Minister Brough, 45 minutes’.

The DEPUTY SPEAKER—The list does not hold as far as the committee is concerned. We do have a minister here.

Dr Emerson—I understand that, but there was no courtesy extended to the opposition. You have an amendment, the government has an amendment and, again, the opposition is left in the dark.

The DEPUTY SPEAKER—I think you should take that up with the Leader of the House.

Ms PLIBERSEK—I certainly do not mean any disrespect to the minister present; we are grateful for his presence indeed. But I find it extraordinary that the minister who is prepared
to mouth off in public day after day about the great things that his government is doing for Indigenous affairs, child care and the other areas in his responsibility does not have the common courtesy to the parliament to turn up when he is expected to answer questions about his portfolio responsibilities. I am sure that the minister present can answer questions about his areas of responsibility but he cannot answer about Minister Brough’s areas of responsibility. We were led to expect him here today, and I think we need to place it on record that it is an absolutely appalling act of arrogance not to turn up today. It is gutless in the extreme. Let me start by asking the minister that we do have present, who has had the courtesy to turn up, whether he is able to answer questions in the area of child care and Indigenous affairs.

Mr John Cobb—I will endeavour to do so.

Ms PLIBERSEK—In the lead-up to the budget we were led to expect a great deal to be done in the area of child care. One of the areas that was under constant discussion was shortages in child care. We were led to expect something quite impressive in that area. The minister’s press release on budget night included a statement that was an admission of 10 years of neglect and mismanagement in the area of child care. It says:

... there is no reliable, centralised and independent source of child care market data to ensure that the movements in supply and demand can be accurately tracked.

That is an admission that 10 years of neglect and mismanagement means that there is no reliable and centralised data. That is what Labor has been saying for years now. We were also told in that press release that a national child-care management system would be set up and it would ‘support approved child-care services to implement a more streamlined process, cutting unnecessary red tape and providing parents with improved access to information on child-care availability’, that it would ‘provide services with access to technology, systems and information exchange that many services have never had access to before’ and that final ‘funding will be announced in the future’.

There is nothing in the budget that talks about the funding for the management system. The only significant new funding in the budget is for fraud and compliance, and that money is allocated to spot checks, as far as we can tell, which is the only measure specified under that initiative and costed at the very precise figure of $50.8 million. The first thing I want to ask in relation to spot checks is: can the minister provide us with the information—which he does not seem to have announced publicly but only leaked selectively to some newspapers—on the extent of fraud estimated in the child-care sector? We have no idea whether $50.8 million is too much or not enough. We have no idea, if there is significant fraud in the child-care area, whether it will be enough of a measure to stamp that out or, indeed, whether it is overkill. So I would like to know what the estimates of fraud are and whether this $50.8 million is simply for spot checks or will cover other measures as well. Is any of the $50.8 million to be spent on the PIN or smartcard that the minister has spoken about in public? Do we know whether it is going to be a PIN or a smartcard? Have you any details so far of that fraud and compliance system?

The DEPUTY SPEAKER (Hon. IR Causley)—The minister has indicated that he will answer the questions at the finish. Does the member for Sydney have any other questions?

Ms PLIBERSEK—I certainly do. I will then ask further questions about the national child-care management system. It is curious: during Senate estimates, we had senior govern-
ment officials saying that the new management system would not measure shortages in child care, that shortages are not a problem to be dealt with by the government, that shortages are a problem that the market will solve. Very shortly afterwards, we had the minister come out and say that shortages would be measured by the new management system. In doing so he gave the impression that the department does not know what the minister is planning for this new management system and that the minister is basically making it up as he goes along—that whatever is running in the media that day as a criticism of the government is going to be solved by the new management system that the government is introducing.

On 30 May we had senior officials saying that the system will not measure demand but will simply act as a referral and information service for parents who want information about vacancies. That means that you can ring up and say, ‘I’m looking for a vacancy in a particular suburb,’ and the telephone line will tell you what you already know—‘There are no vacancies in your suburb.’ Will it or will it not provide information about where there are areas of unmet demand? Most importantly, if it is to provide the government with information about unmet demand, what is the government going to do about that unmet demand?

If this new management system says that there are whole suburbs where there is no family day care available or where there are whole suburbs where long day care is not available, what measures will the government take to meet unmet demand in that area? Will it invest in setting up new centres? Will it support private operators, community operators and not-for-profit operators to set up in areas of high demand? Will there be any intervention in the market to help in those areas of unmet demand? What is the point of collecting the statistics if the government is not prepared to act on those areas of unmet demand?

I would also like to ask the minister about the PIN or swipe card that the minister has been talking about in the media recently. I am not sure whether this is an official announcement of the government or whether it is a strategic leak—like some of the other measures that the minister likes to announce and then say that they have not actually been announced. I would like to know if any work has been done on whether it will be a PIN system or a swipe card system and whether there is any information about how much this is likely to cost child-care centre operators.

Is every family day care provider in the country supposed to have some new machinery so that they can read a PIN or a swipe card? Are they going to be paying for it themselves? How much is it likely to cost every child-care provider in the country? We are talking about family day carers who are struggling to pay for the shatter-proof glass that they need to have in their homes to be able to care for children, let alone any new equipment that will read PINs or swipe cards. We also read in the Financial Review—I guess it is another strategic leak—on 11 May that the tender for the new management system will be under way within two months of the budget. Is that still on track? Are the tender documents being drawn up? If that is the case, the government should be able to tell us whether it is a PIN card or some other system that will be used in the future.

I have one final question in this information management section. We have been told that child-care providers will be submitting information to a telephone line weekly. If they have no vacancies, will they still have to go through the motions of filling in the paperwork and sending it off to Centrelink? Will child-care providers in the areas where there are no vacancies
and it is unlikely there will be any vacancies—where they have waiting lists of 200 or 400—be forced to go through the motions of filling in all the paperwork just to make Centrelink happy? *(Time expired)*

**Ms HOARE** (Charlton) (10.34 am)—Like all members in this place, I had lots of contact with constituents following the budget about how it was going to affect them personally, and not very many of them had a favourable reaction. But there is a particular case that I want to raise with the minister during this opportunity today. I have already written the minister a letter but I have not had a response, so I am taking this opportunity to try and seek that response.

One of my constituents was concerned about the payment of the utilities allowance to age pensioners and self-funded retirees. She was concerned that the changes announced in the budget provided eligible individual self-funded retirees with access to the utilities allowance, whereas couples receiving the age pension were only entitled to one payment per couple, or per household. The budget speech stated that they would also share in—and I quote:

... an additional one-off payment equal to the annual amount of the utilities allowance of $102.80 to each household with a person of Age or Service Pension age eligible for that allowance.

In the same paragraph it stated:

A $102.80 payment will also be provided to each self-funded retiree who is eligible for Seniors Concession Allowance.

I received an answer to question No. 1921 from the Minister for Human Services in October last year, in which he said:

The social security system recognises that single pensioners need more income to have a similar standard of living to, and run a household like, couples. Couples gain economies and advantages from living together. Single people cannot usually share costs, such as electricity, telephone, heating and house maintenance.

My question to the minister is: is he able to advise why it is that self-funded retirees are paid the utilities allowance as individuals, irrespective of their couple status? I have already provided the minister at the table, the Minister for Community Services, with a copy of my question, if he wants to refer to that.

The couple who wrote to me outlined their own personal situation and what they have to pay out. They both rely on the age pension for their income, so they are not flush with funds. It seems to have been the direction taken by this government that the rich are rewarded and the poor are punished. My constituent recognises that self-funded retirees are helping the government by providing for their own retirement. She goes on to say:

Unfortunately, there are many people who, through circumstances and family situations, need to be assisted by our Commonwealth Government.

They just exist on their pension, as many pensioners do. Her question, as I said—and that is why I am directing it to the minister—is: why is each self-funded retiree receiving the entire amount of this payment while each pensioner household has to share the $102.80?

**Ms PLIBERSEK** (Sydney) (10.38 am)—I want to turn now to the question of child-care costs. The minister has admitted recently that child-care costs have risen ‘significantly’—and that is his word—although he rejects the figures on fee increases in long day care that are derived from data published by the Australian Institute of Health and Welfare, and also answers supplied by the previous minister, Senator Kay Patterson.
Consumer price index figures published by the Australian Bureau of Statistics show that child-care fees are rising at about five times the rate of other goods and services bought by Australian parents. In 2002-03, the cost of child care rose by 17 per cent while the general CPI rose by only 3.1 per cent. In 2003-04, child care increased by another 12.2 per cent while the general CPI rose by three per cent. In 2004-05, child care increased by another 12.4 per cent compared to a rise in the general CPI of 2½ per cent. So CPI figures for the first quarter of this year show that child-care costs have increased by more than five per cent in just three months compared to a general inflation rate of 0.9 per cent. The 5.1 per cent increase for child care is a huge rise for just one quarter of the year—the largest in almost three years. The Australian Bureau of Statistics household expenditure survey shows that, between 1998-99 and 2003-04, child-care fees have risen by 34 per cent. Answers to questions on notice supplied by Family and Community Services last year, combined with historical data compiled by the Institute of Health and Welfare, showed increases at around the 50 per cent mark for full-time care in long day care centres.

The minister has rejected these figures although they have been provided by respectable bodies which include his own department. But he has admitted that the rises have been significant. I would like to hear from the minister what he believes the actual rises in the cost of child care have been and how he believes the rises should be calculated and what result that gives him.

I also want to ask the minister about the shortage of family day care workers. Family day care is one area of the federal budget that is uncapped. Unfortunately, before the uncapping there were already 30,000 undelivered places in the system because of a nationwide shortage of family day care workers. I note that the Department of Employment and Workplace Relations notes in its recent skills in demand list that there are shortages of child-care workers and directors in every state and territory. Were the 30,000 places that were undelivered before the last budget allocated to schemes in the past? Were schemes asking for those places or is the actual situation that schemes were not asking for those places because they simply did not have the workers to care for the children? I want to know if the reason there were so many undelivered places before the cap was lifted was simply that there were not enough family day care workers because—and I think family day care workers would agree with this—their wages are insufficient given the important and valuable work that they do.

I also want to know from the minister what evidence there is that lifting the cap is going to make any difference at all in the number of family day care places actually delivered, given that we have 30,000 unused places in the system that are undelivered for a variety of reasons, mostly because there are not enough family day care workers as the remuneration is not good enough. How is lifting the cap going to make a single bit of earthly difference to the actual delivery of family day care places to families on the ground? (Time expired)

The DEPUTY SPEAKER (Mr Barresi)—The question is that the proposed expenditure be agreed to.

Ms PLIBERSEK (Sydney) (10.42 am)—I want to turn to choice in child care. In the past there has been a lot of government rhetoric about choice, such as choice of superannuation fund and Work Choices. However, it appears that when it comes to child care the minister thinks that families should be prepared to take any child-care place that is available even if a
family is not happy with the quality of care that is offered, even if it is a family day care place but the family wants a long day care place or even if it is a long day care place and the family prefers a family day care place.

Labor believes that parents should be able to choose the type of care that best suits their children and that they should have a choice when it comes to the quality of care. If they believe that the quality of a service is not suitable for their child then they have a right not to take the place. So I will be very curious to know, when the new telephone line is finally set up, if that ever actually happens—and we now hear from the minister, although we are not sure whether it is an announcement or just a press statement, that figures will be collected on vacancies—whether the government will accept the situation of parents saying they want family day care for their children when there is only long day care available in the suburb as being unmet demand for child care. Will that be included in any statistics that are collected, if they are collected, or does the government believe a vacancy is a vacancy is a vacancy? Will parents be allowed to have any choice at all when it comes to the type of child care suitable for their child?

I want to turn away from child-care now and move on to Indigenous affairs, an area that I know the Minister for Community Services, who has bothered to turn up today, is very interested in. These are specific questions about Wadeye, a community that the minister for Indigenous affairs has visited on several occasions. Is it the case, in relation to Wadeye, that, since mid-2004, FaCSIA has provided no programs to target family violence on the ground, that it promised $50,000 two years ago to run a community patrol but that has not happened, and that the minister’s own department says it is not their responsibility, despite families and women being an agreed priority of the Wadeye COAG trial?

I want the minister to answer the question about how he feels comfortable with allowing his government, the Howard government, to blame the Northern Territory government and the community itself when it is the minister’s own department that has been the lead agency in a whole-of-government trial at Wadeye for nearly four years. Despite the fact that there have been 10 official and very high profile visits to the region, there has not been a single iota of improvement in the lives of local Indigenous people. It is all very well to be blaming this government or that government or the people themselves when the minister’s own department has been the lead agency in the whole-of-government trial, yet there has been no substantial improvement, as the minister himself was pleased to announce on the front page of the Australian.

Is it the case that the women of Wadeye talked about their concerns to the federal government in October 2005 and that the Howard government did nothing? Is it the case that the Wadeye community applied for a crime prevention grant in 2005 and received no response? Is it the case that the women there met again with the federal government through early 2006 and still there was no action taken on their concerns? Did the minister himself visit the community, talk up the problem and again walk away without offering any constructive solution to the critical situation there? Is it the case that the community has been asking for help, calling for help, demanding it, for at least six months as problems there have been escalating but has had no response beyond the government sending a senior bureaucrat to tell gang members to fix up their houses? (Time expired)
The DEPUTY SPEAKER (Mr Barresi)—The question is that the proposed expenditure be agreed to.

Ms PLIBERSEK (Sydney) (10.47 am)—I also wanted to ask the minister for Indigenous affairs about something else, if he had bothered turning up. He has spoken in the past about using a card system to divert social security cash benefits from some recipients so that benefits could only be used to pay for food, rent and utilities. I would like to ask the minister to report on what progress has been made in developing that plan. I want to know specifically what provisions have been made in this year’s budget for implementing the plan or whether it was just another thing plucked out of the air and announced on the front page of the Australian with no back-up and no follow-through.

Apart from the provision of a sniffer dog team, what provisions are there in the budget to alleviate the shocking plight of outback communities ravaged by drink, petrol sniffing and drugs? Is it just about the headlines? What actual measures are there to improve the situation of families living in these communities? Is the minister aware of the call by his colleague the Parliamentary Secretary to the Minister for Health and Ageing for an integrated system to treat alcohol abuse in remote communities? What provisions are there in the budget for such an integrated system or is it once more put into the too-hard basket?

Mr JOHN COBB (Parkes—Minister for Community Services) (10.49 am)—Can I go back to the member for Sydney’s questions on child care initially. There was quite a row of them, but I will attempt to deal with some of them together. It seemed to me that many of the questions that the member for Sydney raised revolved around the issue of the child-care management system which the Minister for Families, Community Services and Indigenous Affairs and the government spoke about—the smartcard and how the system will be managed. A lot of that seemed to me to come down to the issue of the child-care management system, which the government put over $50 million into.

The child-care management system will be built on the previously announced expansion of the child-care access hotline. Even though the cap has been lifted, it will include information on vacancies and information for providers in regions. It will provide information as to where vacancies do and do not occur—in other words, where families can most easily take advantage of those things that are available and what areas need to be looked at by providers themselves.

Until now, there has been a total lack of reliable centralised information on the supply of child care and associated demand. I have no doubt that the issues already addressed by the minister will address the shortcoming. It will streamline processes and reduce the administration burden on child-care services. It will help people get access to technology and systems that many have never had access to before and provide an automated system for the exchange of information. It will also allow the Department of Families, Community Services and Indigenous Affairs and the government to have up-to-date information on the supply, availability and the utilisation of it. We will announce further details of the child-care management system as soon as it is completed.

The member for Sydney talked about what the government have done to address the issue of fraud in various ways. It is true that we conducted audits around Australia as to what was happening. In future, there will be audits undertaken of child-care systems around Australia,
as indeed there should be. I think a lot of this has to do with people—providers in particular, be they family day care providers, organisers or child-care centres—knowing what is expected of them. Some of this involves education. I suspect a small part may involve something worse, but obviously the auditing will look at that and, if necessary, deal with it.

The states put in place licensing and regulations. I have no argument with regulations. We are talking about children and, obviously, they have to be properly provided for. But, quite often, the rise in child-care costs is to do with the new licensing and regulations that are put in place. The costs of child care rose at twice the rate under the Labor government than they have under the Howard government. At the same time, we have doubled the places and doubled the amount of money that we have put towards child care.

As far as shortages and availability are concerned, the member for Sydney mentioned choice. I think the budget measures go a long way towards resolving that. The fact that there has been an uncapping of all places, except for occasional care and home care—in other words, at least 99 per cent of all child-care places—obviously means that people do have an absolute choice. The member for Sydney raised a very good point—we have to have family day carers, and we are addressing that issue. The member for Sydney referred to workers—I assume she meant carers in family day care. They are not really workers; they are carers in the home. (Extension of time granted) There are a few issues about that. No. 1 was the uncapping of that situation. No. 2 was that we looked at a payment of $1,500 to be put towards providing at least 600 places, and we will see what comes out of that.

Probably something that is also important in getting a lot more carers involved in family day care is regionalisation rather than, as has been the practice, local government areas running a family day care system between them. I could use the example of my own electorate of Parkes, where the local government areas of Forbes and Parkes run a family day care system. Up to now, carers within those areas have had no choice other than to work there. Under the regional system being introduced, they will be able to practise wherever they choose. In other words, theoretically, it will be possible for a family day care organisation out of Perth to run one in the seat of Parkes. That is not likely to happen, but the point is that regionalisation will mean that a carer does not have to go under a system locally. Somebody in Parkes could actually run a family day care in Dubbo because it might be a system that suits them better.

Family day care is a very big issue, particularly regionally, because it is very often one of the few options there. We are committed to making family day care more available to more people. Yes, there are a lot of underused places. Uncapping, while it does not make those unused places immediately used, does mean there is no limit in any town anywhere in Australia on people’s ability to partake of it. I have not necessarily answered them in the order they were asked, but they are the main issues that were brought up by the member for Sydney.

The member for Charlton asked about self-funded retirees. While I do not pretend to know all the answers on self-funded retirees, I would like to point out to her that households in receipt of utilities allowance and seniors concession allowance will receive a one-off payment of seniors concession allowance of $102.80. In 2004-05 we introduced a utilities allowance for older Australians on income support to provide additional assistance with household bills and the seniors concession allowance for holders of the Commonwealth’s seniors health card
in recognition of the fact that this group does not receive concessions from most state and territory governments.

In the short time left, I will return to the issues to do with Indigenous Australians and family violence brought up by the member for Sydney. I thank her for saying that I do have an interest, and I can assure you that I do. That is a very big part of my electorate, as it is for all regional Australians. I say firstly that I do not believe for one second that the Minister for Families, Community Services and Indigenous Affairs attacked the Northern Territory government. What he was doing was offering cooperation to deal with an issue not just in the Northern Territory but Australia-wide. This is not just an issue for the Northern Territory; this is an issue Australia-wide, as has been recognised by the premiers of all other states. This is about leadership and the fact that Aboriginal leadership around Australia has recognised we cannot go on as we are. I think people have got the guts now to face up to issues they did not want to face before. I think what Minister Brough was doing was saying, ‘It is time to use the fact that everyone is now willing to face up to issues that have to be faced.’ I am very proud to be part of a government that—and to work for a minister who—is willing to face up to this. I hope governments like the Northern Territory government will work with us to do so.

Ms PLIBERSEK (Sydney) (10.59 am)—Very briefly, while I appreciate that the minister is answering questions outside his portfolio responsibilities, I asked a number of quite specific questions, such as: is the $50 million going to be spent on spot checks or the new phone line? What will the government do when shortages are discovered? Who is going to bear the cost of the PIN card equipment? He did not have the information to hand, so I ask that the questions that have not been fully answered and those that have not been answered at all be taken on notice and responded to in writing when the minister has the chance.

Proposed expenditure agreed to.

Employment and Workplace Relations Portfolio

Proposed expenditure, $4,709,419,000.

Mr STEPHEN SMITH (Perth) (11.01 am)—Part of these appropriations relate to the Office of Workplace Services. The minister is in the chamber and I refer him to a report of the Office of Workplace Services entitled Cowra Abattoirs: report of an investigation into alleged breaches of the Workplace Relations Act 1996. That is dated May 2006, and the last paragraph of the last page of that report, entitled Conclusions/recommendations, states:

In any event, the investigation leads to a conclusion that the “dominant” reason for Cowra Abattoirs conduct ... was to make the operation efficient and to ultimately secure the financial viability of the company .... Thus there does not appear to be a breach of ... the Act nor ... the section. It is therefore submitted that no further action is taken at this time.

Will the minister confirm the existence of this report? Will the minister confirm the conclusions and recommendations? As a consequence, will the minister finally admit that the conduct by the owners of the abattoir shortly after the government’s legislation came into effect was lawful under the act?

Mr Andrews—As the honourable member for Perth fully knows, the Director of the Office of Workplace Services has indicated that he is still investigating the matter.

Mr STEPHEN SMITH—The report is pretty conclusive in its conclusion and recommendations; I can only therefore ask that the minister respond. It was revealed in Senate estimates
that when the Cowra Abattoir story became public in, amongst other newspapers, the Canberra Times, it caused a staff member from the minister’s office to contact the Office of Workplace Services. Who was that staff member? Was that contact authorised by the minister? Has there been ongoing contact with his office since the publication or presentation of the report with its conclusive recommendations and conclusions?

Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (11.03 am)—As I recall, the Director of the Office of Workplace Services—I think during the Senate estimates process—indicated that, prior to him taking up his role, the office had decided to investigate the matter, which is fully appropriate. I presume the member for Perth is not making the suggestion that there should not have been an investigation into this matter.

Mr STEPHEN SMITH (Perth) (11.03 am)—I am making the suggestion that the minister has in his possession a report from the Office of Workplace Services, which is conclusive both in its conclusions and its recommendations. I am also suggesting that, following the receipt of that report, the minister or his office contacted the Office of Workplace Services and suggested that further work might need to be done because that suited the political convenience of the minister and the government. When will the minister finally admit that the conclusions of this report indicate quite clearly that the conduct and actions of the owners of the Cowra Abattoir were lawful in accordance with the government’s new legislation?

Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (11.04 am)—I can only repeat what I have said and what the Director of the Office of Workplace Services indicated, and that is that his investigation is not yet concluded. I respectfully suggest to the honourable member opposite that he wait until the investigation is concluded. If he wants to draw conclusions then he may do so, but I do not intend to comment further.

Mr Stephen Smith—Did the minister order...
that the Director of the Office of Workplace Services is continuing to investigate this matter, as he should, as he is charged to do under his responsibility. I say to the member for Perth: if he wishes to draw some conclusions about this on the basis of some document he has, he is entitled to go out there in the public square and do so. But he ought to also take into account the fact that the Office of Workplace Services is continuing to investigate this matter. For my part, I will wait until that investigation is concluded and then I can draw whatever conclusions I want to, and I suggest the member for Perth does equally.

Mr STEPHEN SMITH (Perth) (11.06 am)—Was there any contact by the minister, his office or his staff with the Office of Workplace Services following the receipt by the minister and his office of this report? And was the suggestion made by the minister, his staff or his office that further work should be done so as to provide the minister with a report which was more suitable to his political convenience?

Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (11.07 am)—The suggestion is below the honourable member opposite who is making it.

Mr Stephen Smith—All you have to do is say yes or no. Was contact made or not?

Mr ANDREWS—Stephen, I will answer your questions if you behave yourself. But, if you are just going to carry on like that, I do not think there is much point in doing this.

Mr Stephen Smith—It is not for you to tell me how to conduct myself.

The DEPUTY SPEAKER—Order! The minister is responding. The minister also has no obligation to respond after each contribution from the honourable member for Perth. He can choose to make a contribution at the end of each five-minute interval or at the end of the debate.

Mr STEPHEN SMITH (Perth) (11.07 am)—Has the minister seen this evidence given in Senate estimates by the Office of the Employment Advocate, Mr McIlwain? He said:

Clearly, regulation 2.8.5(1)(c) identifies as prohibited content training or leave to attend training, however described, provided by a trade union.

Does the minister agree with the Office of the Employment Advocate that leave to attend trade union training is prohibited conduct under the government’s legislation?

The DEPUTY SPEAKER—The question is that the proposed expenditure be agreed to. I call the honourable member for Perth.

Mr STEPHEN SMITH (Perth) (11.07 am)—The minister is failing or refusing to get to his feet to answer a question, is he?

The DEPUTY SPEAKER—I take it that the minister has chosen to respond at a later point in this debate.

Mr STEPHEN SMITH—Or not at all. So it is the dummy spit, is it?

The DEPUTY SPEAKER—The honourable member for Perth has the call, or I will give it to someone else.

Mr STEPHEN SMITH—Does the minister recall these remarks of the Minister for Fisheries, Forestry and Conservation, Senator Abetz, who represents him in the Senate? When asked the same question about regulation 8.5(1)(c) he said:
No matter how it is described, it is prohibited content. Therefore we could call it ‘doing the work of angels’ or all sorts of wonderful things but, at the end of the day, the regulation is very clear.

Does the minister agree that, under the government’s legislation, leave to attend trade union training is prohibited content under the government’s legislation?

The DEPUTY SPEAKER—The question is that the proposed expenditure be agreed to. I call the honourable member for Perth.

Mr STEPHEN SMITH (Perth) (11.09 am)—Mr Deputy Speaker, I find it extraordinary that we have this dummy spit from the minister. The minister gets very precious, because he refuses to answer a question about a report that is provided to him by the Office of Workplace Services in respect of Cowra Abattoir when it is crystal clear to the entire community that the owners of Cowra Abattoir effected an unfair dismissal against the employees of that abattoir, consistent with the government’s legislation—operational reasons for a company that has more than 100 employees.

The minister does a dummy spit when he is sprung on that and then sits rooted to his chair, either through fear or arrogance—or both—and refuses to answer the question that he has been asked on any number of occasions, because it does not suit his political convenience. Is leave for trade union training prohibited content under the government’s legislation?

The DEPUTY SPEAKER (Mr Barresi)—The question is that the proposed expenditure be agreed to. I call the honourable member for Perth.

Mr STEPHEN SMITH (Perth) (11.10 am)—Frankly, I find this quite extraordinary. The minister is here. He could have sent a parliamentary secretary or a junior minister if he so desired. If he wants to waste the time of Commonwealth taxpayers by sitting here, refusing to respond in any reasonable way to reasonable questions, he might just as well go back to his office and send a representative. This is the one occasion in the course of the year when members of this place get a chance to ask ministers of the Crown detailed questions in respect of their portfolio responsibilities.

These are detailed questions which go to appropriations of taxpayers’ money. After three or four quite gentle questions, the minister spits his dummy and now sits rooted to his chair—through fear or arrogance or both—doing nothing other than desperately watching the clock tick down. What sort of farce have we got here? Mr Deputy Speaker, are you going to use your good offices to see whether the minister is actually seriously interested in the workings of this chamber and this House or whether he is proposing to sit there, after 10 long years, an arrogant representative of an arrogant government, refusing to be held accountable in any reasonable way, either through this House or through the parliament?

The DEPUTY SPEAKER—We are well aware of the way in which the consideration in detail runs. Ministers can choose to respond at the end of each five-minute interval or at the end, as they please.

Dr EMERSON (Rankin) (11.12 am)—I seek clarification as to whether the minister is simply going to wait until the time expires and not answer any questions—in which case there is not much point and the whole exercise will be high farce—or whether the minister will respond now to inform us of his plans in responding to these questions.
Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (11.12 am)—In response to the honourable member for Rankin, I will respond at the end of the questions; but I am not going to engage in the sort of juvenile conduct that the member for Perth is engaging in.

Mr STEPHEN SMITH (Perth) (11.13 am)—If the minister thinks that juvenile conduct is members of the House turning up and asking him questions about—

Mr Andrews interjecting—

Mr STEPHEN SMITH—I have asked them. Did your office, or did it not, contact the Office of Workplace Services after you had received this report and suggest to the office that further work might be done because a subsequent report might suit your political convenience better than the report they handed to you in May 2006? That report said in its conclusions and recommendations:

... the investigation leads to a conclusion that the “dominant” reason for Cowra Abattoirs conduct ... was to make the operation efficient and to ultimately secure the financial viability of the company ... Thus there does not appear to be a breach of ... the Act nor ... the section. ... no further action is taken at this time.

Did your office, or did your office not, approach the Office of Workplace Services to try to get a better report that might suit your political convenience? When will you finally admit that what Cowra Abattoir did was lawful under your act? You can knock off anyone who works for a company of fewer than 100 employees, and for someone who works for a company of greater than 100 employees, like Cowra Abattoir, ‘operational reasons’ suffices. Answer that question.

The DEPUTY SPEAKER (Mr Barresi)—The question is that the proposed expenditure be agreed to. Before I call the honourable member for New England, I do remind everyone making a contribution in this debate that it will be to the benefit of everyone involved if the questions are put through the chair.

Mr WINDSOR (New England) (11.14 am)—I have a point which I would like the minister to clarify on the Work Choices legislation, particularly relating to sections of prohibited content in workplace agreements. Minister, could you outline the role of the minister, as you see it, in relation to prohibited content in workplace agreements. Is it correct to say that the minister of the day can delete certain content from workplace agreements if he or she sees fit?

Dr EMERSON (Rankin) (11.15 am)—While we are on the question of reports, the minister would be aware of a report commissioned by the Department of Employment and Workplace Relations from the Centre of Policy Studies at Monash University, which was commissioned before the Work Choices legislation was tabled but after the announcement outlining the broad content of the legislation, that announcement being made by the Prime Minister. I have sought access to that report of the Centre of Policy Studies under freedom of information legislation. The department appears to be using every piece of technical and legal device to deny access to that report. I ask the minister, in the spirit of the democratic traditions of this parliament and the public interest in such a report, whether he will make the report available to me and through me to the Australian public.
Mr Bowen (Prospect) (11.16 am)—I would like to return to the matter of prohibited content. Can the minister take on board the statement by Senator Abetz, who I think represented him at Senate estimates, when he said:

No matter how it is described, it is ... prohibited content. Therefore we can call it ‘doing the work of angels’ or all sorts of wonderful things, but at the end of the day, the regulation is very clear.

Given that this appears to conflict with the statements by the minister himself in the House of Representatives, I wonder: has he reprimanded Senator Abetz or has he misled the House?

Ms Hoare (Charlton) (11.17 am)—My questions to the minister go to Welfare to Work changes being implemented on 1 July. I have been approached by various support organisations in my electorate with many questions about the implementation of that program. Firstly, in relation to people’s work capacity, I would like to know the qualifications of the work capacity assessors and whether they are vocationally trained. I would like to know what criteria will be used to assess capacity to work and whether we can have access to those criteria. A particular organisation that I represent needs that for their clients.

In relation to people on the disability support pension, are undiagnosed conditions or episodic illnesses acknowledged and will they be accommodated in the assessments? When people’s benefits are suspended in relation to activity testing, how will the financial support for access to transport for work be accessed? Which non-government organisations in the Hunter will administer emergency relief to people suspended from benefits? Are we able to have the criteria for how priorities for clients will be decided? We would like to know how the exploitation of job subsidies by employers will be monitored and whether those employers will be punished. When can customers who have been sacked through the new industrial relations laws be able to access Centrelink benefits because the unfair dismissal category no longer exists? What is the process for intending TAFE students who are not engaged in the Job Network but want to do a short-term course?

How will carers receiving a carer allowance and carer payment be affected if the person being cared for has to work 15 hours per week? A high percentage of carers will have to transport them to and from work as well as organise their regular caring tasks. Will carers be financially affected? Also, will carers have to work 15 hours per week if their role is to provide care for a disabled person? This will cause a lot more stress and difficulty for that carer.

How will young people aged 15 to 16 get short-course approval when transitioning directly out of school into short course or accredited training which is not through a TAFE, such as Links to Learning, if these young people are not members of a Job Network provider? Will counselling, group work or eight-week therapeutic programs—for example, for anger management or relationship difficulties—be part of participation and can they be used as an activity? Who will be able to advocate for young people who have been sacked after a subsidised placement ends? How often can a business apply for a wage subsidised employee?

In relation to client consent, how is this obtained? Will it be conditional to receipt of benefit and what will the consent include? What are the reasonable excuses criteria used to assess whether or not a client will get a strike against them? Also, can a participation failed young person—that is, somebody who has failed their activity test—have their family benefit awarded to a person nominated by them if they do not have a healthy relationship with their parents? For example, can that payment go to a youth service? I have a couple of questions...
and I am unsure as to whether they should be directed to this minister. They relate to the Voluntary Work Initiative. I have already placed them on notice to the Minister for Human Services.

Mr Andrews—Ask your questions to me anyway.

Ms HOARE—Can the minister confirm that contracts for the Voluntary Work Initiative for organisations providing services for the federal divisions of Charlton, Dobell, Hunter, Paterson, Robertson and Shortland for 2006-07 have been finalised? Will the minister advise which organisations in those divisions have been awarded contracts to be VWI providers? (Extension of time granted) Can the minister advise when the contracts were finalised for 2006-07 and if all services will be able to commence on 1 July 2006? If there is any delay in the commencement period, will the minister advise why this is the case?

In relation to other services provided by support organisations, I have been advised by some that they have not received any advice from the government about the Welfare to Work changes so they do not know how they are going to affect the clients they case manage. Can the minister advise what efforts Centrelink has undertaken to keep welfare organisations and other non-government organisations aware of the government’s Welfare to Work changes and the impact these changes are expected to have on prospective clients of such organisations? Many welfare organisations have been contacted by their clients seeking advice and assistance in relation to changes. Will the minister be able to provide details of the resources that have been provided to organisations and workers in the welfare sector in the federal division of Charlton to ensure that they have been kept informed of the Welfare to Work changes?

Mr WINDSOR (New England) (11.23 am)—I have a question to the minister that may be slightly outside his ambit but which relates to employment services, particularly the Job Network. I would like the minister to look into the concerns that are being expressed by rural and regional providers of the Job Network on the cost structures that are attached to the provision of their work, particularly in relation to the distance and fuel cost factors.

I compliment the government on its role in the community generally in terms of the fall in unemployment levels. But in a sense that is making it harder to place some of the job applicants who are receiving Job Network services. You have a double whammy, in effect, where the costs for providing the service in relation to the contracts signed are higher and the capacity in regional areas to find a job for some people who are accessing Job Network is becoming harder. I ask the minister to take that on board. If he does have any comments in relation to the rewrite of the contractual arrangements, which I think is coming up next year, will the disadvantage of rural location be taken into account in those contractual arrangements?

Mr STEPHEN SMITH (Perth) (11.25 am)—As part of the appropriation expenditure, has the minister’s department conducted any economic modelling on the implications and impact of the government’s industrial relations legislation?

The DEPUTY SPEAKER (Mr Barresi)—I put the question that the proposed expenditure be agreed to.

Mr STEPHEN SMITH—Maybe the minister would prefer that I just put the questions on notice.

The DEPUTY SPEAKER—The member for Perth has the call; please continue.
Mr STEPHEN SMITH—It is a quite straightforward question: did the minister’s department conduct any economic modelling on the implications of the government’s industrial relations legislation, commonly known as Work Choices?

Dr EMERSON (Rankin) (11.26 am)—We are in a highly ironic situation where, in the absence of the minister providing an answer, I might be able to provide an answer to the question of the member for Perth. Indeed the minister’s department did commission economic modelling on the impact of the Work Choices legislation. That analysis was conducted by the Centre of Policy Studies at Monash University. It was done before the detailed legislation came down but after the outline of the legislation had been provided by the Prime Minister.

That report remains a secret report. I have sought to obtain it under freedom of information legislation, and the department is using every technical and legal device to seek its retention as a secret document. So when the minister does choose to answer these questions he might clarify whether in the public interest he would be prepared to release that report. I indicate that I will continue to pursue through legal channels the obtaining of that report, because I think it would be in everyone’s interests if it were released.

I was told by the department that it contains false assumptions and that it is not a very useful report. Yet I was also told by the department that it formed part of the deliberative process. There seems to be an immediate contradiction here—that is, a report that the department has described as being not very useful did in fact form part of a deliberative process. So I certainly join with my colleague the member for Perth in seeking information on that report by the Centre of Policy Studies, and I urge the minister in the strongest possible terms to release it. Of course, if the government seeks to keep that report secret we know why: it is not happy with the analysis contained in it and it is of some embarrassment to the government.

Mr STEPHEN SMITH (Perth) (11.28 am)—Given the minister’s refusal to answer questions about the Cowra Abattoir, his refusal to answer questions about leave for trade union training and his refusal to answer questions about economic modelling for the government’s legislation, and given the very erudite response by the member for Rankin, I move:

That the member for Rankin be authorised by the Main Committee to proceed across the chamber to sit in place of the minister and to answer questions on the minister’s behalf.

Mr Bowen—I second the motion.

The DEPUTY SPEAKER (Mr Barresi)—That motion cannot be moved.

Mr STEPHEN SMITH—Why? There is a motion before the Main Committee, and if the motion is not in order I would like to know why so that I can raise a point of order.

The DEPUTY SPEAKER—Member for Perth, my understanding is that the Main Committee does not have the authority to do that.

Mr STEPHEN SMITH—Mr Deputy Speaker, I raise a point of order.

The DEPUTY SPEAKER—I have ruled.

Mr STEPHEN SMITH—Mr Deputy Speaker, I am raising a point of order. There is a motion before the chair. I would like a ruling from the chair that that motion is out of order. If it is not out of order, then it is appropriate either for me to speak to it or for someone to second it and reserve their right to speak.

The DEPUTY SPEAKER—The motion is out of order.
Mr STEPHEN SMITH—There is no reason why any member of this committee cannot move a procedural motion at any point of the committee’s deliberations.

The DEPUTY SPEAKER (Mr Barresi)—My understanding is that the Main Committee does not have the power to consider the motion. Therefore, the motion is out of order. The question is that the proposed expenditure be agreed to.

Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (11.30 am)—I simply want to make the point that the member for Perth is acting in an entirely juvenile manner and that he is seeking to verbal me by saying that I was not going to answer the question. I responded to the member for Rankin—and he is nodding—and said that I would answer the questions when all the questions had been put, and I will do that. If the member for Perth wants to continue to act in this juvenile manner, that is simply a reflection on him.

Mr STEPHEN SMITH (Perth) (11.30 am)—It is a pleasure, as ever, to see you in the chair, Mr Deputy Speaker Adams. I can only conclude from the minister’s most recent, most outrageous and most arrogant response that I should just put all of my questions to him on notice and receive a letter in the post in due course.

Mr BOWEN (Prospect) (11.31 am)—I wish to return to the matter of prohibited content, which the minister has declined to respond to thus far, and I wonder if he could be so good as to respond at the end of my time. It appears to me that we have the extraordinary situation where the government is saying one thing in the House of Representatives and another thing in the Senate. The Prime Minister said in the House of Representatives:

There have been agreements entered into under the new law which allow for the safety training of people including attending courses provided by unions who are accredited trainers.

Yet we have Senator Abetz saying, as I said before:

No matter how it is described ... it is prohibited content. Therefore we can call it ‘doing the work of angels’ or all sorts of wonderful things but, at the end of the day, the regulation is very clear.

And of course the head of the Office of the Employment Advocate, Mr McIlwain, said:

Clearly, regulation 2.8.5(1)(c) identifies as prohibited content training or leave to attend training, however described, provided by a trade union.

I would be so bold as to suggest that what the government is doing is actually telling the truth in the Senate and squibbing the truth in the House of Representatives by refusing to answer the question in the House of Representatives and saying, ‘Actually, OH&S is a state matter and an employer—out of the goodness of their own heart, if it’s a nice day and if they’re in the right mood—can provide union safety training, but of course you cannot put it in an award, you cannot put it in an agreement and you cannot put it in an AWA because it is prohibited content.’ The minister has a golden opportunity today, away from the hubbub of the House of Representatives main chamber and out of the political spotlight, to actually get up and admit that union sponsored safety training is prohibited content and will not be allowed in any agreement. I now give him the opportunity to do so.

Mr BRENDAN O’CONNOR (Gorton) (11.33 am)—I will address my remarks to the minister, and they follow on from what the member for Prospect raised. I was not here for the shadow minister’s comments, but there is clearly some disquiet about the way in which the
government has sought to prohibit enforceable agreement clauses that would provide trade union training which would also include health and safety training. I have heard the minister, at least in question time, fantasise about the fact that there had been no change to the effects of health and safety laws and indicate, as the member for Prospect indicated, that it was a state government matter. But any independent observer would conclude that removing from industrial instruments that are regulated by the Commonwealth an enforceable provision for trade union training will reduce the quality, standard and amount of health and safety training provided in the workplace. The reality is that overwhelmingly health and safety training in workplaces is undertaken either by unions and employers working together or indeed by unions on their own having union training officers provide training for health and safety delegates or indeed employees.

Most people would agree—those who do not have the ideological blindness and enmity towards unions that this government seems to have—that, with respect to health and safety training, the last thing you want to do is place your hatred of unions above the safety of Australian workers. As a result of the decision by the Commonwealth to place its enmity towards employee organisations that are registered under the Workplace Relations Act above the safety of ordinary Australian workers in their workplaces, I ask the minister to give a guarantee that no-one will be less safe as a result of the Work Choices legislation that was introduced into this House and that Australian workers will not be injured or killed as a result of removing the enforceable clauses of agreements that would allow for health and safety training to be provided by trade unions.

It is not just an employer prerogative, Minister; it is actually the right of employees, the right of unions, to negotiate agreements to provide health and safety training under federal instruments. If he is not able to give that guarantee then clearly the minister has blood on his hands, just as the government have blood on their hands because they are willing to put their hatred of unions above the health and safety concerns and interests of Australian working people. He, along with the Prime Minister and the government, will rue the day that he made that decision.

Before I sit down—and I ask the minister to respond to this—I ask whether his department has any recent figures on termination of employment and whether there has been a net growth in unfair terminations or dismissals. Clearly, the data that could be collected would allow the department to determine whether an employee was suggesting that he or she had been dismissed unlawfully, but I ask the minister to respond as to whether there is any information about increases in unfair dismissals as a result of the legislation. Certainly, we are hearing more and more examples of people being unfairly dismissed. By allowing an extra four million or more people to be in workplaces without any recourse whatsoever for being unfairly dismissed—and I ask the minister to respond to this specifically—given that we have the most casualised workforce amongst all OECD countries, with about 25 per cent of the workforce casualised, isn’t it the case that the minister’s legislation has doubled the proportion of the workforce in this country to be placed under what would be determined precarious employment? Hasn’t he effectively doubled the number of people precariously employed in this country? Clearly, by removing unfair dismissal laws, he has done so.

Mr HAYES (Werriwa) (11.38 am)—Like the member for Prospect, I see some dichotomies between what the government is saying in the House of Representatives and what seems to be
being said in the Senate. Only two or three weeks ago I read with interest in the *Weekend Australian* some quotes from Senator Judith Troeth. As will be recalled, Senator Troeth chaired the government’s one-week-long investigation into Work Choices—five days of hearings and the committee were not allowed to leave Canberra. I think they received in the vicinity of 1,000 submissions, but they only got to talk to about half-a-dozen people—not many at all.

Senator Troeth’s comments reported in the paper were about the impact on regional areas of temporary training visas. She said words to the effect that she would find it thoroughly unacceptable for people to be able to come in and undercut the pay and conditions of Australian workers and to take their jobs temporarily, because she was concerned about what this would do to regional economies.

I actually found some level of parallel with that. At Spotlight, for instance, we are inviting people to come in and take jobs now—not negotiate around flexibility and not negotiate whether there should be a reduction in penalty rates or whether overtime should apply. There are no negotiations here. Like those contracts for people who take jobs in country areas under these visas, these contracts are set in concrete before people even get a chance to negotiate. They just sign them. You either sign the contract or do not take the job. The member for Deakin referred to that in an MPI discussion the other day, and I have to say I appreciate his honesty. He said that no-one is asking them to take the job; they either sign the contract or do not take the job.

Having regard to Senator Troeth’s position on regional and rural Australia—and no doubt her comments were on the impact of these temporary training visas—have the minister and the government costed the effect on the local economies in regional and rural Australia and how they will be impacted upon as a consequence of Work Choices? I am sure the minister will not take the view that this means flexibility and that jobs will be more plentiful and people will be paid more. He knows that will not be the case. Every man and his dog out there knows that that will not be the case. All the experiences since the Work Choices legislation was brought in demonstrate that blue-collar working Australians are far worse off under AWAs under Work Choices than under any other form of collective bargaining.

I have a special soft spot in my heart for people who come from regional and rural Australia. It is not as though they can simply say, ‘I’m not going to take that job,’ because it might be 200 or 300 kilometres to the next job. They do not have any choices under this legislation. If it is possible, as we all know it is, whether or not there is a collective agreement in place, for an employer to simply force people to sign an AWA or compel them to sign—and I know it is no longer duress to hound someone to sign—

**Mr Bowen**—Sign or sack.

**Mr Hayes**—Sign or sack, that is precisely the case. If you can do that, with a view to driving wages and conditions down, what choices do the people who live in regional and rural Australia have? I would like the minister and the government to give some indication—particularly when, as I understand it, they still have a few Nationals supporting their position on this; I would like to see them stand up and be counted—of the financial impact this will have on economies in regional and rural Australia.

**Mr Bowen** (Prospect) (11.43 am)—I note in passing that we are in an unusual situation whereby the minister is taking all these questions and, presumably, will answer them at the
end. This provides the Labor Party with little or no opportunity to ask follow-up questions or indeed to point out to the minister that he has neglected to answer the odd question along the way, which would be human, if he did. Taking note of all these questions and attempting to answer them in one go at the end would be very difficult. I would have thought it would be better if the minister could answer them as we go and then provide the opportunity for follow-up questions, which is the way other ministers have dealt with it. I know the minister took offence at some things said earlier in this session, but there has been nothing which would lead him to continue to sit there and refuse to answer questions at this point in the proceedings.

Perhaps I could coax the minister out of his chair by asking him about something very close to his heart: Australian workplace agreements. I note that 2.4 per cent of Australian employees are on Australian workplace agreements, and I am sure the minister would like that figure to be a lot more. I wonder whether the minister would be so good as to enlighten the House on whether he has any plans for advertising to encourage people onto Australian workplace agreements or any plans for mail-outs to employers, for example—paid for by the government—to encourage them to enter into Australian workplace agreements. What other steps might the minister be taking to encourage people to enter into Australian workplace agreements?

I know that employers will find Australian workplace agreements a lot more attractive since the no disadvantage test has been abolished, and we have already seen evidence of that. Clearly, they will be a lot less attractive to employees. I am sure the minister has a cunning plan to encourage people onto AWAs—other than by way of sign or sack—through advertising or other means. I wonder whether he would be so good as to share with the House what plans they are.

Mr NEVILLE (Hinkler) (11.45 am)—I was not going to enter this debate but I think that we are hearing a lot of doom and gloom and fear about activities as we did back in the days of the Reith legislation in 1996. Let me make a few points: in my electorate, a lot of the big industries in Gladstone—

Mr Brendan O’Connor—I have been to Gladstone and I am not happy; small businesses are not happy.

Mr NEVILLE—There are people in Gladstone who will be happy and people who will not be happy, but you will find in Gladstone that a lot of big companies are using AWAs or the individual contracts that were their forerunners. There was the great case, of course, at the Boyne smelter—this was some years ago now—where the employees were given the opportunity to have a workplace agreement or to stay on awards. A very robust campaign was mounted by a number of unions, including the ETU—with tents at the gates and pamphlets handed out to fellows coming to work for several days, if not weeks. Then they had the vote in the plant to decide whether or not they would go onto these workplace agreements or stay on awards. They voted, as I remember it, 83 per cent to 17 per cent in favour.

Mr Hayes—Mr Deputy Speaker, I seek to intervene.

The DEPUTY SPEAKER (Hon. DGH Adams)—Will the member take a question?

Mr NEVILLE—Yes.
Mr Hayes—I have a question for the member for Hinkler. With respect to the people at the Boyne smelter and the agreements they entered into, were those workers protected by a no disadvantage test in their contracts?

Mr Neville—I am not aware of the actual detail of it.

Mr Brendan O'Connor—The answer is that they were.

Mr Neville—Let me go on a little further. In the union mounted campaign we hear about the number of people who supposedly have dropped holiday leave loadings, public holiday entitlements and the like, but we never hear quoted the percentage of those who have actually increased their entitlements as a result of a workplace agreement, and I think that is central to it. There would be a vast amount of resentment in Gladstone if workplace agreements were banned as Mr Beazley, the Leader of the Opposition, has said that he will do as part of his policy. I go to Comalco—which is absolutely a model plant, where safety and all those sorts of things are benchmarked at the highest levels—and I never hear a word of complaint or resentment whatsoever.

I had a case in Bundaberg recently involving a firm that sold blinds and shades—and those of you who know Queensland know that that is partly seasonal because you do not sell blinds and shades throughout the year. A man took over this firm which, to that point, had only casuals; the whole firm was casuals—the lot. He did not find that satisfactory. He created between 17 and 20 full-time jobs so, for the first time, those employees were going to get holiday pay, sick pay and all the other entitlements. He paid out the existing employees that had other entitlements and he said that, because of the seasonal nature of the work, those who were leaving would have first call on coming back for the casual work.

The unions tried to portray it to the media—but the media would not wear it—as being a result of the IR legislation, which it was not. All these guys had gone from casual employment to 17 to 20 full-time positions but, because four or five of them in this reshuffle would be brought in on a seasonal basis, the unions attempted to portray that to the people of Bundaberg as being part of the IR regime. It was totally dishonest. So I have intervened in this debate today for no other reason than for the sake of balance.

Dr Emerson (Rankin) (11.49 am)—I have two very brief questions, and I think we should allow the minister to answer them. The first is in relation to a wage freeze. Isn’t it a fact that the Fair Pay Commission has yet to deliver its first decision on increasing the minimum wage? That means that a wage freeze of 12 months has already been implemented. Can the minister advise as to when a minimum wage rise might be forthcoming from the Fair Pay Commission?

Secondly, in relation to the so-called Welfare to Work measures, isn’t it a fact that from 1 July a single mother will be expected, when her youngest child turns eight, effectively to go out into the workforce for as little as $1.88 per hour, after taking account of the loss of benefits, income tax paid, child-care costs, travel costs and other work costs? If that is the case, isn’t that an appalling indictment of this country—that a government would expect single mothers to work for as little as $1.88 an hour? Isn’t it also the case that, in particular circumstances, people on disability support pensions could end up working for nothing—in fact, having to pay to go to work—to meet this government’s ideological lust for beating up people
on disability support pensions so that it can please its other constituents? I would ask that the minister now begin to answer our questions.

Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (11.51 am)—I thank the honourable members for their questions. I begin by responding to the honourable member for New England, who asked me about prohibited content. Prohibited content is provided for in the regulations. The reason it was done that way, for the benefit of the honourable member, was that previously this was a matter which was part of the certification process in the Industrial Relations Commission. Having moved away from a certification process, it made sense to actually set out what the prohibited content is. It is true that there is an ability to modify or vary those regulations but I say to the honourable member that the government have no intention of doing that. The ability is there because, if something unforeseen arises, we obviously need a way to respond to that. What is set out there is what we basically thought was appropriate and, unless there is something untoward or unforeseen, that is what it will remain.

The other question that was asked of me by the honourable member for New England related to the Job Network and the position of rural and regional providers under the Job Network. The question about the relativity of cost is something we do consider and take into account. There are ongoing discussions on a regular basis with Job Network providers both individually and through the umbrella organisations—NESA in particular. This is a matter which we will continue to monitor. I accept and understand what the honourable member is saying, and it is something that we will continue to monitor. I say to him that, if there are any particular instances that he is aware of or particular difficulties that his Job Network providers raise with him and if he brings them to me, I will certainly have a look at them myself. I appreciate the spirit in which he asked the questions and the use he has made of this session.

Secondly, I turn to the member for Charlton, who I know is not here but who asked me a whole series of questions about Welfare to Work. Given the detail of those questions, I will provide some written answers to the member for Charlton as soon as I possibly can. Again, they were questions that were genuinely seeking information, in contrast to some of the other contributions to this debate. Perhaps, given the time, it would be better that I provide the answers to those 16 or 18 different questions in writing. I can say to her that some of them did cross over to the portfolio responsibilities of the Minister for Human Services, particularly in relation to the operation of Centrelink. If the member for Charlton is listening to this or reading the transcript, I will liaise with the Minister for Human Services and endeavour to have answers to those questions which do not fall particularly within my portfolio responsibilities.

Thirdly, there was a series of questions essentially about the same thing: the question of trade union training leave. I repeat what I have said on numerous occasions in the House: the Work Choices legislation provides in section 16(3)(c), as I recall, an exclusion from Work Choices, effectively, of matters relating to occupational health and safety. I do not have the provision in front of me but it also includes right of entry, as I recall.

The effect of that is that the states retain their powers in relation to occupational health and safety matters. Indeed, there was a discussion about this at a recent workplace ministers council meeting in Sydney. I understand that the state ministers conceded that that was the view: they still have powers in relation to those matters. I will point out a couple of things that rein-
force this. There is the famous email involving the member for Perth and the member for Lilley—maybe it is an infamous email within ALP circles. The question was put by a constituent, so the impression being given, that employers are subject to $30,000 fines if they send employees to union-run safety training courses, is misleading. The answer, which came from the member for Lilley—who had consulted with the member for Perth about this matter, according to the email trail—was, yes, that is correct: an employer can send employees to union training.

Honourable member interjecting—

Mr ANDREWS—The honourable member asks, ‘What about agreements?’ I also point out that the occupational health and safety reps SafetyNet journal from the Victorian Trades Hall Council gave advice to its readers about this. There was a frequently asked question: ‘Does the Work Choices legislation mean a rep or a deputy cannot attend a union occupational health and safety reps course?’ (Extension of time granted) The answer provided by the Victorian Trades Hall Council to its members—

Ms Burke—Minister, you’re not answering the question.

Mr ANDREWS—I took this as a genuine question. I am trying to give a genuine answer.

Ms Burke—No, you’re not.

Mr ANDREWS—The answer given by the Victorian Trades Hall Council is the—

Mr Bowen—Mr Deputy Speaker, I seek to intervene. Would the minister take a question?

The DEPUTY SPEAKER (Hon. DGH Adams)—Minister?

Mr ANDREWS—I am answering the questions being put to me, Mr Deputy Speaker. I will answer them and then, if there is time, I will take some more. The changes to the federal Workplace Relations Act, Work Choices, do not—that is ‘not’ in capital letters—affect an occupational health and safety rep or deputy’s right to attend an initial/refresher course of their choice, including courses run by unions or the Victorian Trades Hall Council.

To reinforce that with evidence, I have here an agreement entered into under the new system, since 27 March. One of the signatories is the Australian Workers Union assistant secretary in Victoria. Clauses which are approved include clause 26, occupational health and safety. That clause says that the Victorian Occupational Health and Safety Act, its regulations and associated safety legislation will apply, and it is approved by the Office of the Employment Advocate. So the Victorian legislation continues to apply. It says, ‘In support of this, all employees will participate in the following three safety training programs,’ and then clause 26(11) says: ‘Occupational health and safety representatives will be provided with five days paid training for attendance at an occupational health and safety course.’ Not only is it the law, not only is it set out in the legislation, but it is actually in agreements which are being entered into in this case by the Australian Workers Union in Victoria.

There were some other questions. The honourable member for Rankin asked me about some modelling. I will have to seek some legal advice about the matters he asked about, and I will give the member for Rankin an answer in relation to that. There were also some questions about—

Ms Burke—Cowra.
Mr ANDREWS—I will come to that. There were also some questions about trade union training, which I have spoken about. There were questions about termination of employment and the data. I am not aware of what data might have been collected since 27 March. I know the AIRC does collect data and collate it—and I presume it would collect data about unlawful termination applications.

There were also questions about temporary training visas, from the member for Werriwa, and the position of people in rural areas. Can I remind the honourable member that the latest employment statistics for May showed an increase of 55,000 in employment in Australia. This is a month after Work Choices came into effect.

Mr Hayes—That is the resources boom.

Mr ANDREWS—He says it is the resources boom. Most of that employment actually occurred in his state of New South Wales. A resources boom occurs in Western Australia and Queensland, and this was in New South Wales—and the member for Werriwa knows that as well. The reality is we have an ageing population in Australia. Some research carried out last year showed that, because of the ageing of the population in just five years, we are facing a shortage of up to 200,000 people—195,000, to be precise—which all has an impact on the availability of jobs. We have had the Reserve Bank say that one of the constraints facing the economy in Australia is that there is not enough workers for the jobs going around. I say that the government takes a sensible position in relation to visas for people coming in overseas. As the Minister for Health and Ageing pointed out yesterday, there are something like 7,000 or 8,000 health workers in Australia who have come in from overseas on 457 visas. If we did not have that provision, people in the rural areas that the member for Werriwa is talking about would have a shortage of health workers, including doctors and nurses.

There was a suggestion made that 2.4 per cent of employees are on AWAs. That is not right. There are approximately 10 million workers in Australia. According to the Employment Advocate’s evidence in the Senate, there are something like 538,000 current AWAs. When I went to school that number would have constituted about five per cent. There have been almost a million entered into since 1997. (Extension of time granted) There were also the questions about an employee having to sign or be sacked. That is unlawful, and anybody who faced that situation ought to have the matter taken to the Office of Workplace Services. It is clearly unlawful under the legislation.

The member for Rankin asked about the Fair Pay Commission. The Fair Pay Commission is scheduled to make a decision in spring of this year. He suggested that that constitutes a wage freeze. It does not, because the Fair Pay Commission has indicated it will take into account the fact that there has been an extra length of time since the last minimum pay decision of the Industrial Relations Commission. As honourable members opposite know, particularly those with a trade union background, the reality is that, in the past, by the time the wages actually flowed through and were incorporated into awards it was often three, four, five or six months after. In some awards it did not occur at all because of the redundant awards that are on the books at the present time. But that will be taken into account.

Finally, in relation to the matter the member for Rankin raised about Welfare to Work and the sole parent whose youngest child has turned eight and has gone to school, I point out that the requirement for work is a minimum of 15 hours. A person who works a minimum of 15
hours has to be paid the minimum wage at least, which is $12.75 an hour. In addition to the income that person would receive from their private exertion, they would also continue to receive a range of welfare benefits. The result of that is that that person is better off. In fact, there are guidelines being issued in relation to what sort of job has to be taken. Part of those guidelines looks at the cost of things like transport and the time that it might require to go to a job, the cost of child care, any reduction that might occur under rental assistance from a state authority and changes in taxation. The guidelines say that a person has to be better off financially by a certain amount after all of those things are taken into account, otherwise the job is unsuitable. They were matters we looked at in consultation with a number of agencies and individuals who work in the welfare system to ensure that those provisions are ones which we believe do not work in an unfair manner. I think those are most of the things, apart from the matter that was raised at the outset by the member for Perth.

I answered the member for Perth twice in relation to this matter and that was to say, as he well knows—as was indicated in Senate estimates and as has been indicated publicly by the director of the Office of Workplace Services—that that investigation is continuing. When there is a report from the Office of Workplace Services, presumably that will be made public by the director. Honourable members on all sides of this place are fully entitled to make comments about it then, but I suggest that the member for Perth waits until that report is provided.

The Office of Workplace Services is investigating this in an independent manner. I presume honourable members opposite would want that investigation to go ahead. The member for Perth’s problem is that he was left out of any consideration recently by the Leader of the Opposition. He was only told some time afterwards that the Leader of the Opposition had made a major policy change in his area. We know he is under pressure from the unions because they do not think he is doing the job properly, and he has just spat the dummy today and walked out.

Dr Emerson (Rankin) (12.05 pm)—The question raised by the member for Perth went to whether the minister or his office contacted the Office of Workplace Services to alter the contents of the report that had been provided in draft form. The minister to date has failed to answer that question and I invite him to do so now.

Mr Andrews (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (12.06 pm)—I have answered this question. The Office of Workplace Services is an independent body. It is carrying out an independent investigation. It will deliver a report. I suggest once again to honourable members that we all wait until the report is delivered.

Mr Bowen (Prospect) (12.06 pm)—I have a very brief and straightforward question for the minister. Can the minister confirm that when Senator Abetz told Senate estimates that a trade union safety course was prohibited content Minister Abetz was being accurate?

Mr Andrews (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (12.06 pm)—I have outlined to the chamber today the situation so far as the law—and, indeed, the practice—is concerned. That reflects what I have been saying for some months about this matter. It reflects my belief about
the state of the law and practice in this matter and I cannot add anything further to what I have said.

Proposed expenditure agreed to.

**Immigration and Multicultural Affairs Portfolio**

Proposed expenditure, $1,421,272,000.

Ms VAMVAKINOU (Calwell) (12.07 pm)—I have a question for the Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs. I am seeking some clarification in relation to a proposed detention facility in Broadmeadows. I have received correspondence from the Minister for Immigration and Multicultural Affairs informing me and the community that the government has decided not to proceed with its proposed immigration detention facility at this stage. I also have recently received a letter from the parliamentary secretary—and I thank him for it and for his obvious interest in this matter—indicating that the government is not proceeding with the previously announced large-scale facility. I am seeking clarification as to whether it is not proceeding at all or not proceeding at this stage.

If you are not proceeding at this stage, I would like your views on any justification the government may have for the need for a large-scale detention centre in Broadmeadows at some time in the future. If you are not proceeding at all in favour of the small-scale detention centre, there is the matter of the surplus land. There have been many discussions with the council and me in relation to the value of this land. In the past I have lobbied for this land, given its historical value, to be gifted to the community for community use, but I am also mindful of my council’s interest in the economic importance of this land and its situation in an industrial park. So I would like your views and some clarification on that matter of ‘at this stage’ or ‘not at all’.

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.09 pm)—The intention is that the transition centre that you have been advised of and that the local community has been advised of will proceed in the facility that is currently there, with some renovation. As explained, that is intended to be very much a transit centre. It would be unusual for anyone to be there for more than two or three days at the most. It would probably be 24 hours. There is a substantial amount of other land there. Certainly a decision has been taken not to proceed with the earlier intention to build a large detention centre. There will be further reviews in the years ahead. Because of the dynamics of the situation with people in detention and with people coming illegally to the country, these things are reviewed on a regular basis every two to three years. We have just finished a major review. There has been no decision taken with regard to any other facility at any point in the future. We have a program—a comprehensive one—that has been announced, to close Woomera and upgrade Baxter. We also currently have the situation with Nauru and those that are arriving by boat illegally. So there are all these factors in what is obviously a very dynamic and fluid situation. At some point in the future, we will have another review about the suitability of detention centres in every part of Australia. That is the situation. We have no program, agenda or timing for a future review, but future reviews will be undertaken. But, in the existing one, we have decided against having a detention centre there and decided to have a transit centre there and in Brisbane. That is the existing situation.

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MAIN COMMITTEE
Ms VAMVAKINOU (Calwell) (12.12 pm)—Our community is very grateful for the government’s decision; it is just that you would also be aware, as I am, that there is a great level of interest in that land by both the community and the council. I just want to understand: is the land going to remain idle until such time as another review takes place? It is very important land, and it can be very useful to our community. I would like you to reflect on that. I want to understand whether it is just going to remain idle until some fluid situation at some point in time may render a need for the government to consider building another detention centre. We just need some clarification on that because that helps us in our understanding of what we can do to lobby government about that land.

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.13 pm)—I understand your point. The situation is that there simply has been no decision taken one way or another. We have just finalised a set of decisions about what the use of that land will be for the foreseeable future, and in due course consideration will be given to the use of the remaining land.

Mr JENKINS (Scullin) (12.13 pm)—I wish to seek clarification from the parliamentary secretary. He has spoken about the review of detention centres and the decisions that have been made on the basis of that review and then indicated that he did not feel that there was any direct need to have a further review. The difficulty with that is that there were decisions made about a refit of Maribyrnong. That was on the basis that there was to be, down the track, a facility in the city of Hume. There have been decisions about works to be done at Villawood. They have now been shelved. I do not think it is really good enough if we just retreat at this stage and not do something about it. The Maribyrnong facility has had a chequered career. The works to be carried out are a minor improvement.

I have not had the opportunity to visit Villawood, but, by its reputation, there is obviously a great need for work there. And it is not just about the physical infrastructure. Stories and allegations that have appeared in the media about incidents—especially those currently occurring at Villawood—indicate that we really do need to look at the expressed aim of the department to treat those in detention centres humanely. It is about not just the physical infrastructure but the social infrastructure and the way these detention centres operate as communities. I have had to conclude that, regrettably, the detention centres are very badly run prisons. I am sure that correctional facilities are run better than detention centres at certain stages. I am concerned that, because some decisions that arose out of the previous review have been shelved, we are not going forward and we are not doing the right thing by people who end up in detention centres.

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.15 pm)—In response to the member for Scullin, I have several points. Firstly, the arrangements will be periodically reviewed. My earlier comments did not seek to suggest otherwise. We will periodically review whether the centres are run adequately, appropriately and satisfactorily or otherwise. A lot of it will be determined by what is happening in a general sense. As you would be aware, the composition of those in detention centres has changed dramatically in the last two or three years. A lot of that would not have been foreseen earlier on. Numbers of foreign fishermen now dominate a lot of our detention centres and I think their average detention is around 13 weeks duration. There is a fundamental difference in many of our detention centre requirements compared with those of even two or three years.
ago. We have just taken a decision to spend serious taxpayer money on the renovation and upgrade of Maribyrnong. You said you have not had the opportunity to see that work.

Mr Jenkins—I’ve been to Maribyrnong.

Mr ROBB—I would urge you to take the opportunity because some excellent work is being done there. I have now had the opportunity to visit most of the centres, including the one at Christmas Island. In a design sense, I think we are now leading the world with this sort of facility. The village concept has been designed to ensure that this is not comparable to a jail experience but rather provides for people who have arrived in the country illegally and are awaiting the processing of their claims. I invite you to take the opportunity to look at some of the renovations at a number of the facilities. Baxter has undergone a very significant improvement and provides a very adequate and appropriate environment. I think a proper balance has been reached at that centre.

We have moved a long way forward. The only reason work has not begun at Villawood is that the prospect of a greenfield site is being assessed—the results of that assessment are not far away. There will be substantial improvements either at Villawood or at a greenfield site. Even at Villawood, the construction of homes has provided an excellent facility for families in detention. On all those fronts I think you will find that we have gone a long way towards creating facilities which reach an appropriate balance and deal with the concerns that we should legitimately have for people being held in detention.

Mr BURKE (Watson) (12.19 pm)—Following up on the answer just given by the parliamentary secretary, I am interested in knowing which greenfield sites have been considered as alternatives to Villawood.

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.20 pm)—I am not sure of the location, but there is a site that has been under consideration for some time. I have not seen the location, but I can certainly furnish you with details of the investigation into a greenfield site.

Mr GEORGANAS (Hindmarsh) (12.20 pm)—My question is to the parliamentary secretary. Last weekend the Department of Immigration and Multicultural Affairs admitted that, of the 220 cases bearing the description ‘released, not unlawful’, 26 were Australian citizens. How many of those people, including the 26 Australian citizens, were assessed for any mental illness; how many of those people were diagnosed as having a mental illness; and how many have been detained since the release of the Palmer report? Can the parliamentary secretary give us a detailed report on any internal investigation the government has conducted after finding out that there were 220 cases bearing the description ‘released, not unlawful’ and that 26 Australian citizens had been detained under our immigration laws?

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.22 pm)—In response to the member for Hindmarsh, it is correct that 26 of the 220 cases referred to the Ombudsman in which the descriptor ‘released, not unlawful’ was used were Australian citizens. The government did not hide these details from the public. In fact, the Senate Legal and Constitutional Legislation Committee was advised of these numbers on 9 February 2006. A further Australian citizen has been identified in the additional group of 28 cases referred to the Ombudsman on 18 April, and the Senate committee was advised of this case on 13 February. The other details you have sought are matters which are the
particular responsibility of the minister. I will certainly take those on notice and get you a response.

Ms CORCORAN (Isaacs) (12.23 pm)—I have seen a statement from the minister about closing detention facilities and saving $78 million. The minister said:

Detention centres at Woomera and Singleton will be closed with plans to build further centres at Melbourne and Brisbane shelved.

Could the parliamentary secretary help me with the details of how that $78 million is arrived at? I assume that much of it is attributable to closing existing centres and saving the running costs there. How much of the saving is attributable to not building new centres? Does it include not having to run the new centres and that sort of thing?

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.24 pm)—I say to the member for Isaacs that I will need to get those details for her. I have been through it all, and you are right: there are savings in some areas and costs in others. I am happy to get a detailed response to show where the $78 million in net savings occurred. We are talking here about a lot of facilities. There is $4.9 million being spent at Baxter. Of course, there are the improvements to the Darwin detention facility, which again are quite significant and very important. But we have shelved, as you say, the intention to build detention centres in Queensland and Victoria. There is a significant saving associated with that. With respect to the upgrading of Maribyrnong and Villawood, in response to your earlier query, I think that is likely to be the result. Another option is being considered to see whether there are some financial savings. That has not been concluded but I understand that it is more likely that the Villawood plans as originally decided will be proceeded with. But I will come back with a detailed response to that question.

Mr BURKE (Watson) (12.25 pm)—On that area that the parliamentary secretary just referred to, there is an understandable concern from the opposition to clarify exactly how much of the $78 million is a saving by virtue of closing facilities that have not been built. No doubt, had the government closed 10 facilities that had not been built, they would have been able to save a tremendous amount more than $78 million. But, in terms of genuine savings, the minister has been saying that one of the impressive economic things that the government has done is find $78 million in savings. When the parliamentary secretary provides that information we would like to see, quite specifically separated, how much of that $78 million is derived from closing facilities which had never been built.

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.26 pm)—The substantive answer to that will be given in the response to the question by the member for Isaacs. I make the point that there were deliberate decisions taken at an earlier stage and budget appropriations were established. So, in an accounting sense, clearly there will be some savings; some of the accounting for that whole expenditure on detention centres will take account of decisions that have been reversed. They are savings against the budget, because they are appropriations that had been taken account of at an earlier stage.

Ms CORCORAN (Isaacs) (12.27 pm)—I would appreciate some help with an apparent contradiction that I have in front of me here. The minister has announced that $5 million will be spent to build a new medical centre at Baxter and upgrade the kitchen, yet in the budget

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papers there is a note that the government will rationalise Australia’s onshore immigration detention network, resulting in savings of $78 million—which we have just been talking about—over four years. It includes the suspension of the use of the Baxter immigration detention centre. I am intrigued with the notion of spending $5 million to upgrade it but closing it down. I am not too sure which comes first and how those two statements can be reconciled.

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.28 pm)—The intention is to spend that appropriation immediately and as quickly as possible so those improvements will take place. It is a contingency plan that Baxter will not be required in full operation; therefore, it will be held as a reserve detention centre in case of unforeseen circumstances. As I mentioned earlier, the dynamics of this area are significant and many things happen in an unforeseen way. It is responsible to have facilities—and good facilities. The Woomera one has been closed because it was an unsatisfactory facility. There were other reasons as well, but it was clearly unsatisfactory. Baxter is now, I think, an excellent facility, and when we make these further improvements, with the oval that has now been completed and all the rest of the improvements, it will provide a good balance and an appropriate environment. But, to get it to the stage of being a facility which is appropriate to hold people under detention, we consider that nearly $5 million needs to be spent.

The expectation is that some time in the next 18 months to two years, if current trends continue and Christmas Island comes on stream, the Darwin facilities are improved and all other arrangements are in place, we will be in a position to hold Baxter as a reserve facility. That is factored into the calculations and is the nature of the release that you referred to.

Mr BURKE (Watson) (12.30 pm)—I ask the parliamentary secretary: is there space at other mainland detention centres to simply close Baxter now, by transferring people? If Baxter is mothballed, what will be the difference in long-term maintenance costs for such a facility, now that it also involves maintaining the grounds of the oval?

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.31 pm)—As I understand it, because significant alterations are taking place at a number of detention centres—Darwin; potentially Villawood; Maribyrnong; Christmas Island is under construction; Perth is being renovated, although it is only small—Baxter is required for the immediate future. I am not across the savings and costs of mothballing but I will get those and respond to your question.

Mr BURKE (Watson) (12.31 pm)—The budget refers to cost savings in Nauru where the two processing centres are being merged, savings I believe of $33.8 million over four years. I am wondering about the extent to which this saving is to be offset by the projected increased numbers of asylum seekers who will now be held on Nauru. In arriving at those figures, how many people does the government envisage will be on Nauru? I presume all forward estimates have some way of estimating the length of stay for asylum seekers on Nauru. How long, in preparing its budget, has the government presumed asylum seekers will stay on Nauru?

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.32 pm)—In response to the member for Watson, there have been developments on Nauru since the budget was framed. As you are well aware, the government currently has legislation in the House and is considering a Senate response to that legislation. Subject to final decisions by the government and the will of the House, that could potentially
have implications for Nauru. I suppose it goes to the point I made earlier, that this—people arriving illegally—is a very dynamic area. Again, we have a new development which has led the government to make further decisions to review some of the earlier arrangements relating to people arriving illegally on boats and has led to implications for Nauru. We do not have projections for numbers. As to whether this legislation will imply a need for some further improvements on Nauru which will have a financial implication, that has not been finalised in any sense. As I understand it, we have no projections about who might arrive illegally by boat—not fishermen—in the foreseeable future. I am not in a position to provide a commitment by giving you a satisfactory answer because I do not think the numbers are available. I suspect there will be financial implications for some upgrading so that women and children can have living quarters which are a village type facility, consistent with the arrangements that we have struck on the mainland.

**Mr BURKE** (Watson) (12.35 pm)—In response, while I can understand that projections will change—and the outcome of legislation currently before the parliament could well have a bearing on what the realistic projections are for people if they do find themselves sent to Nauru—I find it extraordinary that, as I understand what has just been put to the House, the government framed a budget without any such projections. While it might not yet have been the law of Australia, it was already the policy of the government. The policy was announced in April and we are talking about the May budget. The policy of the government was in place. It had been through the National Security Committee of cabinet. The policy was clearly defined, and that policy would be what I presume the budget was based on.

I appreciate that until the end of next week it will be very difficult to determine if those figures have changed, and I respect that. But the question is: were projections done as to the length of stay at the time of the budget? If not, how could it be that, for something that is costing millions of dollars a month, a formal government policy was announced to the Australian people yet the government then framed and announced its May budget without reference to the policy? Surely some projections have to exist about the number of people who are sent to Nauru and the length of time they are expected to be there. If legislation subsequently alters that, that is beyond what you could have predicted at a May budget. But it seems unthinkable that in May a budget would be framed and put forward as the projections for the next 12 months without reference to what government policy was at the time.

I do not want to misrepresent the parliamentary secretary, but my understanding of what was just put forward here is that there is a chance that no projections were done. I do not argue for a minute that those projections might no longer be accurate and might change at the end of next week. But the question—and it goes to not only the prudence of the budget process itself but also the confidence that the government had in its own policy within a month of it having been announced—does remain: at the time of the budget, were there any projections made as to how many people would be on Nauru and how long they would be staying there?

**Mr ROBB** (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.38 pm)—In response to the member for Watson, yes, there were obviously projections. I took your earlier question as referring to what are now the predictions for Nauru in the context of the changed circumstances and the legislation that is currently before the House. There were very clear projections for all the facilities. There is a qualifier, as you would well appreciate, that they are very uncertain. We are doing our best to provide a proper
contingency and assess what may or may not be in the future. But there were projections, which, again, I am happy to provide. My response was, as you suggested, to do with the fact that the changed circumstances since the budget will alter projections with regard to Nauru. I am aware that there has been no final view formed on that, but no doubt people within the department are trying to make some assessment.

Ms CORCORAN (Isaacs) (12.39 pm)—I would like to follow on from what my colleague has been asking about Nauru. I am also interested in how those savings were arrived at in the budget papers. If you can come back to me with an indication of how the $33.8 million was arrived at, that might help the situation. My other question is seeking some clarification. I note the fact sheet the minister has issued talks about closing one site on Nauru and maintaining the other in a state of high readiness. In the recent Senate inquiry, Mr Okely from DIMA talked about two different sorts of facilities at Nauru. We need to be careful with the word ‘closed’ here because it means two things. He talked about one being a closed facility, in the sense of not being shut but people having restricted movement, and the other one being a more open type of facility where people have more freedom to move around. It is not clear to me whether those two different sorts of facilities are going to be in the one place or whether in fact both are going to be open to accommodate two different types of detention.

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.41 pm)—My understanding is that the arrangements on Nauru are currently being reviewed. What was announced in the budget is under further review. That was framed when Nauru was seen more in the context of a contingency than in the context of a real prospect of more imminent arrivals. I do understand there will still be a closed facility, as you have defined it—

Ms Corcoran—As in restricting movement?

Mr ROBB—As in some capacity to restrict the movement of some people. At the same time, there is a review currently being undertaken, so I do not have a capacity to give you any definitive answers on this. They are looking at what is required to improve some of the arrangements and the facilities, especially for women and children if they were to be on Nauru for any period of time.

Ms CORCORAN (Isaacs) (12.42 pm)—As clarification, do I understand the parliamentary secretary to be saying that the situation which was announced through this fact sheet about closing one site and maintaining the other is now being reviewed again? So we may not have a situation where one site is being closed and one is not?

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.43 pm)—The adequacy of the arrangements in Nauru is being reviewed in toto. It could remain, as was announced, with some improvements at the margin, or it may be sensible to review what was announced in a more comprehensive way. We have had over 1,500 people successfully processed in the past through Nauru. There is a significant population on Nauru. Notwithstanding that, given the new developments and the legislation, there is a review of the adequacy of those arrangements and they are currently under consideration.

Mr BURKE (Watson) (12.44 pm)—Within the budget papers, has the government budgeted for the cost of taking people who have been found to be refugees from Nauru back to Australia?
Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.44 pm)—I will need to take that question on notice.

Mr BURKE (Watson) (12.44 pm)—I want to ask about the impact on the budget of some completion payments which have been referred to in a report by the Australian National Audit Office concerning the change of the contract from ACM to GSL. The Australian National Audit Office referred to a $5.7 million completion payment but was not able to determine why in fact that had been made. The Australian National Audit Office was of the belief that there was no contractual obligation on the part of the government to make that payment to ACM. I want to understand, firstly, whether the government agrees with the finding of the Australian National Audit Office. Secondly, out of the budget papers, is there provision made for payments to private companies where there is no contractual obligation to make those payments?

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.45 pm)—In response to the member for Watson, again that is a matter in the minister’s area of responsibility. I will take that on notice and get back to you, if I might.

Mr BURKE (Watson) (12.46 pm)—In doing so, would the parliamentary secretary also find out whether or not there is a forecasted budget allocation for any future completion of payments to GSL? We cannot work out why on earth ACM ever received $5.7 million. It came from something in a process that the Australian National Audit Office actually found when we had the change from ACM to GSL. Even though the change is only meant to occur if a competing operator provides better value for money, the change happened notwithstanding that ACM was still providing better value for money because the department failed to revisit their figures. Could the parliamentary secretary confirm—and I appreciate this may well be on notice in the same fashion—whether there is any budget allocation for any future completion payments to other operators? Has the government budgeted in any way to cover itself against legal action by ACM now that it has been revealed by the Australian National Audit Office that the contract was transferred away from them even though they were still satisfying the better value for money test?

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.47 pm)—Again, I will take the honourable member’s question on notice and will come back to him.

Mr BURKE (Watson) (12.47 pm)—In answer to a question that was taken on notice during the estimates hearings, the department of immigration provided a table identifying the cost per detainee per day for each facility. Villawood cost $190 per detainee per day and Christmas Island cost $2,895 per detainee per day. I want to know what the cost is per detainee per day for somebody to be kept in Nauru, how that differs between Nauru as it was at the time of the budget and under the merged facilities in Nauru, and what services and facilities detainees at these two centres receive. If the reasons for the difference could be identified in a reference to the costs per detainee, that would be of assistance.

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.48 pm)—Again, I am willing to take those questions on notice, but the element that refers to Nauru will of course be subject to decisions that are taken. We could end up pretty much with the announcements that were in the budget, or there could be

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changes based on new information and new forecasts and expectations. With that qualification, I will seek to respond to the queries.

Mr BURKE (Watson) (12.49 pm)—In identifying the reasons behind sending people to different detention centres, are the costs per detainee per day of concern to the government and part of the process in determining which detainees will be sent to which detention centres? In those circumstances, why has there been processing at Christmas Island on occasions when it would actually make no difference to the rights or legal status of the detainees involved?

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.49 pm)—Again, I will need to take some parts of the question on notice. As a general comment I will say that there are all sorts of considerations that come into this for the government when deciding where to place detainees: the nature of the detainees, the appropriateness of having different groups of people in different centres or separated et cetera. Again, we must remember the significant objective while seeking to honour, as we have done, our international obligations with regard to asylum seekers. At the same time we have an obligation to the Australian community to protect our borders. So there are many issues regarding the decisions taken as to where people are best detained while their applications for asylum are being properly processed. In many cases the detainees are not applying for asylum. In fact, often they are there short term before they are sent back home. There are all sorts of reasons, and I will do my best to give you some sense of those in the response.

Mr BURKE (Watson) (12.51 pm)—The parliamentary secretary made reference to protecting our borders. What is the government’s opinion on where the borders of Australia are?

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.51 pm)—The borders of Australia are quite well defined. The Australian territory defines the borders of Australia.

Ms CORCORAN (Isaacs) (12.52 pm)—I want to add to my earlier question—I know they normally add to answers in this place—about Baxter and the proposed $5 million to be spent on health facilities. I understand there have been some recent refurbishments there—a sporting oval and those sorts of things have been built in recent times. Can you give us an idea of what has recently been spent on upgrading and adding to this facility?

Mr ROBB (Goldstein—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs) (12.53 pm)—I will be happy to include that in my response on the Baxter details.

Proposed expenditure agreed to.

**Communications, Information Technology and the Arts Portfolio**

Proposed expenditure, $2,507,312,000.

Ms BIRD (Cunningham) (12.53 pm)—I am particularly interested in raising with the parliamentary secretary the developments that have recently been referred to by the Minister for Communications, Information Technology and the Arts on the community service obligations of Telstra. The minister would be aware—although the parliamentary secretary may not be aware—that I recently had cause to raise with the minister concerns about students at the TAFE in my local area. Four public telephones have been provided on the TAFE campus in
previous times. Their concern was a notification that appeared on two of those phones to say that they would be removed. The students raised with me a particular range of concerns around those telephones being very strategically placed to provide access for students, particularly at night.

One of the phones proposed to be removed is at the welfare studies building, which frequently runs night-time courses in which many women participate. That phone is used extensively when students have finished their course for the night, to let people know to pick them up. It is also the phone closest to the disability services unit. For a number of students in wheelchairs who met with me on the day, that particular phone is an important provision. There are, of course, three other phones on the campus and the expression of the students was that generally during daytime hours it would not be a great problem to traverse the campus to other phones, but, to its credit, the campus is nicely landscaped with quite a few trees around and at night having to traverse the campus to get to other phones would create some serious concerns for many students.

I was quite surprised when I approached local Telstra management to be told that educational facilities are not covered under community service obligations. I assume that would also apply to university campuses and perhaps even to some of the more senior college arrangements where mature age people access the campus and need access to telephones. It is certainly true, I acknowledge, that there has been a great expansion of the use of mobile phones but the reality for most of the students I spoke to is that they do not utilise mobile phones. Many of them are on welfare payments and study at TAFE in order to improve their job prospects. They do not have mobile phones and use public phones quite extensively.

I could not find from Telstra on what decision they allocated two out of the four phones—whether they had looked at usage rates or anything like that. They could not provide that level of information. All they would say to me was that it was not financially viable to maintain four services on the campus. I recognise that the minister recently put out a statement that this issue would be explored with Telstra, hopefully before any sale goes through, when it would become a redundant issue. I understand that is proceeding. I would very much appreciate advice from the parliamentary secretary about the nature of those discussions and whether there is a proposal to extend what is covered under community service obligations. I would argue that, in particular, educational facilities should be covered and there may be others that the community would quite rightly suspect should be covered. For my local area, I would appreciate any advice on the progress of those discussions and their format.

Ms LEY (Farrer—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (12.58 pm)—In the interests of brevity and time, I make the point that there were no measures relating to Telstra in the budget. However, I am happy to respond to the points raised by the member for Cunningham. I am sure the member for Cunningham knows that the supply, installation and maintenance of payphones is enshrined in the government’s universal service obligation, the USO. So all Australians should have access to a payphone regardless of where they live. The government is committed to ensuring that Telstra continues to meet its obligations under that USO. To ensure that communities clearly understand their rights, the government will require Telstra to amend its standard marketing plan to give a clear description of what constitutes having reasonable access to a payphone and include a description of what constitutes a USO payphone. Telstra will be required to more clearly identify which
payphones in a community are provided under the USO and to ensure that there are robust consultation processes where a non-USO payphone is to be removed or relocated.

I am sure you are aware that the minister has required Telstra to enhance its consultation processes for the removal of payphones by including on its removal notice the reasons and details of how a person can object to the removal. The removal notice will include a reference to the Australian Communications and Media Authority’s role as the regulator of Telstra’s payphone obligations. It is important that people realise it is not just Telstra they are dealing with but also ACMA. Telstra will also engage with its Low Income Measures Assessment Committee and advise them of the new arrangements for payphone consultation processes and complaint mechanisms.

I would see this committee as another check and balance on the operations in this area. The member for Cunningham mentioned that she has raised these issues with the minister. I am sure the minister is taking them very seriously. I am sure she understands and appreciates the needs of students, the fact that they do not all have mobile phones and that they are sometimes alone on campus late at night. I am sure the minister will respond in due course in a satisfactory fashion.

Sitting suspended from 1.00 pm to 4.06 pm

Mr GARRETT (Kingsford Smith) (4.06 pm)—In the light of the amount of the proposed expenditure that was directed to the arts in the 2006 budget, I would like to discuss the budget announcement by the Attorney-General and the Minister for the Arts and Sport to unilaterally cancel any prospect of a resale royalty scheme for Indigenous and other visual artists. Over the years since the Myer report considered this issue there have been unanimous calls from arts organisations, Indigenous arts organisations, the Australian Copyright Council and others for a resale royalty scheme to be considered by the government. These calls were contested by the major auction houses but, at the same time that this debate unfolded, various jurisdictions, in the European Union in particular, considered and brought into effect resale royalty schemes.

I ask the parliamentary secretary representing the minister whether the department conducted a review with the Attorney-General’s Department and, if so, whether it did any costings of the likely consequences for artists of a resale royalty scheme. I also ask whether or not consideration was given to the likely impact on or flow-through of income to artists, particularly Indigenous artists, who were the ones most likely in the first instance to benefit from resale royalties, given that in some instances the price of their artworks has escalated very quickly over a short period.

In the budget papers, under the announcement ‘Individual visual artists—enhancing business skills’, some $6 million was made available, of which I believe $4 million is for Aboriginal art centres and $2 million for forms of training. I point out that the estimate given by some analysts of the likely benefits that would flow to Indigenous artists if a resale royalty scheme were introduced is in the order of $20 million to $25 million. I draw the minister’s attention to that discrepancy and ask whether that was considered in this decision and whether any additional reasons will be given for the government not considering a resale royalty scheme.

Dr STONE (Murray—Minister for Workforce Participation) (4.09 pm)—In response to the issue raised by the member for Kingsford Smith about a resale royalty scheme, particularly
for Indigenous art, the government are committed to supporting Indigenous artists in every way we can. We have been most concerned indeed about any allegations of corruption or misuse of Indigenous art funds and we are keen to make sure that any misuse or fraudulent dealings with Indigenous art are dealt with very quickly and immediately through our policing systems.

In the budget, as the member for Kingsford Smith alluded to, we announced a $6 million initiative over four years to support visual artists as an alternative to a resale royalty scheme. We think that is the better alternative. The initiative includes a $0.5 million per annum training package to help visual artists enhance their engagement with the commercial arts market and $1 million per annum to strengthen the Indigenous arts industry in regional and remote communities. The initiative builds on the government’s existing commitment of $19.5 million for the Visual Arts and Craft Strategy, as part of a $39 million partnership with the states and territories. This additional funding will provide targeted support for a broad range of artists to develop business skills that will help them to engage more effectively with the commercial art market. We hope in particular to help them become independent of second and third parties in the marketing of their work.

The new initiative also directly addresses the issue of strengthening Indigenous art centres by enhancing the critical support they provide to individual artists. This will be achieved through increased funding to existing national arts and crafts industry support programs. Art centres offer a place where artists are not exploited and where their skills and talents are nurtured, developed and appropriately remunerated.

The government considered the effectiveness of a resale royalty scheme following the recommendations of the 2002 Report of the Contemporary Visual Arts and Craft Inquiry and in light of submissions received in response to the discussion paper released in July 2004. We concluded that a resale royalty right would be a largely symbolic recognition of an artist’s status and would not provide a meaningful source of income for the majority of Australia’s artists. Research showed that a resale royalty scheme would not end disadvantage for Indigenous artists and that the principal beneficiaries of such schemes are successful late career artists and the estates of deceased artists. Such a scheme would bring little advantage to the majority of Australian artists, whose work rarely reaches a secondary art market, and may also adversely affect commercial galleries, art dealers, auction houses and investors. The alternative funding package announced by the government will provide practical assistance for the majority of individual visual artists to build their businesses and strengthen their capacity to engage with the commercial arts market. We believe this approach to be entirely consistent with that put forward by Rupert Myer in the Report of the Contemporary Visual Arts and Craft Inquiry.

I am aware of the suggestion in a recent National Association for the Visual Arts press release that, as a signatory to the Berne Convention for the Protection of Literary and Artistic Works, Australia is obliged to implement a resale royalty scheme. This is principally a matter for the Attorney-General, and I am advised that Australia is under no obligation to implement a resale royalty scheme under that convention. In fact, other member countries, such as the United States of America—which has a very deep concern for its indigenous artists—and Switzerland, have also chosen not to adopt a resale royalty scheme. No doubt, like us, they are concerned to deliver the best advantage to indigenous artists.
Mr JENKINS (Scullin) (4.13 pm)—Madam Deputy Speaker Bishop, I thank you for the opportunity to be here for these portfolio discussions and consideration in detail. At output 3.4 of the Communications, Information Technology and the Arts portfolio there is a total price for outputs of $13.819 million. Output 3.4 is entitled ‘Strategic advice, activities and representation relating to Australia’s development as an information economy, nationally and internationally’. Amongst the notes in this document for the development of the ICT sector is the following:

...promoting skills development and facilitating infrastructure development (including advanced networks capabilities).

This is something that Labor believes the government has been tardy on. I particularly wish to talk about Labor’s proposal to roll out the next generation broadband infrastructure. But in doing so I say that one of the great problems for an electorate like Scullin, which is on the outer urban fringe of Melbourne to the north, is that we have suburbs and new estates coming on board that will be about 22 kilometres from the CBD and they do not have access to the present broadband ASDL optic fibre that we see as the standard. The point is that Labor is not just talking about rolling that out and providing access. We are talking about next generation which will give access to greater speeds. Of those people in the city of Whittlesea who have a connection to the internet, 53 per cent still have dial-up. That is fairly antiquated.

As an anecdote and slightly by digression, when I was a councillor for the Shire of Whittlesea, one thing I could not work out was why we were not getting the call centres and access to things that were hanging off the copper wire infrastructure which was going to the south-eastern suburbs of Melbourne. The then shire engineer explained to me that our telecommunications infrastructure was not good enough. We have caught up with that 20-year lag. We now have call centres in the north, but we do not have access to the greater optic fibre. We do not have enough exchanges that bring people close enough to use ADSL and we have companies that cannot compete on the global stage simply because they cannot use IT that is comparable to the IT of those whom they are competing against.

I would hope that the government would step back and embrace a holistic approach to nationally rolling out the next generation of broadband infrastructure, to bring all the interested telcos together and say: ‘We really have to organise this better. But it will not happen through competition, because there will be cherry picking of the best markets.’ That is simply unfair to the regions. I know that the parliamentary secretary, representing a distinct region of Victoria, understands the importance of regional efforts.

Ms Hall—Minister!

Mr JENKINS—Madam Deputy Speaker, through you, my humblest apologies. I do not think I have caught my breath from racing up here earlier on. I do this all the time: I do not catch up with the elevation from parliamentary secretary to minister. The Minister for Workforce Participation is a great champion of regions, anyway. The northern suburbs of Melbourne are a very distinct region as well. Often, I think some of the regional and rural members have an advantage because they can clearly define their regions much better. But in the northern suburbs of Melbourne there are impediments because of a lack of infrastructure, such as telecommunications infrastructure. We have made advances because of the way in which road infrastructure is improving, as well as private transport—we really need to have a greater...
commitment to public transport—but on this occasion we are talking about communications. I would hope that the government can embrace a national approach to ensure that we can be fully competitive in IT based industries.

Dr STONE (Murray—Minister for Workforce Participation) (4.18 pm)—When I became the member for Murray in 1996, like other members, perhaps, I had all these calls to my electorate office from my constituents complaining about mobile phones not working or there being no coverage and about ancient exchanges where you could not get a fax to work. In 2006, all that has changed. We have had the most phenomenal—I would call it a revolution—upgrading of telecommunications right across Australia, especially in rural and regional Australia. Thank goodness the Howard government was elected in 1996, otherwise it would have taken us longer to catch up as we were so far behind the eight ball. I doubt that even 15 years of effort would have brought us to where we are today. As the member for Scullin said, we were in a 20-year lag. We have now caught up substantially.

Australia in particular continues to record very strong broadband take-up. The member for Scullin is most concerned about broadband. During the 12 months to December 2005, the number of broadband subscribers increased 85 per cent to 2.8 million. This is the most amazing increase of 1.3 million subscribers from December 2004. Most recently Telstra celebrated its one millionth broadband customer. That is the most extraordinary uptake. If we, in a country as large as ours, do not have the world’s best telecommunications then we will never be the clever country that we can be and are fast becoming.

The latest OECD figures show that our broadband penetration has moved amazingly from 21st to 17th place overall. Australia is the fifth fastest growing broadband market in the OECD. As at December 2005, 5.7 million Australians had access to broadband at home. Regional uptake of broadband increased by 137 per cent—twice as fast as the metropolitan uptake. The member for Scullin is most concerned about the outer suburbs. I agree that, in the past, they have been the poor relations. But no more. In the 12 months to December 2005, regional areas had a 137 per cent uptake and metropolitan areas had a 63 per cent uptake. I have to confess that we had problems before 1996. Telecommunications across Australia were not adequate. We were hamstrung and stymied. It was a joke. Before 1996, you could not run a home business using IT in Australia. But now you can.

Labor has produced a broadband plan. It says that, in government, it would spend millions of dollars of taxpayers’ money to subsidise broadband in metropolitan markets—including Sydney and Melbourne, where it has happened commercially anyway. We were a bit concerned that, within a week of introducing Labor’s broadband plan, Senator Conroy was not sure about the total cost of the proposed new network. He said that would be worked out later.

We share the member for Scullin’s concern about all Australians having access to the world’s best broadband and other telecommunications systems, whatever they might be—and we are not even aware at this moment of what they will be in the future. It is our government’s intention to prepare the telecommunications market in Australia to be the most competitive possible, and that is why we are progressing down this path. We have had the most extraordinary uptake of broadband, and may it continue. Certainly my electorate is applauding the day the Howard government got into power and could do this.
Ms HALL (Shortland) (4.22 pm)—I would like to draw the minister’s attention to the fact that the Telstra fibre-to-node broadband plan currently being discussed is going to be limited to the five mainland cities. That means cities like Hobart, Newcastle, the Central Coast, Ballarat and Townsville will miss out on this new technology and increased broadband speeds. Could the minister please give me a reason and rationale for this?

Dr STONE (Murray—Minister for Workforce Participation) (4.23 pm)—The government is focused on supporting the roll-out of affordable broadband services as the major element of the $1.1 billion Connect Australia package. These measures include $878 million for Broadband Connect, to provide Australians in regional, rural and remote areas with affordable broadband services; $113 million for Clever Networks, to fund broadband networks to improve health, education and other essential services—and I am most pleased about that—and $90 million for Backing Indigenous Ability, which will amongst other things improve internet services for remote Indigenous communities.

Ms Hall—What about my area?

Dr STONE—I strongly suggest that you talk to your local Telstra Country Wide regional managers. I am sure you will be pleased to hear where you will be fitting into Broadband Connect—the $878 million—and Clever Networks.

Ms Hall interjecting—

The DEPUTY SPEAKER (Hon. BK Bishop)—You have to allow members to ask questions. If the minister responds to your question, that is not counted as a question from the other side. I call the member for Ryan.

Mr JOHNSON (Ryan) (4.24 pm)—I congratulate the Minister for Workforce Participation on her fine stewardship of the portfolio and on her deep interest in the Green Corps project. I have a very deep interest in the Green Corps project and the Australian government strongly promotes it.

The DEPUTY SPEAKER—Excuse me, Mr Johnson, but I thought you were wishing to ask a question. We are considering the appropriation bills and we are currently dealing with the Communications, Information Technology and the Arts portfolio. Is your question pertinent to that particular area?

Mr JOHNSON—I apologise, Madam Deputy Speaker. I misunderstood the current circumstances.

Mr MURPHY (Lowe) (4.25 pm)—I would like to draw to the attention of the minister who is here representing the Minister for Communications, Information Technology and the Arts my question, No. 3642, on today’s Notice Paper in the House of Representatives. In this chamber earlier today I drew the attention of Deputy Speaker Causley, who happens to be a member of the National Party, to it. It is yet another question that I have placed on the Notice Paper, and this is yet another occasion when I have raised grave concerns on behalf of my constituents and the wider community in relation to the reform options discussion paper issued by the minister for communications, Senator Helen Coonan, Meeting the digital challenge: reforming Australia’s media in the digital age, which was circulated in March 2006. It should be renamed ‘Concentrating media ownership in Australia’.
Since that paper was issued in March, there have been over 200 submissions made to the minister in respect of this matter; not one of those has been made public. All the consultation in relation to this very important issue for the public interest and the future of our democracy has been conducted by stealth. I ask the minister to rule out the prospect of further concentration of media ownership in Australia when the government’s draft bill comes back to the House of Representatives. As I understand it, the bill will return some time between now and the end of the year and be put through the parliament in the early part of next year; but I am only relying on what I have read in the media.

This is a very serious issue, and I would like an answer from Senator Coonan. Will she rule out the possibility, in the worst manifestation of concentrating media ownership in Australia, of PBL and News Ltd merging? She has said that that will not happen, but she has never said that she will guarantee, ensure or legislate so that such a merger could not occur. It is unbelievable that the government would not rule out the prospect of our two biggest media companies hanging on to all their existing media assets and being allowed to own more. The Meeting the digital challenge reform options paper clearly indicates that the government is prepared to threaten the public interest and our democracy by further concentrating media ownership in Australia.

I have spoken about this issue ad nauseam for the last five years and it only seems to be getting worse. The government is proposing, as I understand it, to allow further concentration of media ownership. It is unthinkable that either one of the two biggest media companies in Australia could own television stations, radio stations and newspapers at the same time that they already enjoy ownership of monopoly pay television. And there is no indication that there will ever be a fourth free-to-air television network in Australia. This is a serious issue; irrespective of one’s politics, it cannot be allowed. I was heartened to read in yesterday’s Fin Review that Senator Barnaby Joyce and the member for Hinkler, Paul Neville, were expressing their grave concerns with this legislation—hence my question on today’s Notice Paper.

For the past five years I have been asking the minister’s predecessors and this minister to guarantee that there will not be concentration of media ownership in Australia and to rule out the possibility that the existing two largest media companies will be allowed to hang on to all of their media assets and be able to own even more. It is slaughtering the public interest and attacking our democracy to allow these two big companies to own even more of the media. I want an answer and I think the people of Australia deserve an answer.

The DEPUTY SPEAKER (Hon. BK Bishop)—I call the minister acting on behalf of the Minister for Communications, Information Technology and the Arts. I am sure she will convey questions that you are putting to the senator in that respect.

Dr STONE (Murray—Minister for Workforce Participation) (4.30 pm)—The member for Lowe raises some very important and in fact key issues that the government is very conscious of and aims to address in a very comprehensive way. Of course, the government has committed to reforming Australia’s media ownership laws while protecting the public interest in a diverse and vibrant media sector. The discussion paper that the minister has released outlines proposals to reform media ownership laws as part of a broader reform package relating to new digital services and other key broadcasting issues. She is currently considering submissions on this discussion paper.
The minister has proposed the removal of current cross-media and foreign ownership rules, with diversity protected by a floor under the number of media groups permitted in a market to prevent undue concentration of ownership. This floor of four voices in regional markets and five in mainland state capitals seeks to find a balance between establishing too high a threshold that would prevent any mergers taking place and ensuring protection for a minimum number of voices and media outlets. This floor would not include national daily and out-of-area newspapers, the ABC, SBS, pay TV, the internet and other potential new services over other platforms, which would all continue to supplement the commercial platforms to deliver a wide range of information, entertainment and opinion.

The Australian Communications and Media Authority would have the power to grant an exemption certificate where a cross-media transaction did not breach the floor. The Trade Practices Act 1974 would continue to apply to media transactions and the Australian Competition and Consumer Commission would play a critical role in assessing competition issues associated with mergers. I can assure the member for Lowe that this is a critical issue for government and in fact to the nation as a whole. The government’s policy has not been finalised. The member for Lowe should continue to pay very close attention to this issue. I am sure he has already put in a submission or he may still be in the process of putting in a submission to this inquiry. I have every confidence that the minister will take his views on board.

The DEPUTY SPEAKER—The proposed expenditure to be agreed to is that for the Communications, Information Technology and the Arts portfolio. The question is that the proposed expenditure be agreed to. Although we are scheduled to finish this portfolio at 4.30, it is not strict and we will take a further question from the member for Kingsford Smith.

Mr GARRETT (Kingsford Smith) (4.33 pm)—The budget contains $7.2 million for the community broadcasting sector. Labor supports the community broadcasting sector, recognising that it has experienced significant growth over the last four or five years in particular. It is a particularly important area for rural and regional Australians, as I am sure the minister is well aware. Some 70 per cent of the community broadcasting reach is in rural and regional Australia. They are not-for-profit communities who receive an extremely small amount of their total budget outlay—some four per cent only—from government funding. Of course, as the minister would be well aware, the work they are doing the diversity of services they provide is particularly important to the print handicapped, youth, Indigenous people, Christian broadcasting and a number of other areas.

I draw the minister’s attention to the fact that the funding for the Community Broadcasting Foundation itself, which disburses moneys to community broadcasters, whilst it was renewed, has remained stable for I think the last 10 years, despite the fact that growth in the sector has been considerable. A start-up grant for a new community broadcasting station is approximately $20,000, but the first-off amount is now capped at about $7,000. That puts additional pressures on the communities who want to see community broadcasting stations initiated in their area.

It is of great concern that the Australian Music Radio Airplay Project funding was not renewed. Amrap, as this project is called, has been going for a number of years. It is widely supported across the sector by a variety of community broadcasters and particularly enables young Australian artists in rural and regional Australia and in cities who have written and
produced music to have their music played on community broadcasting networks and further afield. It is of great concern to those young artists and to the community broadcasting sector in general that the funding for Amrap was discontinued. I draw that to the minister's attention and am keen to hear what she has to say in response.

Dr STONE (Murray—Minister for Workforce Participation) (4.35 pm)—I, like the member for Kingsford Smith and the minister, agree most profoundly that the community broadcasting area in Australia is of critical importance, particularly to rural and regional Australia. So many young radio journalists began their lives in community radio. Indeed, a lot of our Work for the Dole projects are taking place in community radio stations, giving people a real opportunity to grow their self-esteem and find work in a very challenging area.

Our minister was successful in renewing the budget’s targeted funding of $7.2 million for the Community Broadcasting Foundation over four years from 2006-07. This is targeted funding for ethnic community broadcasting, information technology initiatives and satellite services, which were first provided in 1996-97 and were renewed in 2002-03. The funding will be used to develop ethnic community broadcasting. In particular, it will support ethnic youth programs, new language groups and new and emerging communities. The honourable member is particularly concerned about the Amrap program; I will need to take that on notice. I cannot give him specific details about that program but let me say that we understand that the community broadcasting sector is unique. It is probably unique to Australia in the way that it has grown. We want to retain its diversity and its independence. We are highly committed to it and, more than any previous government, we have committed funding to this sector. We have demonstrated as a government our commitment to a healthy and vibrant community broadcasting sector. Over the last 10 years we have tried to make the sector much more sustainable. We will certainly give the honourable member more information about that particular program.

Mr Murphy interjecting—

The DEPUTY SPEAKER (Hon. BK Bishop)—I said we would go until just after half past four. We have other people who are waiting to move on to the Industry, Tourism and Resources portfolio—

Mr Baldwin—Madam Deputy Speaker, I rise on a point of order. I understand that it is the prerogative of the chair to take time on a portfolio, but we have an allocated period for which we have brought people in. They and I have other appointments to go to and we would hate to short-change the parliament.

The DEPUTY SPEAKER—Thank you. I hear the point of order and I think that the honourable member for Lowe has had an opportunity. We will move on to the next item.

Mr Murphy—I have a further follow-up question because my question was not answered. With respect—

The DEPUTY SPEAKER—No, I am ruling otherwise. The honourable member for Lowe will take his seat and we will move on.

Proposed expenditure agreed to.
Mr JOHNSON (Ryan) (4.39 pm)—I am pleased to speak in the parliament again. First of all I want to congratulate the Parliamentary Secretary to the Minister for Industry, Tourism and Resources on the fine job he is doing. I have a particular interest in the portfolio in its tourism capacity and its scope, and I am certainly interested to hear from the parliamentary secretary some comments on how the government is furthering opportunities for international tourists to come to Australia.

The tourism industry is, of course, of immense significance to our economy. It is worth some $75 billion. It is responsible for more than half a million jobs—indeed, 550,000 Australian jobs are in the Australia tourism industry. It is a tremendous earner for our economy. We can all be very proud of the unemployment figure of 4.9 per cent that was announced recently. No doubt many of the new jobs that were created in recent times to contribute to this very historic, three-decade low figure will be attributed to the tourism sector. Members of the Howard government can be very proud of this. It is a sign of confidence in the national economy. It is a sign of confidence in the Howard government. Many Australians will be affected by the stability and the strength of the tourism sector in our economy.

I want to ask the parliamentary secretary, in terms of his portfolio responsibilities, about the Howard government’s contribution to promoting the tourism sector and the initiatives in the budget that promote that. The funding of several million dollars, in particular, to strengthening our relationship with China and promoting our country to Chinese tourists is enormously welcomed. If anything, it is on the low side because China is a country with enormous growth rates. We know that it is a country with a growing middle class of some 400 million people. We have a very strong relationship with China. We are, of course, benefiting from our exports of iron ore and coal to China.

I am particularly keen to hear what the parliamentary secretary might have to say to the people of Australia and, indeed, of the Ryan electorate, which I very proudly represent in this parliament. I know that many of my constituents will be very proud of the 4.9 per cent unemployment figure that was recently announced. Indeed, we can go lower, of course. Many of them will be associated with the tourism industry. Many young Australians living in the Ryan electorate will be working in the hospitality sector—in the hotel industry and in restaurants and clubs throughout the Ryan electorate.

Many international visitors to Brisbane do indeed come to the Ryan electorate. We have an outstanding tourist facility in the Lone Pine Koala Sanctuary. I have had the opportunity of taking many family friends who have come to visit Australia to the Lone Pine Koala Sanctuary. It is a very successful tourist attraction. I am very interested to hear from the parliamentary secretary how the Australian government can encourage more Asian visitors to our country, because we need them to spend their dollars. So, of the parliamentary secretary, I inquire about the Howard government’s initiatives in the budget handed down by the Treasurer last month.

Mr BALDWIN (Paterson—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (4.43 pm)—At the outset, I say to the member for Ryan, thank you for the question. He is a man very much in touch with his community. The fact is that 5.9 per cent of
the total employment in his electorate comes from tourism, with some 4,272 people being employed in the tourism industry. Whilst that figure ranks two percentage points above the national average, it is below the Queensland average of 6.7 per cent. But because of the location of Ryan and its centres, such as the Indooroopilly shopping centre, in particular, it remains strong.

The member for Ryan has asked about the investment by this government in tourism. Over the next two years, $325 million will be invested by this government in tourism, and that is on the back of perhaps one of the most successful advertising campaigns for inbound tourism ever. Who would have thought that the simple statement, ‘Where the bloody hell are you?’ would have had that effect on the international stage? We heard—and I know the member for Ryan was in attendance that day—Prime Minister Blair, who was so enthralled by the statement, raise it here in the House.

The member for Ryan also asked about other initiatives. In fact, we have decided to commit $3.9 million over four years to strengthen the Approved Destination Status scheme with China. I know of the fine work that the member for Ryan does with members of the Chinese community, promoting—and never denigrating—Australia at every opportunity. For that this country is grateful, and I know that people in his community are grateful to have China in the approved destination scheme. The approved destination scheme is a bilateral tourism arrangement between the Chinese government and foreign destinations, which allows approved countries to host Chinese groups of leisure tourists. In fact, in 1999 Australia and New Zealand became the first Western destinations to be granted approved destination status by China. The market in China is enormous. It is estimated that $7.1 billion in Chinese tourism exports can be achieved by this country by the year 2015.

As I said, the member for Ryan is an outstanding member of parliament. He works particularly hard in his community across all the issues in his electorate. It is a great joy to work with him.

Mr BOWEN (Prospect) (4.46 pm)—I would like to begin my remarks by focusing on the important area of innovation and asking the parliamentary secretary for some responses—firstly, on the government’s changes to the Investment Innovation Fund program which were announced in the budget last month. Is the parliamentary secretary aware of criticism of the innovation fund program, including that the funds cannot be more than $100 million, that investment will not be allowed in companies with more than $50 million and that the Early Stage Venture Capital Limited Partnerships must divest holdings once the assets of the investee company exceed $250 million? It is quite clear to me that this is a significant disincentive to invest in this important area. I wonder if the parliamentary secretary could respond to the criticisms of these changes.

Mr BALDWIN (Paterson—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (4.47 pm)—I thank the member for Prospect for his question. There are two key areas that he has raised: one is increased funding for Invest Australia. In the 2006-07 budget, this government has provided increased funding of around $73 million for Invest Australia over four years to boost international efforts to further foreign investment in Australian industry. Australia has always been one of those countries that have required an injection of capital to promote, support and develop industries. Not since the days that we rode on the
back of the sheep have we had enough capital to run this country. The fact that we attract investment into this country says a lot about the economic position that Australia is in. Over the last 10 years, we have been able to ride through the recessions of other countries—for example, through the Asian meltdown—and, through that, we have developed an ability to invest in Australian industries ourselves.

The other issue that the member for Prospect raised was venture capital initiatives. The government announced three key reforms in the 2006-07 budget in response to the venture capital review undertaken by an expert group chaired by Mr Brian Watson and including Mr David Miles and Mr Gary Potts. The export group presented its report to the government in December. There are issues in relation to venture capital. The government has committed $200 million worth of funding for a further round of the Investment Innovation Fund Program. The new round will appoint up to two new managers on a competitive basis each year for five consecutive years, with $40 million per annum in funding available for successful managers. Government funding will be matched dollar for dollar by the private sector.

We are seeking to bring about a partnership between government support and finance and private industry. The idea of government being the sole investor in innovation is deplorable. The fact that this government has been able to sit down with industry and attract industry to the table means that we can more forward.

Mr BARTLETT (Macquarie) (4.49 pm)—I would like to return our attention to the issue of tourism. I congratulate the government and, through the parliamentary secretary, the Minister for Industry, Tourism and Resources, on our heavy commitment to this multibillion dollar industry—an industry worth $75 billion a year in GDP, $18 billion a year in exports and half a million jobs. The $320 million we will spend on tourism over the next two years is to be greatly appreciated.

I particularly want to contrast that with the dismal effort of the New South Wales government. I would ask the parliamentary secretary to comment on that. The New South Wales budget just last week ripped another $1 million out of its state promotion of tourism. That just adds further to the problems of the last three or four years—

Mr Martin Ferguson—Madam Deputy Speaker, I raise a point of order. This goes to the question of relevance. This is about the consideration of the Australian government’s budget. We are permitted only a very short period, and I think that the member should be drawn back to the issue before the us.

The DEPUTY SPEAKER (Hon. BK Bishop)—I will rule on the point of order. He is being perfectly relevant to the question, which is dealing with expenditure relating to the Industry, Tourism and Resources portfolio.

Mr BARTLETT—I am comparing the New South Wales budget with the federal budget and its impact on tourism in my electorate. In my electorate, over $100 million in tourism revenue is generated in the Blue Mountains and, equally, in the Hawkesbury, and 6,400 direct jobs and tens of thousands more jobs are generated indirectly. I am appalled that the New South Wales government cut spending on tourism from $56.9 million in 2002 down to $50 million last year, and it cut it even further this year. The federal government are doing our part to promote tourism and jobs in regional areas such as mine, and the New South Wales government is undermining that at every turn. I ask the parliamentary secretary whether he is
aware of what the New South Wales government is doing in tourism and how we might put pressure on it to take its responsibility seriously so that it does not undermine the very positive benefits of the federal government’s budget in this respect.

Mr BALDWIN (Paterson—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (4.52 pm)—The member for Macquarie is a passionate advocate, and I can understand that when I look at the Megalong Valley and see the tourism opportunities in that area. The member has asked particularly about funding. I notice that the member for Hotham opposed the fact that the member for Macquarie dared to raise the funding—

The DEPUTY SPEAKER—It was the member for Batman. The parliamentary secretary will just continue.

Mr BALDWIN—One thing that the members opposite should realise is that a large part of the state’s funding actually comes from federal government money that has been directed through. As part of the tourism allocations for state and territory tourism agencies, the New South Wales government, which the member raised, dropped funding by some 6.1 per cent from 2005-06 to 2006-07. In fact, not since 2002-03 have they had a higher amount of money. They pull this money out at a time when we hear state governments talking about economies falling off and about their increased debt. They do not understand that one of the greatest employers and contributors to economic benefit in this country is in fact the tourism industry. I am surprised at that. The member for Hotham over there kicked in and said—

The DEPUTY SPEAKER—Batman.

Mr BALDWIN—Batman, I am sorry. Well, we are so fond of the member for Hotham! Perhaps what the member for Batman would like to take back to his friends in Victoria is that, back in 2001-02, they actually kicked $52.2 million into the promotion of tourism, wound it back to $38 million, then back to $40 million, and now they have got it up and they are very proud of having $46 million. That is a message that you could take back to your friends in the state ALP and the government of Victoria.

The member for Macquarie is quite correct: some 4.8 per cent of the people in his electorate are employed in tourism, and that amounts to about 3,300 people. So I can understand his concerns about tourism and the need to promote it. I also say to the member for Macquarie—and I do understand—that because this government has established such a strong financial position for investment opportunity there has been the recent development and investment in the new resorts being established in his electorate by Emirates. I know that he has worked hard and has encouraged them to come together to bring about further investment to create a greater number of jobs. He, like the member for Ryan, is an outstanding advocate for tourism and, more importantly, for jobs in his region.

He will benefit directly from the investment in tourism by this government of $325 million over the next two years. He will benefit from our campaigns on an international stage to promote Australia and provide further opportunities for people to come here. I refer to the Brand Australia campaign and the fine work done through Tourism Australia. Those opposite, rather than harping on about minor issues, need to get behind tourism and support it. If they want unemployment to continue to fall, one of the greatest and quickest opportunities for growth in employment numbers is through the tourism industry.
Mr MARTIN FERGUSON (Batman) (4.55 pm)—I have two questions relating to resources and biofuels. Firstly, in respect of the government’s encouragement to the ethanol industry in Australia, does it include support for ethanol producers in pressuring petroleum and distribution companies not to buy ethanol alone but to purchase a fuel mix which includes ethanol, so as to maximise the profits of the ethanol companies? Secondly, has the government considered the success of the Canadian flow-through share scheme for promoting exploration in Australia? If so, why hasn’t the government acted on this, given the parlous state of small and medium sized oil and gas exploration in Australia?

Mr BALDWIN (Paterson—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (4.56 pm)—I thank the member for Batman—and I apologise for my mistake earlier about his electorate. The first issue that the member opposite referred to will be before this parliament—I think it is being introduced on 19 June—in the form of the petroleum reform package and oilcode legislation.

Mr Martin Ferguson—That’s not the question.

Mr BALDWIN—I will take that on board. I do not have a detailed answer for the honourable member. However, it has nothing to do with the budget for this financial year, as laid out in the budget papers. That being the case—

Mr Martin Ferguson—The budget provides support for the ethanol industry.

The DEPUTY SPEAKER (Hon. BK Bishop)—He is allowed under the standing orders to seek to pose a question. I recognise that you have ceded, so I recognise the member for Batman.

Mr Martin Ferguson—The issue was simply ethanol promotion. Does the government policy include supporting companies which produce ethanol demanding that petroleum producers and distributors in Australia be required to purchase from those companies a petroleum mix which includes ethanol, so as to maximise those producers’ profits, or is it about encouraging the promotion and sale of ethanol to those companies in Australia?

Mr BALDWIN—I will take that on board. I do not have a detailed answer for the honourable member. However, it has nothing to do with the budget for this financial year, as laid out in the budget papers. That being the case—

Mr Martin Ferguson—The budget provides support for the ethanol industry.

The DEPUTY SPEAKER—The member for Batman will take his seat. I recognise the parliamentary secretary, who may, if he wishes, take that question on notice and deal with it later or continue to answer the question.

Mr BALDWIN—There are two opportunities. We can supply that information directly or the member opposite can put the question on notice.

Mr Martin Ferguson—I will wait with bated breath.

Mr BALDWIN—You can wait with bated breath; perhaps your breath is not as good as that of some, but there you go. With respect to the flow-through share scheme, I am reminded that we did have a flow-through share scheme from 1958 to 1973 and from 1978 to 1985. So it has been part of the financial side of the Australian exploration industry. I know that it was considered for this financial year. However, it was considered that more work needed to be done. It does not mean that it is totally off the platform, but it is not something that we included this year. I do not want to be dismissive of the member opposite. It has been reviewed and looked at as part of a proposal. But when you come to dividing up a budget and looking at

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what tax breaks you can give, the pie is only so big and you must work within the pie that you have available.

It is unfortunate that it was not included, but our government saw the priority as being to introduce tax relief to businesses and tax cuts to families so that people could have more income in their pockets. However, the fight is not over. We understand that the Minerals Council of Australia, mining and exploration companies, the Australian Gold Council and the Australian Petroleum Production and Exploration Association are pushing this proposal. We are receptive to their inquiries. It will all be looked at in the context of the budget planning processes for next year.

Mr RANDALL (Canning) (5.00 pm)—I would like to ask two questions, and I would like to follow on from the member for Batman’s question in relation to flow-through shares. I sat on a committee, along with the opposition spokesman on resources, in the previous parliament where this was the subject of an inquiry. I, like the rest of the committee, supported the move towards the Canadian system of flow-through shares. One of the big issues was that, under the Canadian model, much of the money in flow-through shares had been absorbed into administrative costs. The recommendation from that committee, and what I would like the parliamentary secretary to take on board and address if there is a current view, is that, should Australia consider in future the issue of flow-through shares, we look at the issue not on administration of small and junior mining companies but on the actual exploration component. If we focus on the exploration component of flow-through shares we will continue to have junior mining companies and prospective companies out in the field given tax relief, whereas if the money is allowed to be absorbed in the administrative side of junior mining companies then it is quite often seen as a rort to prop up speculative companies with executives wishing to pay themselves exorbitant salaries. In terms of flow-through shares, I support the member for Batman but I add a note of caution about the way flow-through shares will be administered.

The second point I would like to make is that I had the mayor from the City of Mandurah in this house today meeting with several ministers. One of the ministers we met with was the Minister for Industry, Tourism and Resources. In the electorate of Canning there is a region, largely in the south of the electorate, called the Peel region. The Peel region is an ideal environment and location for tourism. It is well located on the edge of the ocean around Mandurah and the large estuary that is between Harvey and Mandurah. It provides an excellent aquatic and environmental habitat for migratory birds and fish and has tourism attractions. I know there have been many awards to local tourism operators in the area of, for example, ecotourism.

Given the fact that this region has higher than the state average rate of unemployment—currently 7.6 per cent when the Western Australian average is 3.5 per cent—I would like to ask the parliamentary secretary what figures he has on tourism in the Peel region or in my electorate and what opportunities there are for further growth of this very successful sector, which grows employment quickly and quite often faster than any other industry in my region. I would be pleased to take this information back to the delegation that came to Canberra today.
Mr BALDWIN (Paterson—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (5.03 pm)—On the issue of flow-through shares, it has come to my notice that there was an article in the *Australian Financial Review* on 18 April 2006 which said that more than 50 coalition party members had signed a letter to the Treasurer supporting the introduction of tax-effective flow-through share schemes. Also, in the *Australian* on 2 May it was reported that the industry department had put forward a proposal seeking the introduction of a flow-through share scheme in this year’s budget. However, there is a problem in the difference between what the member for Canning wants and what members opposite want. The Labor Party policy on flow-through shares is restricted to smaller operators. They will be picked off. The problem highlighted by the member for Canning is that some of the smaller operators are set up with no other reason than pursuing tax deductions, not necessarily pursuing exploration opportunities. I agree with the member for Canning that the exploration is what it is all about.

As I said, one of the proposals by the industry for a permanent flow-through share scheme was providing shareholders with refundable tax offsets or tax credits equal to 150 per cent of the deductions that would be otherwise available to the explorer, or equivalent to 45c for each dollar of exploration expenditure. The reality is that these opportunities are important to Australia. I know that through Geoscience Australia there is more exploration, mapping and measuring being undertaken. In fact, the department has just put out more leases for further exploration.

One of the key factors that is required in all of this is the necessary investment. One of the things that also drives investment is tourism. The member for Canning asked about tourism. I note that 5.3 per cent of the workforce in his electorate, or around 3,000 people, work in the tourism industry. One of the messages that the member for Canning can take back to those who came from Mandurah today is that the Western Australian government is one of the few governments to continually increase tourism promotion for its state. In fact, this year it has committed some $52.3 million. Compare that to five years ago, when it was putting in about $31 million. That is a substantial increase and it is why tourism is going so well and why tourism employment numbers in electorates like Canning are particularly high. It is a pity that other state Labor governments, such as that in New South Wales, do not take heed of the message from the Western Australian government.

The other thing that the member asked was what were we going to do to help them. The reality is that there are opportunities at the moment. The tourism development grants package is available at the moment. That involves $50,000 to $5 million in grants, and I would encourage you to sit down with your mayors, your tourism operators and other people in your region and find the projects that will help grow tourism in your electorate. Then you can put forward an application. One of the differences between members on this side and members on the other side is that members on this side will work with people in their communities to pursue grants and other opportunities. Members on the other side just sit there and bitterly complain when they receive nothing. There is a simple rule in politics that the member for Canning knows only too well: if you don’t ask, you don’t get. Perhaps it is time that some of the members opposite put forward applications for their communities.

Mr RIPOLL (Oxley) (5.07 pm)—It is a disgraceful use of the consideration in detail stage when we get those dorothy dixers from government members to take up time and waste the
opposition’s opportunity to actually do this properly. But I will take my chances. Can the minister outline what initiatives in the budget will improve the level of Australia’s business R&D, currently at half the levels of other OECD nations? Can the minister outline the recommendations contained in the Watson review of Australia’s venture capital industry? Will the Watson review be made public? If so, when? Does the minister believe that the $15 million allocated for the early stage venture capital limited partnership programs will be adequate to effect any substantive outcomes? Can the minister confirm that the third round of funding for the innovation investment fund will be available to new as well as existing funds?

Mr BALDWIN (Paterson—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (5.08 pm)—I thank the member opposite for his question. The reality is that the research and development tax concessions will be continuing. In fact, because we have worked hand-in-hand in partnership with industry, we have seen 18 per cent average growth over the past four years.

Mr Ripoll interjecting—

Mr BALDWIN—The member opposite makes the former member for his seat look like an academic the way he carries on and asks questions. However, that being said, the reality is that Australian business now invests more than $7 billion annually in research and development. The research and development tax concessions have been and always will be a key part of our industrial performance. The fact is that since the 2001 introduction of the 175 per cent premium tax offset there has been a significant jump in the use of the program. During 2003-04—

Mr Bowen—Mr Deputy Speaker, I seek to intervene.

The DEPUTY SPEAKER (Mr Lindsay)—Is the member for Paterson willing to give way?

Mr BALDWIN—I will not take the intervention because I am answering the question they asked about research and development.

The DEPUTY SPEAKER—I am sorry, Member for Prospect.

Mr BALDWIN—It was not the member for Prospect’s question.

The DEPUTY SPEAKER—He is entitled to make an intervention.

Mr BALDWIN—As I said, the 2003-04 budget saw more than 5,600 companies registered under the R&D tax concession. That was a record level. In 2003-04 the business uptake of the research and development tax offset for small business increased by 19 per cent.

Opposition members interjecting—

Mr BALDWIN—Participation in the 175 per cent premium research and development tax concession grew by 16 per cent, with more than 890 companies investing $2.4 billion. Mr Deputy Speaker, they asked a question. I would have thought they would at least want to listen to the answer. Research and development in Australian industry is a good news answer. The reality is that they do not like it.

The DEPUTY SPEAKER—Deputy Speaker Bishop indicated that she proposed to cut off this particular consideration at 5.10 pm. However, there is no power to actually do that. If it is
the wish of the committee to proceed, we may, but I remind the committee that if we proceed on this portfolio we will take time from other colleagues.

Mr RIPOLL (Oxley) (5.11 pm)—Mr Deputy Speaker, could you request that the member for Paterson table the document from which he quoted so extensively.

Mr Baldwin—Better than that, I will send him a detailed reply containing that information.

Mr RIPOLL—Just table it. That will be fine. I am only requesting that you table it.

The DEPUTY SPEAKER—Is the parliamentary secretary tabling it?

Mr Baldwin—No.

The DEPUTY SPEAKER—No, he is not. He will send you a copy.

Proposed expenditure agreed to.

Environment and Heritage Portfolio

Proposed expenditure $1,139,139,000.

Mr ALBANESE (Grayndler) (5.12 pm)—The first issue I want to raise is climate change. Can the parliamentary secretary confirm that the Australian Greenhouse Office did note that Australia was on track to increase our greenhouse gas pollution by 23 per cent by 2020? Is that still the case? Can he confirm that, in the Australian Greenhouse Office report released last month into our emissions between 1990 and 2004, if you exclude land use changes, that indicates a 25.1 per cent increase in Australia’s greenhouse gas emissions over that period?

I also refer the parliamentary secretary to the issue of renewable energy. I refer him to the visit of Chinese Premier Wen Jiaobao to Australia and the $300 million deal that was signed by Roaring 40s, a company based in Tasmania, to provide three wind farms in China. This is in a context of China aiming to have 15 per cent of its energy needs met by renewable energy by 2020. It is the case that Roaring 40s may well be the biggest foreign renewable energy company in China. I refer him to the Roaring 40s media statement of Thursday, 11 May 2006, entitled ‘Roaring 40s halts Australian developments’. They announced that they were withdrawing the development permit application that they had before the West Coast Council in Tasmania for the Heemskirk wind farm and that they were withdrawing their application for the Waterloo wind farm in South Australia. Roaring 40s managing director Mark Kelleher stated:

The MRET measure introduced by the Federal Government in 2001 successfully kick-started the renewable energy industry in Australia ... However, without an increase in the initial target level, electricity retailers are reluctant to commit to long-term REC deals which are crucial in financing renewable energy projects. Consequently, further substantial investment in the renewable energy industry is unlikely without an increase in the target.

In what way is the government going to address the collapse in the renewable energy industry as a result of the government’s failure to increase or extend the MRET? How does the MRET of two per cent compare with international mandatory targets? What new and additional action will the government take to ensure that we do not increase our emissions by 23 per cent by 2020?

Mr HUNT (Flinders—Parliamentary Secretary to the Minister for the Environment and Heritage) (5.15 pm)—I am delighted to answer the member for Grayndler’s questions on cli-
mate change. In relation to the first two questions, each of which relates to emissions projections and emissions targets for Australia, the two items which he outlines are matters of record, so I do not seek to dispute those. They are on the public record. On both of those I do not seek to dispute that which he has already raised. But I do seek to dispute, with great respect, the context. I will come to the third item of renewable energy shortly.

In relation to the context, I respectfully suggest that what the member for Grayndler has failed to do is put into context the fact that there are a number of other activities which show that we are on track to meet our Kyoto projected goal of 108 per cent of 1990 emissions by 2012. Whatever the source which allows us to achieve that, I welcome that. I do not deny the fact that land clearing plays an important part in that. I think that is a welcome outcome. I welcome the source of that and I welcome the fact of it.

What that does, to put this in context, is put Australia amongst a very small number of annex 1 countries under the Kyoto protocol which are on track to meet our targets as they were set down. We are on track to meet 108 per cent of 1990 emissions despite more than a 50 per cent increase in our GDP over that period. Many other countries within the European Union as well as New Zealand, Japan and Canada are well and truly on track to blow out their projections and their commitments. So we have a very strong record relative to the international community, I say with great respect to the member for Grayndler, in relation to emissions.

The second point that I want to take up is in relation to his argument about renewables. We are aware of the position of Roaring 40s. It is a discussion I have been engaged in myself with the member for Braddon, who has raised it. The response is very simple. Minister Ian Campbell will himself be leading a renewable energy industry delegation to China. This is one of the issues we wish to take up.

But, again, there is an issue of context which is missing here. There are two key points in relation to renewable energy context which I wish to address. The first context point is that Australia actually has a renewable energy percentage of static energy which is approaching 11 per cent of our total energy generation. Two per cent is the additional component provided by the mandatory renewable energy target. The fact that we have a base which was far higher than that of the majority of countries which have some other form of mandatory renewable energy target in whatever form that it may take has been ignored. So, by comparison with international standards, for the most part we stand up extremely well in relation to total percentage of static energy derived from renewable energy sources. I think that is extremely important.

The second context point that I wish to make is that renewables form part of the package as to how we diminish Australia’s 560 million tonnes of CO2 or CO2 equivalent a year. We try to reduce that target through a combination of factors, of which renewables are part, but the low emissions technology development fund—a $500 million fund—is also a key contributor to the long-term actions that we will take and the long-term ability for us to beat existing projections. We believe that we will be able to beat existing projections. They take a very conservative view, and I think that that is extremely important.

The other thing which we do at the international level involves the Asia-Pacific Partnership on Clean Development and Climate. Australia has brought together the United States, Japan, China, Korea and India, and all-up projections by ABARE show that we are looking between

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now and 2050 at having a total gain, over and above what would have occurred from the project and that initiative, of up to 90 billion tonnes cumulatively of CO₂ saved. I think no other country in the world can boast that it has contributed to such an international saving of CO₂ over the coming five decades.

Mr ALBANESE (Grayndler) (5.20 pm)—I will start with some comments on the parliamentary secretary’s rather extraordinary response. I note that when he spoke about the context he accepted with good grace, I must say, land clearing as being the reason why that has occurred. I might note that the only reason we will get anywhere close to meeting our Kyoto target is the decisions made by the New South Wales and Queensland Labor governments. And when the government says that we are going to meet the target of 108 per cent, we should bear in mind that we had an extremely generous target. We had the second most generous target in the world, beaten only by Iceland in the industrialised world of annex 1 nations. Iceland had 110 per cent and Australia was on 108 per cent. A last-minute concession to the Australian delegation was land use changes being included. I give credit to former senator Robert Hill on that delegation for achieving that outcome for Australia. Given that we achieved that generous outcome, for us to then not ratify Kyoto and to withdraw I think serves to rub salt into the wounds of the fact that we are an international pariah, along with the United States, when it comes to industrialised nations taking leadership on climate change.

With regard to our renewables, the parliamentary secretary is certainly right that our base was higher than the rest of the world’s, but, then again, we should have been the Silicon Valley of solar energy. We were extremely well positioned a decade ago to take advantage of our position in renewables. The rest of the world—with places like China working off a base of almost zero—is just storming straight past us. That is a tragedy. I draw his attention to Mr Zhengrong Shi. He was educated in Australia at the University of New South Wales and ANU and is now the fourth richest Australian in the world. He is a dual citizen. His company is called Suntech, and he is worth $3 billion. That gives you some idea of the opportunity that is there in this industry.

I ask the minister: given that a number of ministers in the government have said that they support a price signal for carbon emissions and that it is an important component, why is it that that price signal will not be introduced immediately? Surely the parliamentary secretary agrees that price signals are there to drive technology. You do not wait for the technology to be developed before you put the price signal in place. It seems to me to be fundamental economics that that is the case. If the government will not support a national emissions trading scheme, when it speaks about a price signal, is it speaking about a carbon tax? Because that is the other form of price signal that you can have. The Labor Party has made its position quite clear—it supports a national emissions trading scheme.

Ministers have also spoken about the need for reduction targets, and I note that the ABARE figures have been proudly quoted. They show Australia completely overshooting the mark and achieving nothing like the 60 per cent reduction in emissions by 2050 that I have heard the parliamentary secretary and certainly the minister repeatedly say is necessary. So isn’t that an up-front concession of defeat? With regard to the climate change pact, isn’t it the case that the United States has rejected funding of the climate pact through the congress and, in fact, that Australia is the only country that is currently funding the climate pact?
Mr HUNT (Flinders—Parliamentary Secretary to the Minister for the Environment and Heritage) (5.25 pm)—The member for Grayndler on behalf of the opposition raised six points which require a response. The member for Grayndler said that it was unusual or inappropriate that in some way the Commonwealth should acknowledge that land clearing is part of the total package of emissions reductions for Australia. He said that land clearing is a responsibility of the states and that it is a state decision.

There has been an increase in industrial emissions for precisely the same reason as there has been a reduction in emissions from land clearing—that is, the activities of the states. There are matters which we regulate and control, and there are matters which we do not regulate and do not control. I remind the member for Grayndler that the generation of power is an activity of the states and, whilst in many states it has been deregulated either fully or partially, when you look at Victoria you find that arguably one of the world’s most greenhouse inefficient power stations is Hazelwood. It was the Victorian government which recently issued a new 30-year approval for Hazelwood.

Around Victoria and many other states, state licensed power stations are the principal source of greenhouse emissions within Australia. Static electricity is the cause of about 50 per cent of Australia’s 560 million tonnes of CO₂ emissions every year. The principal contributor to that is state licensed power stations, the vast majority of which have received long-term renewals of their licences over recent years from the state governments. If they do make a contribution through prohibitions on land clearance, I welcome that, but it is absolutely critical that we acknowledge that the principal cause of the emissions is the activities of the states themselves in licensing precisely the largest cause of greenhouse emissions in Australia.

The second point that was made to which I have to respond is that Australia is a pariah because of our position on Kyoto. With great respect, I profoundly, absolutely and utterly reject that proposition, and I do so because Australia, along with South Africa, has been chosen as one of the two countries in the world to lead the international post-Kyoto discussions. If we were a pariah, there would have been precisely the opposite effect to what has been indicated by this decision to nominate Australia as one of the two global-leading countries in brokering a system to bring together the Kyoto and the non-Kyoto world, which comprises 70 per cent of the world’s countries. That, I think, is a very clear position, and it is a tribute both to the minister, Senator Ian Campbell, and to Howard Bamsey, the head of the Australian Greenhouse Office, that Australia and Howard Bamsey in particular have been chosen to co-lead those discussions.

The third point made was that we have a lost opportunity in relation to renewables. In fact, what we found is that the MRET target has led to a very dramatic increase in wind energy production in Australia. Almost a gigawatt of static energy capacity through wind generation has been planned or agreed to, and almost 500 million watts or 500 megawatts of installed capacity is already in place directly as a result of the mandatory renewable energy targets. So we set a target and we are achieving it.

The fourth point is that the question remains in relation to a pricing signal. It is a matter of record that the government has talked about ‘no in principle opposition’ to a pricing signal, as long as it is inclusive internationally and it does not disadvantage Australia—and we make no apology for taking that position. In addition, we are leading the post-2012 discussions. Let us
see how they pan out. I think that is extremely important. On that front—and this relates to
the fifth and sixth points in relation to 2050 and the Asia-Pacific partnership—we have taken
forward the most significant global initiative on climate change in the last five years. We think
that nothing other than the Asia-Pacific partnership will help meet the 2050 targets. We will
do our part and we urge others to do theirs.

Ms GEORGE (Throsby) (5.30 pm)—I want to raise some issues on coastal policy and ask
the Parliamentary Secretary to the Minister for the Environment and Heritage: when is it
likely that we will receive the 30-year plan to save the coastline that the minister raised in
public comment in July last year? For example, on the Jon Faine program, the minister said:
Let’s put a plan down so developers know where they can develop, where Government know where
their future hospitals and schools need to go, but ultimately a plan that sees the coast in very good shape
in 30 years’ time.

I would like to know when we can expect to have access to this plan which was much touted a
year ago. In May this year the minister recycled a previous framework approach to integrated
coastal zone management under the heading of ‘A new coastal protection plan’. A couple of
issues in that plan seemed to me to indicate a total lack of urgency on the part of the minister
to coastal issues. Firstly, on the very important issue of the impact of climate change on
coastal zones and coastal communities, I do not think the parliamentary secretary will take
issue with the government’s own report entitled Climate change: risk and vulnerability, which
outlines the major threats to our marine environment and coastal communities, including in-
creased cyclone activity, storm surges and rising sea levels.

In the light of all that evidence, could the minister please explain to me why in this so-
called new coastal protection plan it is indicated that in order to build a national picture of
coastal zone areas that are particularly vulnerable to climate change impacts to better under-
stand the risks and interactions with other stresses in the coastal zones he is projecting a time
frame of an interim report in five years time, a more detailed report in 10 years time, and a
five-year time frame to undertake modelling in line with state and territory priorities at the
regional scale to inform coastal zone management? It seems to me that, in the face of those
obvious risks, 10 years is an appalling time frame before this government gets moving on se-
rious coastal protection and the impacts of climate change.

Secondly, as you would know, Parliamentary Secretary, in the State of the environment re-
port 2001 particular comment was made about the unsatisfactory performance in coastal pro-
tection based on a number of indicators. That report also indicated that development pressure
is a major issue confronting sustainable management of the coastal zone. That was back in
2001. Since then, numerous bodies, among them in particular the National Sea Change Task
Force, have drawn attention to the impact of the sea change phenomenon, the demographic
changes that are occurring and the pressure that is putting not just on infrastructure but also on
habitat, loss of amenity and a loss of many environmental features that have marked Austra-
lia’s coastline in the past.

Could you explain to me why, in light of all this evidence about the sea change phenome-
non—and much has been written about it—in your so-called new coastal protection plan your
intended time frame is two years to coordinate and share national research and information
available about population change and long-term demographics trends in coastal areas? They
are but two examples in this so-called new coastal protection plan which indicate that this
government is asleep on the watch. There is no national coastal protection policy, just as there
is no national cities policy. In that regard, why is it that almost a year after the tabling of the
bipartisan Sustainable cities report we still have no response from government?

Mr HUNT (Flinders—Parliamentary Secretary to the Minister for the Environment and
Heritage) (5.35 pm)—I wish to address the comments of the member for Throsby, and I hope
I will do them justice in five stages. The first of them was in relation to coastal policy. The
member for Throsby asked about the progress of the development of a national coastal policy.
I note from the outset that one of the challenges of doing business in this area is that we work
on a cooperative basis. For the most part we do not have the constitutional or the legislative
authority to act unilaterally; therefore, we are reliant on working cooperatively with the state
bodies and the Northern Territory. So we seek to do that as cooperatively as possible. Without
casting aspersions, sometimes our interlocutors can be a little slow. From my own dealings
with the Sydney Harbour Federation Trust, dealing with some of the most coastally sensitive
land in the country, I know that it can be incredibly slow.

Exactly on the question of leadership, despite the fact that it is not our constitutional or le-
gal responsibility, the Minister for the Environment and Heritage, Senator Ian Campbell, has
set out on a task of bringing together the disparate state divisions and the disparate views
within the states to try to have a consistent approach. In practice what has that meant? As the
member for Throsby said, in May we produced a framework agreement as a draft for a basis
of consideration with the states. We are now awaiting responses from them. We are working
as quickly as we can to encourage responses from the states and territories. If the member for
Throsby and the member for Grayndler could work with their partisan colleagues to assist
them to produce as fast a response as possible, I would be delighted if that were to be a posi-
tive and constructive outcome of today.

The second question related to climate change and coastal zones. I note that Professor Will
Steffen, from the ANU, in conjunction with the government recently produced a report which,
amongst other things, addressed some of the difficult questions in relation to climate change
in coastal zones. We are operating here not just on a long-term time frame but also on short-
and medium-term time frames. So, with great respect, when the member for Throsby said that
there will be nothing for five or 10 years, that is false. We have already delivered part 1 on the
short term. We are working on a three-phase horizon here. So we are looking at an immediate
report delivered, done and on the table.

Secondly, we are looking at this in terms of figures, facts and models over the medium and
longer terms. I know myself, as I have responsibility for the Bureau of Meteorology and Parks
Australia, the federal parks service, that I have recently commissioned work from the federal
parks service to look at the impact of climate change over the coming 10 and 30 years. I want
that report in one year; I want it by 1 July 2007. So you are right to ask for short-term timeta-
bles, and we are also right to say that, in addition to the short term, we are working to the
longer term. I know that in relation to the Bureau of Meteorology we recently met with both
the Secretary-General and the President of the World Meteorological Organisation, again to
talk about working cooperatively towards international analysis of coastal zones and the ef-
ects there. So I hope that will deal with the question of five to 10 years.
In relation to the *State of the environment report* and *Sustainable cities* report, the fourth and fifth items, we are very close to a response to the *Sustainable cities* report. I make no apology for the fact that we have been absolutely thorough in our response to that report. It is a good report, and I commend all those who worked on it. There are some items in it that I would personally like to see picked up, but there are couple with which we significant difficulties. This is not an area of formal constitutional or legal responsibility for the Australian government but we are willing to take steps on this. Only last week I was discussing with the minister the report and our willingness to take a direct role in helping to work on the states to bring this forward. The last thing that I want to mention in relation to coastal zones is that I would be delighted if my two colleagues on the opposite side of the House would work with the New South Wales government to help them agree to some of the propositions we have for the Sydney Harbour Federation Trust. It is critical coastal zone land and I ask for their assistance.

Mr ALBANESE (Grayndler) (5.40 pm)—I turn now to nuclear issues and their relation to the environment. I note that the parliamentary secretary has attempted to rule out a nuclear reactor being in his electorate. However, he did it in a roundabout way and eventually got to that position, I think. I refer also to the nuclear issue task force, which has been announced by the government. The head of WWF, Mr Greg Bourne, was invited to be a member of that task force just two hours before it was to be announced. He said no, describing the inquiry as ‘rubbish’ when it came to environmental issues.

Does that reflect a failure to give appropriate environmental consideration to nuclear issues? What are the credentials of any environmental representatives on the task force? Will the Department of the Environment and Heritage be working with the task force? If not, why not? I ask the parliamentary secretary: is the Department of the Environment and Heritage on the federal government’s Global Nuclear Energy Partnership interdepartmental inquiry, given that this could see Australia become the world’s nuclear waste dump? If it is not represented, why is it not represented? Given the government stopped a wind farm in Victoria because one parrot was threatened every 1,000 years, will it apply a similarly strong test for nuclear reactors? Does the parliamentary secretary agree that, with any economic cost of nuclear reactors, as a precondition you have to determine where the reactors will be and where the waste will go? Further, could the parliamentary secretary respond to the fact that when an accident occurred at Lucas Heights reactor on Thursday, 8 June, it took six days for the public to be informed of the accident and it was only due to the leaking of an email to staff from Dr Cameron that it has now been revealed that there were radiation leaks into the atmosphere around Lucas Heights? What is the government’s position with regard to the right of the community to know when radiation leaks occur in a local community?

Mr HUNT (Flinders—Parliamentary Secretary to the Minister for the Environment and Heritage) (5.44 pm)—On the question of the possibility of nuclear power in Australia, I wish to respond to the member for Grayndler in four stages. Firstly, it is very important to put into context where nuclear energy sits within the global energy environment. To my best advice, there are about 441 operating nuclear power stations within the global environment. They cover approximately 31 countries and, significantly, they produce 16 per cent of the world’s static energy.
To put Australia’s contribution in context, my advice is that the uranium we export offsets a volume equivalent to approximately 75 per cent of Australia’s greenhouse gas emissions. The uranium we export decreases world greenhouse emissions by about 400 million tonnes of CO₂ or equivalent, out of Australia’s 560 million tonnes of CO₂ or equivalent. But I respect the fact that there are people with different views.

That brings me to the second point raised by the member for Grayndler. In terms of specific questions, he refers to the Prime Minister’s task force that is to investigate the potential for Australia’s involvement in the nuclear fuel cycle. In particular, he asks about environmental qualifications. I think it was a good thing that Greg Bourne was invited. I am not aware of the particular circumstances under which he was invited, but I know Greg Bourne, I respect him as an individual and I am disappointed that he chose not to be a part of the task force. I hope that he reconsiders. I regard him as a potentially very valuable contributor, which is why he was invited to participate. We went straight to the head of one of Australia’s leading environmental organisations. We cannot be responsible if he chooses not to participate. That is a matter for him.

There was also a question about whether or not the Department of the Environment and Heritage is involved in the assessment of these matters. I am delighted to inform the member for Grayndler that the Department of the Environment and Heritage has two staff members seconded directly to the task force. I think that that is a valuable contribution. We would be happy to make more staff available if more are needed, and I am very happy to be able to make that statement on behalf of the minister and the government. The two staff members seconded to the task force have the capacity and are expected to give frank and fearless advice. We want the highest standards of assessment, research and analysis to be conducted. It might be a surprise to the member for Grayndler that we have that contribution there.

Beyond the task force, the third matter raised was a question in relation to location. There are two points which I think are extremely important here. The first is in relation to the Environment Protection and Biodiversity Conservation Act, and it is a very simple principle. Will the EPBC Act apply to any nuclear activities? The EPBC Act will apply fearlessly and appropriately to all developments that fall within its ambit. That is a very simple question. The terms of the EPBC Act are clear. The member for Grayndler is demanding that there be a particular outcome from the EPBC Act. The terms of the EPBC Act are clear, and they apply to such projects as fall within its ambit. If projects are likely to affect Commonwealth land, heritage land or other things then we have no problem with that.

There is also a very simple principle in relation to the question of location. We do not set a specific location as a precondition. The task force is looking at the principles. As for location my view has always been that it would have to be geologically stable, economically viable and socially acceptable to the community involved.

Mr ALBANESE (Grayndler) (5.49 pm)—With the IWC meeting in St Kitts and Nevis this Friday, I now go to the question of whales. Firstly, does the parliamentary secretary agree that at that meeting it is impossible for Japan to get a three-quarters majority to resume commercial whaling? That is the first point: that will not occur at that conference.

Secondly, does he agree that it is possible that Japan may receive a simple majority of delegates to that conference, thereby enabling it to change future procedures at IWC meetings.
and, thereby, undermine what conservation measures come out of the IWC meeting? Whether it receives a simple majority or not, Japan has made its intentions clear to expand its so-called scientific research, which I think we would all agree is a farce and an excuse to cover up its essentially de facto commercial whaling procedures. After the IWC meetings last year in Korea, the minister claimed a victory for Australia. But as a result of that IWC meeting there were more whales slaughtered in Australian waters this year than in previous years—indeed, more than for a decade. And regardless of the outcome in St Kitts and Nevis, there will be more whales slaughtered this season by Japan in Australian waters than last year, and Japan has made its intentions clear to hunt humpback whales this season.

Given that the best outcome that can occur from this IWC meeting is a result on which I think the government and the opposition, indeed all Australians—except perhaps for the member for Leichhardt—would unite in expressing their complete opposition to whaling, when will the government recognise that it needs to take more than simply diplomatic action? When will it recognise that it needs to take legal action before the International Tribunal for the Law of the Sea? I draw the parliamentary secretary’s attention to strong legal advice provided by Professor Rothwell to the International Fund for Animal Welfare. I draw the parliamentary secretary’s attention to the fact that in 1999 the Howard government’s appeal to the International Tribunal for the Law of the Sea against Japan on fishing for southern bluefin tuna was led by the then Attorney-General, Daryl Williams, who flew to Europe to appear in that case.

If the Howard government is serious about stopping whaling, why did it intervene in the Federal Court to stop the Humane Society International enforcing the prohibition on whaling in Australian waters by arguing that it would create a diplomatic incident with Japan? Does the parliamentary secretary agree that Australia’s credibility in arguing for strong international environmental laws is undermined with our Pacific neighbours such as Kiribati, Tuvalu, the Solomon Islands and other Pacific island states when they look at our rejection of the Kyoto protocol and at the environment minister’s statement, ‘Let’s just hope it never happens,’ in relation to rising sea levels in the Pacific? Does he agree that that has severely inhibited our prospects of securing the votes of those nations at IWC meetings?

Mr HUNT (Flinders—Parliamentary Secretary to the Minister for the Environment and Heritage) (5.54 pm)—In response to the member for Grayndler’s questions on whaling, I would like to proceed on five fronts. The first is a point of agreement in relation to whaling as scientific research. We agree that the current Japanese practice of conducting scientific research is a de facto commercial whaling arrangement. We do not accept it. We do not think it is appropriate. We do not think it is a legitimate use of that terminology and we wish for it to stop. We will continue to do everything we can to ensure that that de facto commercial arrangement for whaling, under the guise of scientific research, stops. Our idea of scientific research in relation to whales is a tracking device, a film crew and a hug to send them on their way.

In relation to the outcome of the vote on commercial whaling, I do not want to make any predictions about an election process. Elections are unpredictable. We were told last year that there would be a certain outcome and that Australia would clearly be on the losing side, yet we were successful. I think it would be wrong for Australia to make any false predictions publicly—certainly wrong for me. I am not as close to this as the minister is. He has recently been
campaigning in the South Pacific and doing everything he possibly could. While I do not want to pre-empt the vote on commercial whaling, it will be a difficult fight. We will see what happens. I am hopeful that we will be successful. The question of a simple majority will be an even tougher fight. We face a difficult opponent. As for us, we will operate within the bounds of domestic and international law and will do everything we can, subject to good governance, to act with as much force and effort so as to ensure that we get a simple majority.

Our capacity to influence the IWC was also raised. I suspect we would have more capacity by being there than by not being there. The advice that I have, however, is that there was never a ministerial level delegate sent to the International Whaling Commission during the life of the previous Labor government. It is a fascinating proposition that in all of those 13 years no ministerial level delegate was sent to the IWC. So let us make it absolutely clear that in the fight to stop scientific whaling, commercial whaling and the whaling of humpback whales, as was raised by the member for Grayndler, we are operating on every conceivable front.

Whether Australia would take legal action internationally was also raised. The position set down by the minister is very clear: even though our best legal advice is that it would be highly unlikely that we would succeed, we do not rule it out. That is our position and that is important. We reserve our right and our position on that front.

This leads us to the last question, which is about our international credentials. The member for Grayndler sought to draw a link between greenhouse policy internationally and whaling. Firstly, I reject the link but, secondly, of all the countries in the world Australia is one of only two that has been chosen, along with South Africa, to lead the post-Kyoto dialogue discussions. In relation to greenhouse gas credentials, we are the progenitor and co-founder of the Asia-Pacific partnership and we are one of two lead nations in the post-Kyoto framework. Our credentials on this issue are strong and I think that they strengthen our capacity to make the case on a prohibition on whaling. *(Time expired)*

Proposed expenditure agreed to.

**Transport and Regional Services Portfolio**

Proposed expenditure, $753,555,000.

Mr WILKIE (Swan) (6.00 pm)—I thank the Minister for Transport and Regional Services for arriving and fronting up to this meeting in person. Unlike many ministers who have sent the monkey, it is great to see the organ grinder here. Thank you and I appreciate the fact you are here in person because I think it is great to see the minister himself turning up. You ought to be congratulated for taking the time to answer these questions.

The question I have to start with—and I have quite a few, as you are probably aware—relates to what is going on with Westralia Airports Corporation and the City of Belmont in my electorate. As you would know the city has been short-changed in their rate equivalent payments to the tune of $409,000 by Westralia Airports Corporation. Firstly, you have already met, as I know, with Westralia Airports Corporation about their decision not to comply with their lease with the Commonwealth government and to refuse payment of rates to the City of Belmont. Could you please advise us when you will be meeting with the City of Belmont to discuss this issue?

Mr Truss—Do you want me to reply to them individually?
Mr WILKIE—I am happy to do one at a time. There are about eight or nine.

Mr TRUSS—if you give us the whole eight or nine I will make a note of them.

Mr WILKIE—Some might need an answer to follow on from. First of all, when will you be making a decision on this issue so the City of Belmont and, in fact, communities that are affected by airports around Australia can be assured about their future revenues? Are you concerned about the federal Auditor-General’s criticism of your department’s management of leases with airports and what are you going to do about that?

Do you believe the federal government should be providing a private corporation with a tax haven, in effect—I am quoting that term ‘tax haven’ from Senator Johnston’s evidence to Senate estimates, so it is not coming from the Labor Party—that provides a significant advantage over other businesses not located on airport land? Given airports have a huge impact on communities around Australia, do you believe that airport lessee companies should be good corporate citizens and meet all their obligations to their local communities?

When did you become aware that your department was providing airport corporations with advice about the interpretation of the lease without first obtaining legal advice? I understand that that legal advice has now been made available to you, according to recent Senate estimates, and I am wondering when that legal advice can be made available to members of parliament so that we can advise our councils as to exactly what the position is. Are you aware that your department continues to have a misunderstanding that other ratepayers are able to negotiate down the amount of rates they pay? To put that into perspective, the department has said, ‘Look, it’s okay—because there aren’t certain services provided to airport corporations that would normally be available to other ratepayers, they can actually go and negotiate down the amount.’ But that prospect is not available to any other ratepayers or equivalent ratepayers in local government jurisdictions. In fact, in some cases it is prohibited by law. I quote the example particularly in Belmont, because it is relevant, where the local shopping centre provides a lot of their own services and removes a lot of their own rubbish, as the airport does, but they do not receive any reduction in their rates because of that. But the department is continually telling airports corporations that because they are not provided with all the services they can get a reduction. This flies in the face of everything else that has been provided by way of advice. Minister, I will let you have a go at those questions and I will come back with some more. Thank you.

Mr TRUSS (Wide Bay—Minister for Transport and Regional Services) (6.04 pm)—In relation to the obligation of airport lessees to pay rates, let me make it absolutely clear that I do not accept that airports should be in any kind of favourable position, in comparison with other landowners, in relation to their obligations to local government to pay rates and other charges. There are sometimes services that are provided by the airport which would otherwise be provided by the council and in those circumstances I think it is reasonable for those kinds of amounts to be discounted. However, the fact that an airport operator may not use the swimming pool or the town hall or something like that is not a valid ground for having a rate reduction. We all know that all of us as ratepayers do not use every single service that a council provides and we do not get a rate reduction from that perspective.

I have been seeking to develop a negotiated solution between the various parties so that there can be a clear understanding of what the obligations are and then a ready acceptance of

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the requirement to meet those obligations. There are only two airports in Australia that have not been able to reach an agreement with their local councils about the level of rates they should pay. One of those is Adelaide and the other is Perth. In the case of Perth, from memory they have reached agreement with two of their local authorities and with the third one—namely, the City of Belmont—there remains a dispute.

In the case of Adelaide airport, an independent arbiter was put in place to try to establish a successful outcome. He made a recommendation to the Local Government Association of South Australia but, when it came to it, the council was not prepared to accept the arbiter’s ruling. So it has been necessary for my department to seek some additional clarity in relation to the legal position. That is the legal advice that the honourable member for Swan has referred to. Having received that advice, there is a further round of negotiations being undertaken with the Westralia Airports Corporation, and I am optimistic that that will lead to a satisfactory outcome. That outcome will hopefully set in place arrangements that will be accepted by all of the lessees so that rates will be paid without argument in the future.

On the one hand, let me make it absolutely clear that I expect airport lessees to pay their own way. I do not accept that any commercial or other development on airport land should get any kind of a free ride. In other words, a shopping centre built on airport land should pay the same sort of charges as if it were built across the road on land owned by somebody else. That is a fundamental principle. On the other hand, I expect councils to behave reasonably as well and not seek to extract some kind of penalty rental out of a significant business that is creating a lot of jobs in their local government area.

Mr WILKIE (Swan) (6.07 pm)—Firstly, congratulations, Mr Deputy Speaker Kerr, on being appointed to the Speaker’s panel. Minister, following on from your point, you have mentioned that there are certain services that are provided to other ratepayers that would not normally be provided to airport operators and that this might be some reason for a reduction. Do you think you could ask the department to come up with some examples of where that is the case? It is my understanding that councils provide the same services to Westralia Airports Corporation, particularly in Belmont’s case, that they provide to other major businesses in the area, such as the Belmont Forum Shopping Centre. Where you have a large corporation operating a large business, often they provide some of their own services but, under the rateable arrangements, they still do not get a reduction on their rates—that is actually their choice. So I am curious to find out if you could provide some examples of where that would be the case.

I know you have mentioned that there were two airports in dispute: West Torrens in Adelaide, and in Perth. You talked about the independent arbiter. I know we have discussed this previously but I have spoken to the West Torrens Council and they tell me that they know nothing about the appointment of an independent arbiter. They have received no advice that they were in the wrong or that their assessment was inaccurate. So I wonder where that advice came from, whether it was provided to them and whether it could be provided to me, because, as I said, that matter has been raised with them and they have specifically denied that that is the case.

Minister, I am wondering if you could confirm that one of the main reasons for charging a rate equivalent payment is to ensure that competitive neutrality principles apply, so that businesses operating on airport land, which is Commonwealth land and would not normally be
subject to a rate, would end up having to pay the same amount as they would if they were operating in a council and therefore this principle of competitive neutrality is upheld.

Mr TRUSS (Wide Bay—Minister for Transport and Regional Services) (6.10 pm)—The principle that the honourable member for Swan espoused at the end of his comments is basically what I was trying to say in my own comments. That is certainly my understanding of what I consider their position to be. I am a little bit reluctant to get involved in discussions about the negotiations with individual councils and individuals airports. I think that is a matter that is better addressed through commercial negotiations, and there is also the potential for legal action. So I do not wish to comment in too much detail about those specifics. I recognise the honourable member’s keen interest in this issue—and indeed Senator Johnston’s interest in this area and the interest of quite a number of other members—and I am anxious to deliver a fair outcome for all the parties and to do it as quickly as possible. In relation to West Torrens, the honourable member’s comment surprised me. I will make some more inquiries and, if there is anything further I can add, I will get back to him.

Mr WILKIE (Swan) (6.11 pm)—Thank you, Minister. I appreciate that. Minister, with regard to the issue of competitive neutrality, could I draw your attention to the fact that the Acting President of the National Competition Council, Mr David Crawford, is also the Chairman of the Westralia Airports Corporation, which has the lease of Perth Airport. I am wondering whether it is appropriate that someone who would be overseeing the whole process of competitive neutrality is involved in a corporation that is seeking to deny the residents and rate-payers of the city of Belmont their due rates under that very policy that he is supposed to be enforcing. I would think that there is a conflict of interest there, and I would be interested in the minister’s comments.

Mr TRUSS (Wide Bay—Minister for Transport and Regional Services) (6.11 pm)—Again, I do not accept the premise that Westralia Airports Corporation is seeking to not make legitimate payments—it is a matter for resolution in the future as to what an appropriate amount might be—nor do I accept that there would be a conflict of interest involved. If, in fact, the body referred to was required to act in a case involving Westralia Airports Corporation, clearly somebody would have to step aside and make sure that it was dealt with absolutely at arms-length. There is no suggestion at this stage that the matter is going to be taken through that kind of a process anyway.

Mr ALBANESE (Grayndler) (6.12 pm)—Minister, I have three questions. Firstly, I draw your attention to Sydney airport and the plan for a 62,390 square metre retail centre and a car park for up to 3,145 vehicles and the massive objection by the state government, local government and community groups—indeed everyone but the owners of Sydney airport—to that plan that forced it to withdraw it and to indicate that it would submit a revised plan. The Sydney Morning Herald of 21 April says:

A spokesman for the minister, Warren Truss, said public consultation would be required only if the new plan was “fundamentally different” from the original.

Minister, I put it to you on behalf of my constituents that it is appropriate that there be a public consultation process after that revised plan is submitted and, if that does not occur, that there will be considerable outrage from the local community—from both residents and also businesses.
When you look at the location of Sydney airport, in the most densely populated area of Australia, I think one can see why the plan—which involved a $200 million shopping centre and a cinema complex—is regarded with some considerable objection by residents. Minister, I would ask that you give a commitment that there will be a public consultation process and that you will not simply rubber-stamp this plan.

My second question is this: is the minister aware that, in spite of the fact that there is a curfew at Sydney airport between 11 pm and 6 am, there are scheduled flights every day which breach that curfew, in particular between 5 am and 6 am, from Qantas, Singapore Airlines and airlines involved in long haul flights from LA and from London? Indeed, duty-free shopping at Sydney airport opens at 5 am, not at 6 am. Even duty-free shopping and Customs at the airport are open every day at a time when the public would expect that the curfew would be operating. As someone who lives under the flight path of Sydney airport I will declare an interest in asking this question of the minister. Can the minister look at that and confirm that that is the case and take action to ensure that, if legislative changes are required to make sure that the 11 pm to 6 am curfew is enforced, they will be taken?

My third question goes to the issue of noise amelioration for those around Sydney airport. In particular, I draw the minister’s attention to the plight of Fort Street High School, which is directly under the flight path at Taverners Hill. It is on high land a stone’s throw from the insulation zone—it is about 150 metres outside. Does the minister think it reasonable that young people’s education at that school is disrupted sometimes every 90 seconds as a result of flights going over? Will the minister take up my invitation, which I have given to him personally before, to come to that school to see for himself what the young people suffer in terms of the disruption to their educational attainment from the aircraft noise? Will the minister give consideration to taking action to ensure that this occurs, particularly given that there are no budget implications from it in that the money for noise amelioration comes from the airport noise levy, which is levied on every passenger?

Mr TRUSS (Wide Bay—Minister for Transport and Regional Services) (6.17 pm)—There are three basic questions. In relation to the proposal for commercial development on Sydney airport, let me say that since I have been the minister there have been no applications before me from Sydney airport for any kind of development. I am not aware that there are any about to come to my attention. However, if there were to be a proposal for a commercial development it would be subject to public consultation processes. There are prescribed periods and procedures laid down in the act that have to be followed in relation to public consultation, and I would expect those to be followed before an application was submitted to me for consideration, irrespective of the nature of the development.

I am not quite sure of the context of the remarks you attributed to my spokesman; I can only assume that somehow or other they have come out of context because in reality any master plan and any amendment to the master plan have to go through that kind of process. The only exception might be if something is already in the plan and therefore does not require any new approval process. Certainly a shopping centre or something of that nature would.

Some of the comments in relation to that proposed development brought out the worst of debate associated with these sorts of issues. I thought it outrageous for the New South Wales government, for instance, to suggest that a shopping centre would result in $2 billion worth of
roadwork requirements. I expect again, and I follow on the comments I made to the member for Swan, that a development on an airport site should meet similar kinds of development conditions as would apply if it was across the road, and that would include road upgrades and the like. Those kinds of conditions have been imposed when shopping centre type developments have occurred in other airports around Australia. On the other hand, I would not expect that they should apply to a new freeway miles away, which seems to be the context of some of the remarks that were made at the time that development was being speculated about. I do not know that it ever got to a stage where it was seriously likely to come before me under the master planning arrangements.

Regarding the curfew at Sydney airport, I would again ask the honourable member if he could give me some names, dates, times and places. I would be more than happy to follow it up. The curfew applies, as he said, between 11 pm and 6 am—

Mr Albanese—QF2—every day.

Mr TRUSS—It is my understanding that scheduled services cannot arrive before 6 am. In an emergency, occasionally the curfew has to be broken, and from time to time there is a process whereby a special permit can be given to allow an aircraft to land, but, my word, that is exceptionally rare. It is not something that we would allow easily. My understanding is that some freighter aircraft, low-noise aircraft, are allowed to approach over the bay during certain times, but there should not be any scheduled services.

From time to time, I get letters from people who are upset about aircraft noise, and each of those instances is investigated. We usually send back to the constituent details about what happened on the particular day, including flight plans and paths for aircraft, so they can have an understanding of what has actually happened. I would be concerned about the issues raised by the honourable member and, if he could give me some names, dates, times and details, I will certainly follow it up.

The honourable member has raised Fort Street High School with me previously. I can appreciate that there are concerns about noise in areas where aircraft are operating. Obviously, new generation aircraft are much quieter than their predecessors. There are no marginally compliant aircraft operating in Australia anymore; they all meet the new standards. Essentially, we have a better environment now than there has been in the past. The honourable member, because he represents that area, would know even better than I that the insulation that has been provided was limited to areas where particular noise levels occurred, and the Fort Street High School does not fit within that category. It would be possible, as the honourable member suggests, to lower the criteria and then deal with all of the buildings that fit within the new criteria. That would require a substantial extension of the levy, which is getting close to the point where it will expire. Indeed, it may involve extensions for as long as 50 or 100 years. (Time expired)

The DEPUTY SPEAKER (Hon. DJC Kerr)—To assist the members present, we started on this process about 15 minutes late, so I give members the understanding that we will continue for an extra 15 minutes and everyone will have their opportunity.

Mr GEORGANAS (Hindmarsh) (6.23 pm)—I rise to speak about issues that relate to Adelaide Airport. Let me say that I am pleased that the minister is here and has fronted today to answer questions, unlike some of the other ministers who did not turn up. It certainly gives...
me pleasure that the minister is here so I can ask a few questions which are so important to
my electorate. The airport, as the minister would be aware, is smack bang in the middle of the
electorate of Hindmarsh. Adelaide Airport is surrounded by approximately 15,000 house-
holds, which means that approximately 30,000 residents, if not more, live around the airport,
and their lives are impacted immensely by the activities of the airport.

The issues at Adelaide Airport that affect the residents who live by the airport obviously in-
clude noise, which the member for Grayndler mentioned earlier. Many live under the flight
path, as I do. I have lived there for all my life, in fact. The impact of noise is immense on
people, including shiftworkers and young families with small children. One of the questions
that I am continuously asked regards the entitlement for insulation. I have written to the min-
ister on many occasions. Many of the people just outside of the area that has been insulated
feel that they have been unjustly dealt with. I can understand how they feel that way, when
they see that the house across the road from their place is insulated. They miss out, yet the
noise impact is exactly the same. Compared with the house across the road, the noise that is
heard a few feet or yards away from their house is no different. I can understand why those
people feel that they have been hard done by, and I tend to agree with them.

I would like to find out what sort of ongoing process there is to ensure that the impact of
noise on these homes that are just outside of the areas that were insulated is constantly being
monitored to ensure that those homes will at some stage come into those bands and perhaps
be entitled to insulation. The other issue with insulation is that many people feel that there is
nowhere to go and complain or to have their issues raised. They come to me, I write to the
honourable minister opposite and he politely sends a letter back outlining the rules. But I
think a lot of people feel that there is a flaw in process in how insulation was given out and
would like their voices heard.

I would like to ask the minister whether there is any dispute resolution process, not only for
the people who have quite rightly argued that they need insulation but also for other issues
that affect the residents, such as the development that takes place on airport land. We have
seen massive development in Adelaide. Many of the residents come to me and say: ‘Why
can’t you guys stop it? Why don’t you go to the council and complain on our behalf?’ When I
explain to them that it is not in the jurisdiction of local government or the state government
but it is ticked off by the federal minister under the master plan, they are horrified that there is
no process for them to have input.

You may say that there is process at the beginning stage when the master plan is being
drawn up—and that is the case—but, if they do not agree with something that was in the mas-
ter plan or they believe that the particular development that is taking place is not compatible
with the master plan, they feel like there is absolutely no independent body to take up their
case, to hear their views and to look into something in an impartial way that does not repre-
sent the airport or the minister. They want a totally impartial body.

The minister may not be able to answer my final question off the top of his head. We have a
curfew in Adelaide, from 11 pm to 6 am. I would like to know, since the curfew was imple-
mented early in 2000, how many times has the curfew been breached, how many of those
breaches have been prosecuted and how many dispensations have been given in the period
that the Adelaide curfew has been going? I know that the minister would not have the figures
off the top of his head, but I would certainly appreciate an answer on behalf of the residents of Hindmarsh.

Mr TRUSS (Wide Bay—Minister for Transport and Regional Services) (6.27 pm)—Taking the last question first, I will follow it up. I am aware of one breach where we are seeking to take action against the airline concerned, but there seem to be some legal difficulties about our capacity to do that. It is a breach, I might add, that causes me quite a deal of concern. I believe the airline have not acted honourably, and if we can find a way to prosecute them we certainly will.

In my time as minister I have only been asked to give one dispensation for Adelaide, and that was so the Port Adelaide footballers could be flown back from Perth on one day rather than having to wait to the next day to fly back, which might have damaged their chances in the grand final. I was told that they needed to do that because Brisbane Lions were disadvantaged in the previous grand final because they had to fly home late, and Port Adelaide, who got the advantage of Brisbane’s disadvantage, did not want the same to happen to them. In the event, I think the Western Australians did the honourable thing and had the game a bit earlier so that the Port Adelaide footballers did not actually need to break the curfew. But I recall that as one request to break the curfew. However, we were looking at other ways of resolving the issue in that circumstance. Certainly breaches of curfew would be rare, but I am happy to get back to the member with more detail.

I think I have partly answered the two previous questions in my comments in response to other members. The noise contours that are followed in Adelaide are the same as the ones in Sydney. Basically, the same standards have been set at both airports, and insulation has been put in those houses and public buildings that meet the criteria. I am advised that the criteria are the same as those that have applied in other parts of the world where there have been attempts made to insulate properties from aircraft noise. We are not considering any plans to alter those contours. As I mentioned in answer to the honourable member, to do so—to drop them down, say, five decibels or so—would add very substantially to the task involved and extend the levy for perhaps as much as 50 years. That is perhaps a rather large commitment to take on.

Finally, you asked about councils and others getting a role in the development process. I have to say that I have been a bit perturbed that state and local governments have been suggesting that they have no role in the planning process. That is not true. The fact that they think they do not have a role perhaps demonstrates that we need to do more to make the guidelines clear to everyone so that the opportunities for consultation and the way in which it works are in fact effectively known to all of the interested parties. When there is a development in a local government area, it is required and it is an expectation that the airport lessee will consult with the local government and, for that matter, the state government. There have been instances where the states have not bothered to reply. I cannot take responsibility if they do not reply. But I do expect them to be consulted and to have an active opportunity to indicate areas that they think are important that ought to be taken into account in making a decision about whether a project should be agreed to.

Mr WINDSOR (New England) (6.31 pm)—I have three questions for the minister. I do not presume that he will be able to answer all of these tonight, but he may be able to extend
the answers in writing. Firstly, I congratulate the government on two feasibility studies that are being carried out at the moment. One is in relation to the north-south rail link, which also incorporates the Sydney link between Melbourne and Brisbane and, obviously, Sydney and Melbourne and Sydney and Brisbane. Another feasibility study is in relation to the Liverpool Range tunnel, which is in the Gwydir electorate but also has an impact on the New England electorate.

In relation to the north-south link, though, there have been a number of submissions put to the consultants. But there seems to be some confusion in relation to the freight task on those various routes—that is, Melbourne-Brisbane, Brisbane-Melbourne and Sydney-Brisbane. There is confusion over the numbers and actual tonnages by road and rail that are travelling between those destinations. I think they are very important in determining a route. It has importance in the Sydney-Brisbane part of that route as well. I was just wondering which figures your department uses in relation to the freight tasks between those particular destinations. Also, what is the government’s program in relation to the examination of the data that the consultants bring back on the Melbourne-Brisbane rail link? Is there a view as to when the government may act on that particular project?

I have another two questions. The minister would be aware of the issue before the parliament at the moment in relation to the taxation of compensation of water. A Regional Partnerships program grant was allocated to the Long Point channel near Gunnedah where a number of ground water users who were losing entitlement were actually granted funds to overcome that loss of entitlement by way of a channel to get water into a particular hot spot that was a problem to those people. I do not expect the minister to do it today, but could the minister inform me in writing of the taxation status of that grant in the hands of those recipients? The third and final question is: are you aware of a commitment by Deputy Prime Minister Mark Vaile to the Mayor of Tenterfield in relation to the funding of the Tenterfield bypass?

Mr TRUSS (Wide Bay—Minister for Transport and Regional Services) (6.34 pm)—In relation to the north-south rail study, the government expects to receive that report by about the end of this month or early next month. Once we have obtained the report, it will be possible to make some more judgments about what further action might be required. When the whole issue of the north-south or inland railway line was first talked about, it was going to be funded entirely by the private sector. If that is still the case, there may be no further response required from the government. I have an idea that most of the proponents have now drifted away from that line a little and expect that there will be a need for some kind of public funding to make the projects viable. When we have the report it will be an appropriate time to think about what further steps might be required. There is some funding in AusLink 1 for rail upgrades but, if there is to be a substantial investment in some new rail line, that would have to be considered either in AusLink 2—assuming there is to be an AusLink 2—or through some other kind of funding arrangement.

The Regional Partnerships grants are normally taxable. If they go to a tax-exempt body, they are not taxable in their hands but if they go to a private individual they are like all grants—essentially taxable. If there is anything unusual about the particular grant that the honourable member is referring to, I am happy to follow that up. But the taxation status of the grant would depend largely on who received it and whether it was a taxable body or not.
Finally, I obviously was not privy to any conversations between the Mayor of Tenterfield and the Deputy Prime Minister, but I will ask him what commitments he may have given, and naturally, if the Deputy Prime Minister has given a commitment, that is the kind of commitment that we like to honour.

Mr JENKINS (Scullin) (6.36 pm)—I want to go to two matters—land transport and regions. My question on land transport follows on from the questions of the member for New England, who champions the Melbourne to Brisbane rail link. The federal government has to see transport in a wider guise than just roads. I appreciate the comments that the minister has made about the future of funding, but this goes in a national sense to the need to have links such as the rail link from Brisbane to Melbourne, which is important for freight. The region that I live in, northern Melbourne, will become the gateway. There is already an inland port at Somerton that can link in, so potentially it will be a very big employment generator for the northern region.

When we assist in local roads, we should also understand that local roads should go hand in hand with public transport. The minister has disappointed me in public comments that he has made. He has said that he does not see public transport as a role for the federal government and that it should be a responsibility of states and territories. But he really has to look at this. If our cities are to develop in a sustainable way, the federal government will have to show national leadership and involve itself. If we are going to look at sustainable cities, we have to look at different ways of moving people around for employment, education and even for recreation. I hope that when he puts his portfolio point of view in the discussions the whole-of-government decision will be that there is a need for the federal government to be involved in a wider range of land transport than just roads.

The second issue that I want to raise touches upon the regions. I have mentioned the regional impact on northern Melbourne of the Brisbane to Melbourne rail because of the potential for us to become the gateway. In other times we could perhaps have called the minister an agrarian socialist, but now he has moved into his new liberal mode. I am not sure whether I have had this discussion with him, but National Party members have usually had an easier time discussing regional matters because they represent rural regions. As a member for an electorate in an outer urban area, I say that the northern region of Melbourne is distinct. It is distinct from the western region. The member for Holt was in here earlier. It is distinct from his region. It concerns me that under consideration is the amalgamation of area consultative councils that operate in metropolitan Melbourne. I have not looked at the performance of the Sydney consultative council that covers the whole of greater Sydney. I have briefly discussed issues concerning the one in Perth. Looking at the region that the electorate of Scullin is part of—it has only 700,000 people—it will be competing in a region of four million people with only one ACC.

I hope that the minister can see that in metropolitan areas we can define distinct regions and that the ACCs that have been operating in Melbourne do champion the cause of our metropolitan regions. I hope that that can continue. I would be concerned that, on the basis of some form of economic rationalism, we would throw out what has been a very good system in metropolitan Melbourne—even accounting for the fact that, from time to time, with schemes such as Regional Partnerships, we have been concerned at the lack of transparency. That is because some of that money has been allocated outside of the ACC processes. I think that it is
very important to place on record here that in the case of the five metropolitan Melbourne ACCs we have a system that is not broken, so please do not tamper with it.

Mr TRUSS (Wide Bay—Minister for Transport and Regional Services) (6.40 pm)—I will respond briefly to the last point made by the honourable member. We have one ACC in Sydney, one in Brisbane, one in Adelaide, one in Perth, one in the whole of Tasmania but five in Melbourne. So, when looking at the way in which the regional programs can be implemented most efficiently, it is obvious that we would look at whether it is necessary to have five times as many ACCs in Melbourne as there are in Sydney. This proposal has been circulated for public comment, along with a number of other proposed boundary changes in New South Wales and Victoria. I am aware that there is some opposition from the ACCs in Victoria and from some of the Melbourne members about any suggestion that there should be fewer ACCs in Victoria. I will take those comments on board.

It also needs to be remembered that at least one of those ACCs has not produced a single Regional Partnerships project for the entire year. There is no real evidence that the output from the five ACCs in Melbourne has exceeded the output from the one in Brisbane or the one in Sydney. They are the sorts of issues that we have to take into account. I assure the honourable member that his views and those of others will be taken into account when a decision is made.

Mr ALBANESE (Grayndler) (6.42 pm)—I refer to the previous contribution I made, and the minister’s response, regarding the curfew at Sydney airport, which exists between 11 pm and 6 am. The minister responded very genuinely, like most Australians would, by saying that when you have a curfew that means planes do not land or take off during that time. He thought it might be happening under exceptional circumstances. For the benefit of the minister, the Sydney airport website shows seven breaches of the curfew scheduled today. I assume that some of those are code share flights. Air France AF8096, through Paris and Singapore; British Airways BA7306, from Frankfurt and Singapore; and Qantas QF6, from Frankfurt and Singapore, were scheduled—I assume that is one flight—

Mr Truss—They are probably code share.

Mr ALBANESE—Yes. They were scheduled to land at 5.10 am and in fact landed at 5.13 am today. British Airways BA15, from London and Singapore, code share, I would assume, with Qantas QF320, was scheduled to land at 5.15 am. It landed at 5.20 am. Lufthansa LH9780 from Singapore—I assume also code shared with Singapore Airlines SQ221—was scheduled to land at 5.55 am. According to the website today it landed one minute earlier, at 5.54 am. I draw that to the minister’s attention, to give a concrete example. That is happening each and every day. The duty-free shop there is open every day at 5 am in order to accommodate that, as are Customs and Immigration facilities. It quite clearly is a breach. I ask the minister to look at how legislation can be changed to ensure that the curfew is a real curfew, not a Clayton’s one which is breached every single day.

Mr TRUSS (Wide Bay—Minister for Transport and Regional Services) (6.44 pm)—I have offered to take it on board.

Mr WILKIE (Swan) (6.44 pm)—Minister, I have just a few comments to make. You mentioned AusLink before. I would like to point out that Western Australia pays $28 billion in taxes and gets only $24 billion back from the federal government. Even though you did in-
crease some of AusLink’s funding for road and rail, unfortunately we still receive less than three per cent of federal rail funding and around eight per cent of federal road funding. It would be great if you could give us back a little more from the $4 billion dollars extra that we pay.

Mr Truss—Every state is complaining that they have a poor share.

Mr Wilkie—Absolutely. But Western Australia has a right to complain and the others just like to whinge. Minister, can you give us some idea of when the decision on the BGC brickworks will be made? The brickworks is in Hasluck but the airport is mainly in Swan, and people are asking me what is happening with that. I am surprised that the member for Hasluck is not here to ask that question himself.

An issue of concern to me is that, in the lead-up to the last federal election, Westralia Airports Corporation advised me that they intended to be in dispute with the council about rates. I was also advised that the reason the airport corporation did not proceed and did pay the rates is that they did not want to do that in an election year because my seat was so marginal. I find it quite extraordinary that they would play politics with something as important as this, particularly given that they would disadvantage their own shareholders by not pursuing something that they thought would be valid in terms of not paying their rates. I am very disappointed that they have been playing politics with this issue and have waited until after the election to raise the matter this year, whereas in other jurisdictions like Torrens, Brisbane and Sydney issues about rates have been raised. I am particularly concerned because Westralia Airports Corporation are one of the largest donors to the National Party. We do not have any National Party seats in Western Australia, yet they are still prepared to pay a lot of money and it would appear that they are playing politics with this issue.

Minister, have you seen the petition from the City of Belmont itself, which I tabled in the last sitting week, concerning this matter? There is also a petition, signed by 2,500 residents of Belmont, raising concerns about the rates. You mentioned that you would not want to see federal funding for freeways and infrastructure going to support the airport. I can appreciate that that should be paid for by broader areas. Local councils have to bear the burden of a lot of the costs in relation to airport operations. Perth, in particular, has a lot of road infrastructure that copes locally with the airport. For example, we have to put traffic-calming measures in local roads, because people who are trying to get to the airport will use those roads rather than the main thoroughfares. That is a major expense that councils need to pay. Whilst airports say that they are not getting these services, a lot of things are happening off the airport site that local councils have to be responsible for.

You mentioned that the airport corporation and the department will negotiate to try to resolve this issue. I commend you on that. Can you give me some time frame as to when those negotiations might take place? Legal advice was mentioned before. Can you give us some idea when that legal advice may be available? I understand that you may not want to talk about some of these issues in this forum, which might be broadcast, but I would appreciate knowing personally, if not publicly, what is going on.

Mr Truss (Wide Bay—Minister for Transport and Regional Services) (6.48 pm)—As we are pressed for time, let me say that I have 90 days to make a decision in relation to the brickworks. A few of those days have passed. I understand that the clock stops some time in
August, so you can expect a decision between now and then. I will take into account all the matters that have been put in front of me.

The DEPUTY SPEAKER (Hon. DJC Kerr)—I thank the minister for his courtesy to the committee.

Proposed expenditure agreed to.

Agriculture, Fisheries and Forestry Portfolio

Proposed expenditure, $853,220,000.

Mr GAVAN O’CONNOR (Corio) (6.49 pm)—Let me say right from the outset that I am disappointed that the Minister for Agriculture, Fisheries and Forestry has not graced the chamber with his presence. That is no disrespect to the parliamentary secretary. I would have thought that, with an expenditure of this amount, the minister would have at least shown the parliament the courtesy of turning up to these proceedings.

Many Australian families are under real financial pressure. They have recently endured several rises in interest rates, courtesy of the Howard government, which have simply meant significant increases to their payments on their farm loans, credit cards and personal loans. They have had to bear the direct and indirect costs of petrol price rises on their family budgets. Like other families, they have had to bear increased child-care costs and increased private health insurance premiums. Like other households, they have had to get by while this Treasurer and government have had their hands deep in their pockets for a long time. Now, of course, the wives of farmers—and indeed some farmers themselves—who are working off-farm to keep their farms going will suffer at the hands of the government’s industrial relations changes. These are broad areas of economic and industrial policy that matters in this budget attempt to address at various stages of programs.

The opposition has mounted some broad criticisms of this. There is no plan for skilling the sector in this budget. There is no coherent infrastructure plan, and there is no new wave of innovation and R&B development that is going to propel the productivity improvements that the sector will need in coming decades to compete with emerging competitors. The Howard government has been fond of talking big in its budgets but actually delivering very little, and there have been significant underspends in many of the programs. This is typical of this government. It will go to the rural sector saying, ‘Yes, we’re going to spend $850 million a year,’ and then, when we go back through estimates, time and time again there are significant underspends. Of the $7.8 million allocated in last year’s budget for the National Action Plan for Salinity and Water Quality, only $1.9 million was spent. Of the $42.5 million allocated to the Farm Help program, only $11.2 million was spent. Now, the government spends its advertising dollars telling the rural sector how good it is in allocating moneys in these programs, yet we have significant underspends. Of the $2 million allocated to the HomeGrown campaign, only $540,000 was spent. Of the $4.7 million allocated last year for recreational fishing community grants, only $2 million was actually spent. There are significant underspends in around 20 items from last year’s budget.

This government is simply not accountable to this parliament, to farm communities and to the Australian taxpayer. It is arrogant, incompetent and unaccountable. I give an example. In table 2.5 on page 29 of the PBS, in the industry development section, there is a $10 million allocation for 2006-07 for ‘other decisions yet to be announced’. That is what the government
During recent Senate estimates hearings, officials with the Department of Agriculture, Fisheries and Forestry were asked if a line such as this had ever appeared in previous portfolio budget statements. The chief operations officer, Mr Allan Gaukroger, gave a clear, one-word answer to this important question. He said, ‘No.’ This makes a mockery of the letter from the agriculture minister that appears at the front of the PBS statement:

I present these statements by virtue of my responsibility for accountability to the Parliament and, through it, the public.

The users guide on page 7 of the PBS elaborates on this and says:

The purpose of the 2006-07 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio.

Here is a significant item of taxpayers’ money, farmers’ money, and the government cannot answer—or would not answer in the Senate estimates process—what this money has been allocated for in the budget. I certainly hope the parliamentary secretary has an answer, because we put it to the government in Senate estimates and they could not come up with any sort of explanation as to this line item in the budget and how it will be expended. This is not good enough. It is not accountable government. I ask the parliamentary secretary again: will she clarify for this parliament what that line item of $10 million is going to be used for? (Time expired)

Ms LEY (Farrer—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (6.54 pm)—I will attempt to address some of the points that the member for Corio has raised. He started by attacking the government in a general fashion. He mentioned interest rates, which must be a little bit embarrassing when we reflect upon the late eighties. I am sure that the opposition is tired of being reminded of it. The constituents that I represent in western New South Wales who had interest rates of between 17 and 23 per cent certainly have not forgotten—

Mr Gavan O’Connor—Was that under you or us? What about the double digits under you?

Ms LEY—It was under a Labor government—

Mr Gavan O’Connor—And a Liberal government!

Ms LEY—Let me revisit some of the remarks by the member for Corio’s leader in a recent discussion of a matter of public importance. I was amazed when he talked about giving the kid in the bush a go because no kid on any farm gets a go when his old man is loaded up with an interest rate of up to 23 per cent. It is not as difficult now, although there are issues that farmers across Australia are facing that the government is managing. It is nothing like as difficult as it was then and I simply refuse to accept that criticism.

The member for Corio also mentioned the current IR changes. When the Leader of the Opposition consulted with the National Farmers Federation recently he was told in no uncertain terms that farmers approve of and are happy with the current IR changes. It is probably more about getting in touch with the rural constituency than anything else. I say to members opposite that to get in touch with the rural constituency you have to walk a mile in their shoes. Probably the member for Corio has walked some miles in the shoes of rural people but many others opposite have not.
Other points of attack concern the government’s spending on R&D. I think that it is important to note that from 1996-97 to 2004-05—since this government has been in office—we in partnership with industry have provided more than $3 billion to research and development corporations and companies for R&D investment. In 2004-05 the combination of government and industry funds supported an investment of more than $510 million in rural R&D. I am sure that the opposition understands that farmers’ declining terms of trade can only be addressed by increased productivity, the main driver of which is improved R&D. With a commitment like that and the focused efforts of our research and development corporations, the results are there for anyone to see. They certainly do demonstrate a significant government commitment and, most importantly, an understanding of the need for R&D to be moved into the sector, to be adopted by farmers and taken on as their own—and there are many examples of exactly that happening.

There was some comment about government underspend. I notice that the Farm Help package was mentioned. It is important to note that the Farm Help package and other structural adjustment assistance packages for farmers are open-ended. It is not about finding somewhere to allocate the funds, but when farmers and farming families apply for assistance and assistance is approved, then the assistance is available. Farm Help is a package like that. No matter how many people had applied, they would have received help. There would not have been a point where we said, ‘No, we have used up the funds.’ So in allocating a budget line item—and obviously it is not going to equal the exact amount that is paid out—the important thing to note is that were applications received, and I am sure that they will still be received, then the Farm Help money would be available.

Some other comment was made about a mystery $10 million budget allocation. I simply say in response to that that we as the Australian government are considering possible adjustment assistance to the primary industry sector and it is not appropriate to comment on any proposal until all details are finalised. The government is not in a position to make any announcement until it has consulted with stakeholders. That is due and proper process. Final proposals need to be approved by the Prime Minister and relevant ministers. I understand that the minister will make the necessary announcements when the necessary processes have been completed. I think that I have addressed most of the issues that the member for Corio has raised. He may have others.

Mr Gavan O’Connor (Corio) (6.59 pm)—I do not accept that explanation. I simply say to the parliamentary secretary and the government: get your act together. You have had a long time to prepare your budget and yet you get a $10 million line item in there that you have not allocated and you tell this parliament that it is going to be for some restructuring purposes. You have had a year to prepare a budget yet you cannot tell us the details. This is typical of a government that not only underspends but also fails to deliver on its commitments. An important example of this is the mandatory retail grocery code of conduct. On 1 October 2004 the then Deputy Prime Minister issued a press release making a commitment on behalf of the coalition. Mr Anderson said, ‘Within 100 days of the election’: A re-elected coalition government will impose a mandatory Code of Conduct on the horticultural industry.

The code will give producers a fairer deal on their terms of trade and on resolving disputes with produce buyers, which are in many instances large supermarket chains.
Yet the minister told ABC listeners on Anzac Day this year that retailers were never part of the decision. It is now more than 600 days since the election and we still have not seen a mandatory code for the horticultural industry. The question on every producer’s lips is, ‘Why can’t the government deliver on a pre-election promise that it made to rural Australia?’ There is no mandatory code on the table and certainly not within the 100 days. Can the parliamentary secretary explain? I know it is not her responsibility directly for this—it is the responsibility of the incompetent ministers who have made this commitment and this promise—but can we have an explanation for the sector as to why the government has been so incompetent that it could not fulfil the promise?

There are a number of quarantine issues that are of real concern to the opposition and, of course, the culture of Biosecurity Australia is of concern to rural producers as well as to the opposition. I want to raise with the parliamentary secretary and the minister the case of Marnic Pty Ltd. The botched management by AQIS of the process of assessing an application by this company, Marnic Pty Ltd, has exposed gross mismanagement of the quarantine process under this government. In this case, AQIS initially approved an application from Marnic for a permit to import worms for fishing bait. After going through numerous hoops, Marnic eventually imported a batch of worms and distributed them to bait suppliers around the country. It was only after the worms were distributed that AQIS finally contacted Biosecurity Australia about the case and were informed that the worms posed a risk.

It was revealed during estimates hearings last month that, prior to the botched process surrounding the application from Marnic, AQIS did not have any standard procedures in place for assessing such applications. Many of AQIS’s records, letters and emails, relating to this case had been lost. It was also revealed that until this botched assessment there was no arrangement in place to ensure new AQIS staff knew how to process an application for a permit. When it was discovered that a permit had been issued to Marnic to import marine worms without a proper assessment of the quarantine risk, there was not a thorough review of other like permits but just a discussion amongst staff about possible problems elsewhere. Does the minister think that a thorough review of all risk areas should have been done in this instance? Why did he not make sure that such an assessment was done? Hasn’t the government’s management potentially exposed taxpayers to a large compensation payout to Marnic which will probably be similar to the payments that were made to the Hewitt brothers a couple of years ago?

This is a typical case of what has happened in the whole biosecurity area in this country under this government’s management. I could go through a list of import risk assessments that are outstanding: bananas, uncooked chicken meat, apples, mangos from Taiwan, taro—I could go through quite a few. Why is it that the government after 10 long years in office cannot get on top of the quarantine task? I would like the parliamentary secretary, on behalf of the minister, to take these questions on board—simply because this is not good enough. Here we have two important agencies that are entrusted with the quarantine task simply not talking to each other. (Extension of time granted)

I understand that there are some other imperatives in this debate, but I want to turn to the issue of illegal foreign fishing as part of this portfolio. During estimates hearings last month, departmental officials said that the increased funding to combat illegal foreign fishing is expected to result in a doubling of the number of apprehensions in 2006-07. Last year there
were approximately 300 apprehensions, so the government is now expecting apprehensions in
the order of 600 illegal foreign fishers a year.

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 eco-
nomic zone suspected of being in breach of fisheries law. So, over a 15-month period begin-
ning 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 Austra-
lia’s fishing zone. Coastwatch now says that in the 2005 calendar year there were 13,018
sightings. This is a problem that is absolutely out of control. At a time when sightings of ille-
gal foreign fishers are increasing by around 5,000 per year, the measures announced in this
budget will, by the government’s own estimate, only increase apprehension by 300 a year. The
government has lost control of this situation.

I have been around Australia over a number of years talking to the industry, coastal com-
munities and state governments and their agencies about this problem. While I have been
around Australia, seeing the extent of this problem and watching it grow worse, I have seen
not only incompetence on the part of the government but also an actual denial that there is any
problem at all. Of course, we had that famous example of a minister issuing press releases. I
cannot quite remember how many he did but every one of them said we were on top of the
problem and every one of them was issued at a time when the problem was getting worse. The
minister was not on top of anything but his own rhetoric. We know from the migration legisla-
tion that has now been introduced into the parliament that Australia has no borders, and that is
the real reason, I guess, underlying the inaction of the government. They do not see that there
is a border to defend because they have basically surrendered the borders.

The simple fact of the matter is that illegal fishing poses a huge problem not only to the
fishing industry but also to Australian agriculture. This parliament has heard on numerous
occasions what those problems are. We all know what they are; we have known about them
for 10 years. We have known about them for a long period of time. Not only is illegal fishing
depleting our fishing stocks and affecting the livelihoods of Australian fishers and coastal
communities that depend on this particular resource but also we know from the nature of ille-
gal fishing that it poses significant threats to Australian agriculture, let alone the border secu-
ritv issues that are raised by the illegal entry to our northern borders particularly.

The government has lost control of this situation. Because of the government’s incompe-
tence this situation is now out of control. We will support measures in this budget to retrieve
the situation, but I say to the new minister in this portfolio: do not make the mistake of your
predecessors in issuing press releases about how you are getting on top of the problem when
we understand that, in the area of sightings, there is an increase of some 5,000 sightings a
year. Even allowing for some duplication in that, there could be over 1,000 sightings. You are
simply saying, ‘We are only going to apprehend 300 of those.’ I suspect the sightings are
pretty accurate and underestimate the real extent of the problem, so we are going to have 300 new
apprehensions and an increase in sightings of some 5,000. The northern borders are leaking
like a sieve. It is the government’s incompetence that has caused it. In the words of the great
John Kennedy, coach of an Aussie Rules side in Victoria, ‘Do something.’
Ms LEY (Farrer—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (7.09 pm)—I thank the member for Corio for his further questions buried in the stream of invective that I have just heard. I will try to address where I can the specific points that he has raised and of course other things may be taken on notice. I will start with quarantine and with what I think is a quite unreasonable criticism of the government. We do take quarantine seriously, continuing to protect the favourable health status of our important agricultural industries and access to world markets for our products. There have been progressive increases in quarantine funding totalling more than $1.3 billion since 1996. We have strengthened quarantine measures pre and post border and we now have one of the most extensive quarantine systems in the world, as we should. Increased resources allow us to look harder for quarantine risks. It is inevitable that there will be further quarantine detections, and I think that is in itself a sign of success.

The member for Corio raised the issue of Marnic. I understand that an application from Marnic for compensation is currently under review by an independent process within the federal department of agriculture, so it is inappropriate for me to comment given that this review process is under way. A reviewer is liaising with Marnic to properly assess and determine the merits of the claim.

I should make the point that quarantine is not just about what may be coming into Australia or leaving Australia’s shores; it is about the future. It is about being prepared for pests and diseases that we may not even know about and for bioterrorism that might strike at any time. With this in mind the government has given a $16 million budget boost to pest and disease preparedness, widening the scope of the Enhancing Animal Health Infrastructure Program. We need to and we will access new technologies and science based risk assessment methodologies, support research into prevention and detection methods, educate and train people on the frontline and create an awareness of the importance of viable animal and plant health infrastructure. Further evidence of Australia strengthening its current quarantine arrangements are initiatives increasing Biosecurity Australia’s capacity to verify claims made by exporting countries, developing better systems and processes, monitoring and reviewing quarantine policies and protocols and on-the-ground overseas assessments more rigorously.

The member for Corio also mentioned the government’s mandatory code of conduct. He referred to a previous election commitment. Yes, on 23 September 2004 the government stated that a re-elected coalition government would, as a last resort, put in place ‘a new mandatory code of conduct specifically tailored for the grower/markets section of the horticulture supply chain’. The government’s commitment to introduce a horticulture code of conduct is currently under close consideration. A decision is expected shortly. The development of the code has involved extensive consultation with stakeholders, which is required as part of our regulatory impact assessment process. The government recognises that developing a code is a complex process and will make every effort to ensure that it is practical, has minimal compliance costs and best balances the interests of all parties. I think the member for Corio would agree that a voluntary code will do this more successfully than a mandatory code. The key issues being considered by the government include the coverage of the code, the nature of the trading arrangements, flexibility and the compliance costs.

The member for Corio finished, as I shall, with the issue of illegal fishing. In its recent budget the government effectively doubled the apprehension rate of illegal foreign fishing
vessels in Australia’s northern waters. Funding of the order of $388 million will be provided over four years to support initiatives to deter illegal fishing in our northern waters and to ensure our northern fisheries are secure and biosecurity is sustained. Over $233 million will be provided to effectively more than double our apprehensions of illegal foreign fishing vessels each year and to manage the downstream process related to the transfer, detention, prosecution and repatriation of apprehended illegal foreign fishers.

I believe that significantly answers the criticisms that the member for Corio has made. There is no doubt that under these measures we will be able to provide for the purchase of a fast-response vessel for use in the northern Great Barrier Reef Marine Park, accelerate the survey and chartering program within the Torres Strait, increase surveillance by Coastwatch aircraft, undertake efforts to bring forward the replacement of the Australian Customs marine fleet and undertake further initiatives in Indonesia to deter illegal foreign fishing operations at their source.

Proposed expenditure agreed to.

Attorney-General’s Portfolio

Ms ROXON (Gellibrand) (7.15 pm)—I am delighted that the Attorney-General is here and that we have this brief opportunity to ask some questions about the expenditure in the Attorney’s portfolio. Given that we are on restricted time, I am pleased that the Attorney has a pen and notepaper because I can quickly take him through the list of things that I want to know and he will be able to answer all of them for me.

I am very concerned in particular about the family relationship centre project, which is one that we have been supportive of and that we think could offer families a great change in the community if they are administered properly. On a number of occasions we have expressed concerns about the politicisation of that process and more recently about the implementation of the program. The Attorney would know that we have been asking questions in estimates hearings and elsewhere about a range of things that affect this. We are very concerned that the picture painted so far is that the Attorney has been much more concerned with appearances than with substance in getting these projects up and running. At the estimates hearings we learned that the contracts for the 15 centres that are due to open on 1 July have not even been signed and that some centres will be opening in temporary accommodation. We also learned that the one job that is complete is the advertising campaign that the government is going to run. So I hope that the Attorney will be able to assure me that all the contracts for the 15 centres that are due to start in just a number of weeks time are now signed. I hope the Attorney will also be able to tell me how many of those services will be operating in temporary premises.

I am also very concerned that we have recently seen a trademark protocol that will apply to the family relationship centres. It is a very prescriptive protocol that will micromanage in great detail the rules on how family relationship centres are to use the government logo, including a ban on mentioning the name of the service organisation that will actually run the service. But I must say that I still have not seen any rules of similar detail that will govern safety arrangements, staffing arrangements, quality of service, complaints processes and other matters. This is a situation in which the government is happy to claim credit for the good
work that the centres will no doubt do but does not seem to be setting out any rules for the responsibility it will take if the project does not run properly. Who will be complained to? What responsibility will the government have? How will people make complaints about services if they are not running properly?

We were also told in estimates hearings that the operators were told that there was no possibility of an extension of time to give them more time to open if they were not able to set up properly. Again I suspect that this is for the sake of appearances. There seems to be no other serious reason that the government should not prioritise doing the right thing rather than just getting them open at all costs on 1 July. So I would like the Attorney to deal with those issues. Are the contracts now signed? How many of these centres will be in temporary accommodation? What sorts of arrangements and rules are in place for safety, for staffing, for the quality of services and for complaints? I would also like to know whether the Attorney can tell me if he will be personally visiting and opening all of these centres in the first weeks of July and if that is why the service organisations have been told that there is no possibility of their opening late: because of the Attorney’s travel arrangements.

I am concerned that the Attorney advise us when and where the advertisements that have been funded will run. Attorney, when we have 15 pilot centres being pushed to open on 1 July and you have an advertising program that we were told in estimates hearings is ready to run, it is very important to know where and when those advertisements will run. Will it be clear to people that, although the government is advertising this new service, there will be only 15 centres that will be operational, so that people’s expectations will not be dashed immediately if the services are not available in their area? How does the government intend to run that?

On that issue could the Attorney also advise whether any training has been provided for either the new family relationship centres staff or the family relationships support program staff—obviously in the broader program that is already running—on family law changes that will come into effect on 3 July? Has any budget allocation been made to assist in providing information and training to staff who run these programs on behalf of the government as to how they should deal with changes in the family law area? I know that that is a long list, Attorney. It is not all of them, but I think those questions go discretely together in a group and I hope that you can answer them for the House.

Mr RUDDOCK (Berowra—Attorney-General) (7.19 pm)—Let me deal with the political issue first: I would love to be able to open them all but my diary does not permit me to be able to do so. That means that I will visit at an early opportunity; my program is not settled yet.

Ms Roxon—Too much time spent on the ACT legislation.

Mr RUDDOCK—No. Rather, it is associated with maintaining a good relationship with our neighbours, Indonesia, and leading a delegation of legal service providers to China, which is a longstanding engagement that I have in the first week of July. Not that I should feel any diffidence about that—I am keen to be associated with what will be a very successful program.

The fact is that the establishment of the first 15 family relationship centres is well advanced. I am surprised at how the honourable member has wanted to reflect upon the professionalism of the staff who have been engaged very conscientiously in this task of ensuring that we are ready to go. And, I must say, I am one who expected initially that it might be a
phased introduction, given the timetable that we were asking them to implement. When I am able to say on the advice given to me that the first 15 are well advanced, that the operators of the centres are recruiting staff, organising their premises, commencing fit-out and on track to being able to be open on 3 July, I will.

I have personally visited the centre, for instance, in Lismore in northern New South Wales—the electorate of my colleague Mr Causley. I saw the way in which it was progressing and I saw those who had won the tender or the expression of interest. I am aware that all of the providers have been given final funding agreements and that there are no impediments to their signing those agreements, as all relevant issues have been addressed. The specific information is that 14 of the 15 have signed. The only one that is outstanding at the moment is Townsville, because there were variations that needed to be concluded to take into account the impact of Cyclone Larry. That impact suggested that they would need some supplementation as a result, and that had to be incorporated into the agreement. That seems to me to be a very good position to be in.

The fact is that the Townsville agreement is to be signed within the next few days, and that will be an advance. They are participating in all of the programs that are designed to ensure that the staff are appropriately prepared, and I think that is a good position to be in. All of the service providers selected to operate are people or organisations that have been experienced in the area and who have experienced staff. The process by which they were selected means that the people engaged should be able to undertake a centre’s activity quite well.

In relation to the particular centres, they will all be opening and operational, I am informed. They have been involved in training courses. Material has been prepared and I can get the honourable member details of that. Safety, staffing issues and complaints handling are matters to which a great deal of attention has been provided. Yes, there are advertisements; I have, I think, already seen advertisements in the print media in relation to the family relationship centre openings.

Ms Roxon—Local or national?

Mr Ruddock—I think the one I saw was national. But when the openings will happen will be on advice—I do not determine these matters. I understand that four of the centres may well be in temporary premises. I am not particularly concerned about that. (Time expired)

Ms Roxon (Gellibrand) (7.25 pm)—I might be able to assist the Attorney; I think he was going to answer some of the remaining questions, particularly on advertising. I have two other specific questions on the family relationships centres. Firstly, could the Attorney take me through the provisions for the service to Alice Springs? Senate estimates now have advised us that there is going to be a permanent presence in Alice Springs. The centre in Darwin is going to service all of the Northern Territory, with some type of permanent presence in Alice Springs. I am wondering how the money that has been allocated—the $1.3 million—is going to be adequate to have some type of permanent presence in Alice Springs. What will that actually be and how will the outreach work for Katherine, Nhulunbuy and other areas that will obviously also have to be serviced?

Could the Attorney also indicate whether there will be any reconsideration or money made available in the future for family relationship centres to open in the areas that FaCSIA recommended but where the government has not chosen so far to put family relationship centres?
I am referring particularly to the electorates of Richmond, Bendigo, Fremantle and Alice Springs. I also ask when western Melbourne is going to get the second service, given that one was recommended in my seat and in the member for Lalor’s seat. Instead of getting two we are getting one in the member for Maribyrnong’s seat and two are going to northern Sydney. In dealing with those other questions on the advertising, can the Attorney also answer those questions on how the Alice Springs service in particular will work and whether any consideration is going to be given to funding those other services in areas where FaCSIA made recommendations?

Mr RUDDOCK (Berowra—Attorney-General) (7.27 pm)—I have lots of notes here but I hope I can do justice to them all. Let me deal firstly with those that might be in temporary premises. I mentioned Wollongong, Mildura, Strathpine and Townsville. In Townsville the reason for the change was related to Cyclone Larry. In relation to Strathpine it was that the demand for commercial premises in the area where they thought premises might be readily obtainable had so outstripped that which was available that they were unable to obtain premises. But they will be able to obtain appropriate accommodation that meets their needs on a temporary basis, and permanent premises will be later sited. Those sorts of explanations are part of the process and I am happy to give the honourable member details.

In relation to the training and the range of issues that have been raised, there is a week-long training program next week in Canberra and the week after in Perth. There are also seminars for legal practitioners that will be part of the process. Safety is a paramount issue and there have been guidelines developed on safety. Staff will be trained to deal with potential risks such as violence, which is something people are very conscious of. Things such as separate entrances have been included when centres are having their premises approved. In relation to complaints, there are capacities to complain to the family relationship centres, then to my department and ultimately to me as the Attorney if there are difficulties. These are issues which ought to be seen in context.

I know there is a desire that I should finish by 7.30, so I apologise for being fairly brief. We are having 65 centres through the three-year funding. There are almost 150 electorates in Australia. The idea of judging where centres should be placed by relating them to electorates, I was told, was very hazardous. But I notice that, out of the 65 family relationship centres, some 29 will be in electorates of opposition or Independent members, including the electorates of the members for Brand, Gellibrand, Perth, Melbourne, Lilley, Rankin and Reid, amongst your frontbench colleagues.

Ms Roxon—There isn’t one in Gellibrand, so that isn’t right.

Mr RUDDOCK—It is not Gellibrand; you are right. Jagajaga was the one I intended to mention. The information that was obtained—which was part of the input as to factors that would be considered in the siting of these centres—was considered in relation to the advice that was given to me by my department. I think we have obtained the right balance on these matters. There is no electorate of Alice Springs, but there is the electorate of Lingiari. And it was always the case, particularly in those centres that were going to serve regional and more remote locations where public transport is much more difficult, that there would be a multiplicity of outposted officers to meet the particular community needs. In the case of Lingiari, it was always envisaged that the Darwin centre would make provision in Alice Springs and, be-
cause of the very large Indigenous population, it was going to receive supplementary funding to ensure that it had effective outreach services to work amongst Indigenous Australians.

The point I would make is that our belief is that each of the electorates that have been identified are appropriately serviced. There is not a centre in my electorate. There is not one in the electorate of my colleagues the member for North Sydney and the member for Bradfield. The fact is there cannot be family relationship centres in every electorate but we have done our best to ensure that they are appropriately spread.

Proposed expenditure agreed to.

Debate (on motion by Mr Neville) adjourned.

Main Committee adjourned at 7.36 pm
QUESTIONS IN WRITING

Defence Website
(Question No. 3069)

Mr McClelland asked the Minister Assisting the Minister for Defence, in writing, on 16 February 2006:

Is the “Compare your Package” website located at http://aurora.cbr.defence.gov.au/cypmain.htm accessible only through a defence computer; if so, why has the decision been made to restrict access to that information.

Mr Billson—The answer to the honourable member’s question is as follows:
The “Compare your Package” application is available on the Defence intranet, and is also available on CD for those members who do not have access to the Defence intranet. The “Compare your Package” application will be available on the internet as soon as the necessary technical and security safeguards are implemented.

Massage Service
(Question No. 3327)

Mr Bowen asked the Minister Assisting the Minister for Defence, in writing, on 29 March 2006:

(1) Did the department or any agency in the Minister’s portfolio pay for massages for its staff in 2005; if so, what sum was spent on this purpose.

(2) What was the cost per massage.

(3) How many staff made use of the service.

Mr Billson—The answer to the honorable member’s question is as follows:

(1) Yes.
(2) and (3)—

(a) Defence Science and Technology Organisation (DSTO) utilised a massage service.

(i) Total 2005 cost was $1,673.00 (inc GST).

(ii) The costs of the massages ranged from $3.50 - $17.50 with the average cost being $9.50 (inc GST).

(iii) 176 DSTO staff utilised this service.

(b) The Corporate Services and Infrastructure Group hosted a Health and Wellbeing Fair during November 2005 for its staff located in Western Australia. The fair comprised 11 stands highlighting services provided by Defence and Health Services Australia (HSA). One of the HSA stands offered an introductory five-minute massage.

(i) The cost of this service was included in the overall package by HSA. Neither the massage stand, nor any individual massages were separately costed.

(ii) No record is available of the number of massages conducted.

(c) Defence Materiel Organisation (DMO) utilised a massage service under a wellbeing program to reduce stress and tension.

(i) Total cost was $6,603.00 (inc GST).

(ii) Costs of massages varied, with the average cost being $51.50 (inc GST).

(iii) 128 DMO staff utilised this service.
Indigenous Visual Arts Special Initiative
(Question No. 3422)

Ms King asked the Minister representing the Minister for the Arts and Sport, in writing, on 9 May 2006:

(1) How many projects were funded in each federal electoral division from the recent allocation under the Indigenous Visual Arts Special Initiative.

(2) What was the total sum allocated in each federal electoral division from the recent allocation under the Indigenous Visual Arts Special Initiative.

(3) What are the names and addresses of the unsuccessful applicants from the electoral division of Ballarat.

Mr McGauran—The Minister for the Arts and Sport has provided the following answer to the honourable member’s question:

(1) and (2) The number of projects funded and total amount allocated in each federal electoral division under the 2005-06 Indigenous Visual Arts Special Initiative is as follows:

<table>
<thead>
<tr>
<th>Federal electoral division</th>
<th>No of projects funded</th>
<th>Total sum allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grey</td>
<td>3</td>
<td>$79,700</td>
</tr>
<tr>
<td>Gwydir</td>
<td>1</td>
<td>$25,000</td>
</tr>
<tr>
<td>Kalgoorlie</td>
<td>3</td>
<td>$519,800</td>
</tr>
<tr>
<td>Kennedy</td>
<td>1</td>
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</tr>
<tr>
<td>Lingiari</td>
<td>7</td>
<td>$336,000</td>
</tr>
<tr>
<td>Melbourne</td>
<td>1</td>
<td>$12,000</td>
</tr>
</tbody>
</table>

No projects were funded in other Federal electoral divisions.

(3) The names and addresses of the unsuccessful applicants from the electoral division of Ballarat are as follows:

Ballarat and District Aboriginal Co-operative Ltd.
PO Box 643
Ballarat VIC 3353