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SITTING DAYS—2007

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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—NINTH 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, Ms Ann Kathleen Corcoran, Mr Barry Wayne Haase, Mr Michael John Hatton, the Hon. Duncan James Colquhoun Kerr SC, Mr Harry Vernon Quick, the Hon. Bruce Craig Scott, Mr Patrick Damien Secker, 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*—Mr Anthony Norman Albanese MP
*Deputy Manager of Opposition Business*—Mr Robert Francis McMullan 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*—Mrs Kay Elizabeth Hull MP
*Whip*—Mr Paul Christopher Neville MP

**Australian Labor Party**

*Leader*—Mr Kevin Michael Rudd MP
*Deputy Leader*—Ms Julia Eileen Gillard MP
*Chief Opposition Whip*—The Hon. Leo Roger Spurway Price MP
*Opposition Whips*—Mr Michael David Danby MP and Ms Jill Griffiths Hall MP

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**PARTY ABBREVIATIONS**

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

**Heads of Parliamentary Departments**

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

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

The Hon. John Winston Howard MP
The Hon. Peter Howard Costello MP
The Hon. Warren Errol Truss MP
The Hon. Dr Brendan John Nelson MP
The Hon. Alexander John Gosse Downer MP
The Hon. Anthony John Abbott MP
The Hon. Philip Maxwell Ruddock MP
Senator the Hon. Nicholas Hugh Minchin
The Hon. Peter John McGauran MP
The Hon. Kevin James Andrews MP
The Hon. Julie Isabel Bishop MP
The Hon. Malcolm Thomas Brough MP
The Hon. Ian Elgin Macfarlane MP
The Hon. Joseph Benedict Hockey MP
Senator the Hon. Helen Lloyd Coonan
The Hon. Malcolm Bligh Turnbull MP
Senator the Hon. Christopher Martin Ellison

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

Minister for Fisheries, Forestry and Conservation and Manager of Government Business in the Senate
Minister for Small Business and Tourism
Minister for Local Government, Territories and Roads
Minister for Revenue and Assistant Treasurer
Minister for Workforce Participation
Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence
Special Minister of State
Minister for Ageing
Minister for Vocational and Further Education
Minister for the Arts and Sport
Minister for Community Services
Minister for Justice and Customs
Assistant Minister for Immigration and Citizenship
Assistant Minister for the Environment and Water Resources
Parliamentary Secretary to the Prime Minister
Parliamentary Secretary to the Minister for Transport and Regional Services
Parliamentary Secretary to the Treasurer
Parliamentary Secretary to the Minister for Finance and Administration
Parliamentary Secretary to the Minister for Industry, Tourism and Resources
Parliamentary Secretary to the Minister for Foreign Affairs
Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry
Parliamentary Secretary to the Minister for Education, Science and Training
Parliamentary Secretary to the Minister for Defence
Parliamentary Secretary to the Minister for Health and Ageing

Senator the Hon. Eric Abetz
The Hon. Frances Esther Bailey MP
The Hon. James Eric Lloyd MP
The Hon. Peter Craig Dutton MP
The Hon. Dr Sharman Nancy Stone MP
The Hon. Bruce Frederick Billson MP
The Hon. Gary Roy Nairn MP
The Hon. Christopher Maurice Pyne MP
The Hon. Andrew John Robb MP
Senator the Hon. George Henry Brandis SC
Senator the Hon. Nigel Gregory Scullion
Senator the Hon. David Albert Lloyd Johnston
The Hon. Teresa Gambaro MP
The Hon. John Kenneth Cobb MP
The Hon. Anthony David Hawthorn Smith MP
The Hon. De-Anne Margaret Kelly MP
The Hon. Christopher John Pearce MP
Senator the Hon. Richard Mansell Colbeck
The Hon. Robert Charles Baldwin MP
The Hon. Gregory Andrew Hunt MP
The Hon. Sussan Penelope Ley MP
The Hon. Patrick Francis Farmer MP
The Hon. Peter John Lindsay MP
Senator the Hon. Brett John Mason
SHADOW MINISTRY

Leader of the Opposition
Deputy Leader of the Opposition, Shadow Minister for Employment and Industrial Relations and Shadow Minister for Social Inclusion
Leader of the Opposition in the Senate and Shadow Minister for National Development, Resources and Energy
Deputy Leader of the Opposition in the Senate and Shadow Minister for Communications and Information Technology
Shadow Minister for Infrastructure and Water and Manager of Opposition Business in the House
Shadow Minister for Homeland Security, Shadow Minister for Justice and Customs and Shadow Minister for Territories
Shadow Assistant Treasurer and Shadow Minister for Revenue and Competition Policy
Shadow Minister for Immigration, Integration and Citizenship
Shadow Minister for Industry and Shadow Minister for Innovation, Science and Research
Shadow Minister for Trade and Shadow Minister for Regional Development
Shadow Minister for Service Economy, Small Business and Independent Contractors
Shadow Minister for Multicultural Affairs, Shadow Minister for Urban Development and Shadow Minister for Consumer Affairs
Shadow Minister for Transport, Roads and Tourism
Shadow Minister for Defence
Shadow Minister for Climate Change, Environment and Heritage and Shadow Minister for the Arts
Shadow Minister for Veterans’ Affairs, Shadow Minister for Defence Science and Personnel and Shadow Special Minister of State
Shadow Attorney-General and Manager of Opposition Business in the Senate
Shadow Minister for Sport and Recreation, Shadow Minister for Health Promotion and Shadow Minister for Local Government
Shadow Minister for Families and Community Services and Shadow Minister for Indigenous Affairs and Reconciliation
Shadow Minister for Foreign Affairs
Shadow Minister for Ageing, Disabilities and Carers

Kevin Michael Rudd MP
Julia Eileen Gillard MP
Senator Christopher Vaughan Evans
Senator Stephen Michael Conroy
Anthony Norman Albanese MP
The Hon. Archibald Ronald Bevis MP
Christopher Eyles Bowen MP
Anthony Stephen Burke MP
Senator Kim John Carr
The Hon. Simon Findlay Crean MP
Craig Anthony Emerson MP
Laurence Donald Thomas Ferguson MP
Martin John Ferguson MP
Joel Andrew Fitzgibbon MP
Peter Robert Garrett MP
Alan Peter Griffin MP
Senator Joseph William Ludwig
Senator Kate Alexandra Lundy
Jennifer Louise Macklin MP
Robert Bruce McClelland MP
Senator Jan Elizabeth McLucas
Shadow Minister for Federal/State Relations, Shadow Minister for International Development Assistance and Deputy Manager of Opposition Business in the House

Shadow Minister for Primary Industries, Fisheries and Forestry

Shadow Minister for Human Services, Shadow Minister for Housing, Shadow Minister for Youth and Shadow Minister for Women

Shadow Minister for Health

Shadow Minister for Superannuation and Intergenerational Finance and Shadow Minister for Banking and Financial Services

Shadow Minister for Education and Training

Shadow Treasurer

Shadow Minister for Finance

Shadow Minister for Public Administration and Accountability, Shadow Minister for Corporate Governance and Responsibility and Shadow Minister for Workforce Participation

Shadow Parliamentary Secretary for Foreign Affairs

Shadow Parliamentary Secretary for Defence and Veterans’ Affairs

Shadow Parliamentary Secretary for Environment and Heritage

Shadow Parliamentary Secretary for Treasury

Shadow Parliamentary Secretary for Education

Shadow Parliamentary Secretary to the Leader of the Opposition

Shadow Parliamentary Secretary for Industrial Relations

Shadow Parliamentary Secretary for Industry and Innovation

Shadow Parliamentary Secretary for Northern Australia and Indigenous Affairs

Shadow Parliamentary Secretary to the Leader of the Opposition (Social and Community Affairs)

Robert Francis McMullan MP

Senator Kerry Williams Kelso O’Brien

Tanya Joan Plibersek MP

Nicola Louise Roxon MP

Senator the Hon. Nicholas John Sherry

Stephen Francis Smith MP

Wayne Maxwell Swan MP

Lindsay James Tanner MP

Senator Penelope Ying Yen Wong

Anthony Michael Byrne MP

The Hon. Graham John Edwards MP

Jennie George MP

Catherine Fiona King MP

Kirsten Fiona Livermore MP

John Paul Murphy MP

Brendan Patrick John O’Connor MP

Bernard Fernando Ripoll MP

The Hon. Warren Edward Snowdon MP

Senator Ursula Mary Stephens
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Tuesday, 19 June 2007

The SPEAKER (Hon. David Hawker) took the chair at 2 pm and read prayers.

QUESTIONS WITHOUT NOTICE

Economy

Mr RUDD (2.01 pm)—My question is to the Prime Minister. Prime Minister, is it not the case that the latest official ABS figures show that productivity growth averaged 3.3 per cent per annum in the five years from 1993-94, falling to 2.1 per cent in the five years from—

Government members interjecting—

Mr RUDD—Prime Minister, is it not the case that the latest official ABS figures show that productivity growth averaged 3.3 per cent per annum in the five years from 1993-94, falling to 2.1 per cent in the five years from 1998-99, and that so far, in the most recent cycle, growth has slumped to an average of just one per cent per annum in the three years since 2003-04? Prime Minister, don’t these statistics prove that there has been a long-term structural decline in Australia’s productivity growth?

Mr HOWARD—What figures and comments on productivity in recent days demonstrate is that the Leader of the Opposition has had a John Kerin moment on the issue of productivity. The best way I can deal with the opposition and the issue of productivity is to quote him in that now daily more famous *AM* interview when he said:

… look at the budget papers, the productivity growth numbers reflected in that are dismal indeed for the overall trajectory of the Australian economy.

That was the unadvised, the ill-informed, the misunderstanding Leader of the Opposition on productivity, but his leaked adviser’s paper had this to say:

Even so, we should expect that, as the rate of GDP growth picks up, quarterly productivity statistics will be strong in the next year or so.

It goes on to say:

Given growth in employment and hours, this implies accelerating productivity growth in the non-farm sector. If export volumes and output growth continue to improve, it is likely that we will see a noticeable pick-up in productivity over the years to come abstracting from the impacts of the drought.

On this occasion, the Leader of the Opposition cannot blame his staff. I know he blames his staff for other things but on this occasion his staff at least were pointing out the facts, although it has to be said, from the briefing paper that has come into the hands of the media, that having isolated the true facts his staff did advise him to keep on deceiving the Australian public on the subject.

Economy

Mr BARRESI (2.04 pm)—My question is to the Prime Minister. Is the Prime Minister aware of recent claims casting doubt about social equity and economic growth in Australia? Are these claims supported by any available data?

Mr HOWARD—I can say in reply to the member for Deakin that, yes, I am aware of claims having been made by the member for Griffith from the moment he became the Leader of the Opposition about social equity and productivity in this country. Within days of becoming Leader of the Opposition the gentleman who sits opposite me in this place began assailing this government on the grounds of its lack of social compassion and social equity. He made numerous speeches and gave numerous interviews extolling his theories about ‘Howard’s Brutopia’ and the failure of this government to deliver a fair go to the Australian people. I can best summa-
rise what the Leader of the Opposition has been on about in relation to social equity over the last six months by quoting from a speech he made in the House of Representatives on 5 December, a few days after he became Leader of the Opposition, when he said:

Right now this country is engaged in a battle of ideas for Australia’s future. On the one side of this battle—

referring obviously to the government parties—

we have a vision for Australia’s future which says that, when it comes to economic prosperity, you cannot have economic prosperity and social justice—that these are incompatible.

That has been his argument ever since he became Leader of the Opposition. He said that, yes, the country is prosperous but the government has not delivered social justice and social equity, that it philosophically regards those two things as incompatible. That could not be further from the truth. Not only has this government delivered the greatest fairness in the workplace any nation can have—that is, we have a 33-year low in unemployment—not only have we seen massive increases in real wages, not only have we seen a significant reduction in industrial relations disputes, so that the take-home pay of Australians is not diminished by absurd union-introduced strikes, but last week we had some ABS statistics which delivered the most comprehensive evidence yet of just how fair Australia has become under this government.

The ABS figures released last week show that only the top 40 per cent of households pay net tax after cash and in-kind benefits are taken into account. Can I say again for the benefit of the Leader of the Opposition, who accuses us of social injustice, who accuses us of not worrying about the battlers and who says that we have thrown the fair go out the back door, that the independent statistician shows that only the top 40 per cent of households pay net tax after cash and in-kind benefits are taken into account. The ABS reports the following:

Low income households receive more social benefits in cash and social transfers in kind and pay less taxes than high income households.

This is hardly the society of a government that regards economic prosperity and social justice as incompatible. This is in fact the outcome, the human dividend, of a government that set out from the moment it was elected in 1996 to make sure that the growing prosperity of this nation was fairly shared amongst all of its people. That is what has happened. I acknowledge that there remain in our community people who are not sharing to the full—all societies have that no matter how prosperous they are. But this proposition that we have been a rich man’s government is totally false. We have been a government for all of the Australian people. We have been a government that have deliberately redistributed income in favour of the less well off in the Australian community. The ABS concludes:

The net effect of benefits and taxes is to increase the average income of households in the lower income groups, and decrease the average income of households in the higher income groups.

Once again, that is not the action of a government that regards prosperity and social justice as being incompatible. The other limb of the opposition leader’s attack on us has been his now absolutely discredited claims about productivity. The Leader of the Opposition has had two mantras in the last six months: there is no social justice under the Howard government—that is the social mantra—and we may be doing well in a superficial way but productivity is falling and therefore the economy is being poorly run, which is the economic mantra.

The truth is that the Leader of the Opposition has been caught out by his own advisers.
He deceived the Australian people on AM last week. If he did not deceive the Australian people on AM last week when he could not answer a simple question about productivity, he demonstrated a total misunderstanding of basic economic concepts. The truth is that productivity is on the rise in Australia. There was a temporary lull in productivity because of the lag in output, particularly in the mining sector, in line with the fall in unemployment and also the impact of the drought. I would like to remind the Leader of the Opposition that one of the first questions he asked me on 7 December 2006, after the release of the September quarter 2006 national accounts, was this:

… is it not implausible to blame the drought, as you did yesterday, for the government’s failure to come anywhere near its growth target?

That was the question he asked, and he was telling the House that it was implausible to blame the drought. Yet in the very perceptive leaked memo, under the heading ‘Some of the slowdown in productivity has been cyclical’, the following statement is contained: ‘The drought and the significant cuts to agricultural production are another temporary factor impacting on productivity growth.’ So this man has been caught out deceiving the Australian people both on social justice and on productivity. The two arms of his attack on the government over the last six months have been completely cut off by the statistics of the ABS and out of the mouths of his own advisers.

**QUESTIONS WITHOUT NOTICE**

**Economy**

Mr Rudd (2.12 pm)—My question is again to the Prime Minister. Is it the case that, according to the most recent figures in the OECD’s productivity database, Australia’s annual average growth rate for productivity since 2002 has been ranked 24th in the OECD and lower than that in countries like the Czech Republic, Finland, Greece, Hungary, Mexico, the UK, Ireland, Japan, Korea, Norway, Poland, the Slovak Republic, Sweden, the USA and Iceland? Prime Minister, is this performance good enough to set up Australian families for a prosperous future once the mining boom is over, or is the Prime Minister simply happy to continue to boast that Australian families have never been better off?

Mr Howard—I am intrigued every time the Leader of the Opposition talks about the mining boom. It sounds as though he wants it to come to an end, and maybe that is because he knows that if his industrial relations policy is introduced it will come to an end. The Leader of the Opposition in that speech he made in December last year was talking about two vastly different visions on display before the Australian people. There are vastly different visions on display before the Australian people in relation to many things, and in relation to the resources boom our vision is that if we pursue the right domestic policies there is no reason why the resources boom should not continue for years into the future. That is the philosophy of the coalition parties.

The philosophy of those who sit opposite is that somehow or other the mining boom has been a complete accident, that it is going to come to an end—if Joe McDonald and Kevin Reynolds get their way, it will come to an end; they will see to that—and that we might as well assume that it is going to come
to an end. I have greater faith in the resourcefulness of the mining industry of this country. I have greater faith in the bilateral relations between Australia and China, between Australia and Japan, and between Australia and Korea to believe that with the right mix of domestic and foreign policy the resources boom can be continued for years into the future. So the vision is between the soaring optimism and hope of those on this side of the parliament in relation to the mining boom and the dreary pessimism of those who miserably sit opposite.

Economy

Mr RICHARDSON (2.15 pm)—My question is addressed to the Treasurer, who certainly knows about productivity.

Opposition members interjecting—

The SPEAKER—The member will come to his question.

Mr Crean interjecting—

The SPEAKER—Order! The member for Hotham! The member for Kingston has the call and he will be heard.

Mr RICHARDSON—Has the Treasurer seen recent analysis of Australian productivity? What does this indicate about recent performance, Treasurer, and future prospects for productivity growth in Australia?

Mr COSTELLO—I thank the honourable member for his question. I have seen recent analysis of Australian productivity, some of it all right and some of it downright awful. The awful analysis that I have seen commenced on the AM program on 14 June 2007, when our Leader of the Opposition decided to take up the interviewer Chris Uhlmann by saying:

The premise of your question, that productivity growth, by the way, has been rising in recent years, is just plain wrong …

That is what he said: ‘just plain wrong’. And Chris Uhlmann said:

It’s in the national accounts. … … …

Have you seen the recent national accounts?

Well, there was no answer to that question as to whether he had seen the recent national accounts, so Uhlmann tried it again:

Are you saying there’s no productivity growth in the recent national accounts?

… RUDD: … if you look at the budget papers …

The budget papers are not the national accounts. Uhlmann continued:

… the national accounts are the latest figures. Are you saying there is no productivity growth there?

At this moment, for those of you who watched cartoons when you were young, we have a moment when you hope someone pulls a lever and you just disappear into the ground. Here he is, on AM, saying that there has been no increase in productivity; he is asked about the national accounts, and it is clear that the Leader of the Opposition does not know what the national accounts are, let alone what they say. Somebody pull the lever and hope that he just disappears! What happened next is almost as instructive.

The Leader of the Opposition then goes back to his office, having been humiliated on AM, and he demands that someone give him the answer to the question that Chris Uhlmann asked him. I must say I was lucky enough to come into possession of this answer. It is called ‘Leader’s meeting policy brief’—topic: productivity; adviser: Tim Dixon, John O’Mahony and Ankit Kumar; and purpose: ‘To provide a response to the questions on productivity you were asked yesterday,’ on 14 June. It does not matter—it is only 24 hours late, but Tim Dixon, John O’Mahony and Ankit Kumar came up with the figures. I am pleased that this has been sent to the government, and I would like to record my appreciation, because what this shows is not only did he not know the answers but, when the answers came to him,
what were they? The answers were that the government was right and he was wrong. Listen to this. This is what they say.

*Government members interjecting—*

**Mr COSTELLO**—All three of them on the other side of the table need a big gasp at this point! I would ask the attendants to stop giving out vodka, if I may! I would take a double shot, if I were you, at this point. After he has flunked the question and asked for the answer, this is what he is told:

Given growth in employment and hours, this implies accelerating productivity growth in the non-farm sector.

So he is told there is accelerating productivity growth in the non-farm sector. What would the explanation be as to prior to the national accounts? Why would they have been down if there is accelerating productivity? This is what his advisers tell him:

Some of the slowdown in productivity growth has been cyclical. There has been significant investment in mining, but long lead times mean that we have not yet seen this translate into increased output. When this investment does flow through to higher output, productivity will likely accelerate.

That is what he is told. He asked a question a moment ago about the mining boom. If you just looked at the productivity figures, you would think that mining has become suddenly unproductive. Has the mining industry in this country become suddenly unproductive? No. What has happened is it has engaged in huge investment which has not yet worked out into production. When it does, you will get an acceleration in productivity. You do not have to take my word for it, because this is in the memo from Tim Dixon to the Leader of the Opposition. They go on to say:

What else could have affected productivity? They say:

The drought and significant cuts to agricultural production are another temporary factor impacting on productivity growth. Non-farm productivity growth has been stronger than overall productivity and is showing signs of a sharp pick-up.

So here is his advice: productivity is accelerating, it will accelerate further when the mining investment leads to increased production, and it will accelerate further when you get a recovery in the agricultural production. That is what he has been advised. The one thing you have got to say is he has got front to come to the dispatch box and ask a question about productivity today. Having comprehensively, 24 hours after the event, explained why he was wrong and why his central argument cannot be maintained, what do they actually advise him? They say:

The final statistic on the year 2006-07 will only be available in September after the release of the June quarter national accounts. It is likely the outcome will be higher than estimated in the budget. Nevertheless, our view is that you should continue to cite the budget estimate.

In other words, you are wrong about the national accounts, you are wrong about the reasons but you keep on referring to the argument nonetheless. It reminds me of previous claims by the ALP. Remember a $600 payment that was not real? Remember the productivity that was not real? This is a man who not only was wrong but, when he was caught in his error, rather than confront the truth, wants to maintain the falsehood. He wanted to maintain the falsehood right up until he walked to the dispatch box here today. He does not understand and he cannot be trusted. What more do you want to know about this Leader of the Opposition?

**Economy**

**Mr RUDD** (2.23 pm)—My question again is to the Prime Minister. Does the Prime Minister agree with the BCA in its 2007-08 budget submission when it said:
Despite strong growth over the past decade, the level of labour productivity in Australia remains well below that achieved in other OECD countries. More worryingly, labour productivity growth has slowed sharply in Australia. This deterioration in productivity performance is a very real concern.

Prime Minister, has the BCA fundamentally got it wrong as well?

Mr HOWARD—I agree with the Leader of the Opposition’s economic advisers. The Leader of the Opposition’s economic advisers have not got it wrong—they pointed out that he had it wrong. I also agree with the observations made by the Governor of the Reserve Bank when he recently gave testimony before the House of Representatives committee on economics. The truth is that the Leader of the Opposition does not understand the first thing about productivity. The more questions he asks about this, the more he reveals—

Mr McMullan interjecting—

The SPEAKER—The member for Fraser is warned.

Mr HOWARD—his complete ignorance on this subject.

Mr Brendan O’Connor interjecting—

The SPEAKER—The member for Gorton is warned too.

Mr HOWARD—He has made productivity—

Mr Albanese—Mr Speaker, I take a point of order. The question was about the Business Council of Australia’s view: does the Prime Minister agree with the—

The SPEAKER—The member will resume his seat. The Prime Minister is answering the question. The Prime Minister is in order.

Mr HOWARD—For six months this Leader of the Opposition has assailed the government on one economic issue above all others, and that has been the alleged decline in productivity—

Mr Crean—Alleged? Alleged?

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

Mr HOWARD—The last national accounts demonstrate that in the last two recorded quarters there has been an increase, cumulatively, of two per cent in productivity—1.4 and 0.6. I am not going to annualise those figures. I am not going to say, ‘Well, that means that productivity is going to be four per cent for the financial year,’ but what those figures do indicate—

Mr Albanese—Mr Speaker, on a point of order: the BCA concern went to the deterioration in productivity—

The SPEAKER—The member will resume his seat. He will not repeat the question.

Mr Albanese—It is on relevance.

The SPEAKER—On relevance? The Prime Minister was asked a question on productivity, and he is speaking to the question. He is entirely relevant. If there are continual points of order taken when the Prime Minister has not been given the chance to fully develop his answer, I will take further action.

Mr HOWARD—For six months, the central claim of the Leader of the Opposition has been that productivity has been declining. We have now had national accounts covering part of the period that he has been Leader of the Opposition, and they show that productivity has gone up during that period. For six months he has been telling the Australian public an absolute porky.

Ms Macklin interjecting—

The SPEAKER—The member for Jagajaga is warned.

Mr HOWARD—He has been representing to the Australian public something he
now knows was completely false and completely misleading. When confronted on the AM program the other day, he demonstrated either a total determination to deceive the Australian people or a total ignorance of the fundamentals of his own economic attacks. It is not as if productivity were one of a number of elements of economic attack on the government—it has been the central proposition. His social attack was unfairness; his economic attack was productivity. Last week he came unstuck on both of them, and the more questions he asks about productivity, the more he demonstrates an abysmal failure to understand the first thing about the economic concept of productivity.

Broadband

Mr MICHAEL FERGUSON (2.28 pm)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. It is also about productivity. Would the Deputy Prime Minister inform the House how the government’s investment in broadband will boost productivity in regional Australia, including in my electorate of Bass. In closing, I ask the Deputy Prime Minister: are there any alternative approaches that could threaten this boost to productivity?

Mr VAILE—I thank the member for Bass for his question, recognising that that electorate in regional Tasmania can certainly use the investment the government has proposed to make in broadband right across regional Australia. We are going to provide to 99 per cent of Australians access to high-speed broadband as a result of the announcement made by the Prime Minister yesterday through the Australia Connected investment program. It goes without saying that in this age of rapidly developing technology regional Australians need to get access to what is a significant productivity boost, the same as constituents in metropolitan Australia. It is certainly vital for business to remain connected and to be able to compete and be efficient in doing business both domestically and internationally.

As has been pointed out in question time, on all of these issues—whether they be about productivity or the great debate on the availability of broadband—the strategy of the Leader of the Opposition and the Labor Party is to mislead and misinform and then to continue to reinforce that. We have just seen that with the leaked document regarding the Leader of the Opposition’s outing on productivity last week. When it was indicated to him by his staff that he was wrong, he continued to misinform and mislead us as to the best political way forward. It is the same with the debate on broadband. The Leader of the Opposition and a whole range of front benchers denigrate the technology that we are proposing to roll out across Australia by 2009 to give 99 per cent of Australians access to speeds in excess of 12 megabits per second.

This is technology that is not just being deployed in Australia; it is being deployed around the world. It is proven technology. The fact is that in the United States in the next 12 months there will be 100 million customers getting access to WiMAX wireless technology. So instead of accessing technology that is being introduced into the United States, the largest economy in the world, years later, we are getting it rolled out in Australia, and into regional Australia particularly, at the same time. Major global companies such as Intel and Motorola are investing in WiMAX wireless technology.

All the Labor Party have been able to do in the last 24 hours is attack the technology. They will attack the process, but they will not make one comment on their policy or their alternative. I have called their alternative ‘Fraudband by 2013’. The Labor Party
have a few fundamental questions to answer about fraudband, like: where is the technical backing for it; who will be excluded under Labor’s plan; when will Labor release costings; how will Labor provide for the future needs of regional Australia; and why do Australians have to wait until 2013 to get access to faster broadband under the Labor policy?

It only came to the member for Hunter today to answer some of those questions in a doorstop interview. This morning he answered some of those questions about Labor’s plan by saying, ‘Well, those things are yet to be tested.’ He went on to say, ‘Obviously there may be some people excluded from that.’ Then he said—and this is the best of all—‘We don’t have the technical backing to make those final conclusions.’ Yet the Leader of the Opposition has been out presenting to the people of Australia a plan whereby, he maintains, he only has to spend $4.7 billion worth of taxpayers’ money, stolen from the Communications Fund for the bush, to get 12 megabits of speed right across Australia—or, he claims, to 98 per cent of Australia. We maintain it will only reach 75 per cent of Australians. But the member for Hunter said it: ‘We don’t have the technical backing to make those final conclusions.’

The people of Australia want to see broadband by 2009, not 2013. They should support Australia Connected, not Labor’s fraudband.

**Economy**

Mr Rudd (2.33 pm)—My question again is to the Prime Minister. I refer to the Prime Minister’s answer to the last question when he quoted the Reserve Bank Governor. I also refer the Prime Minister to this statement by Glenn Stevens, the bank governor:

… over short periods productivity is not an easy thing to measure … so I would be wary of drawing strong conclusions based on [a] snapshot. …

there are quite careful measures of productivity which can be made over longer periods.

I also refer to Mr Stevens’s statement that these measures show ‘quite a slowdown’. Prime Minister, is the Reserve Bank Governor wrong, just like you have just said the BCA is wrong?

Mr Howard—The person who is wrong is the Leader of the Opposition; it is not the Reserve Bank Governor. The Leader of the Opposition, in a flash of candour, says that you cannot extrapolate from a short period, but that is exactly what the opposition has done. The productivity growth in the Australian economy for the year 2005-06 reflected the long-term average of 2.3 per cent. It was only in the early part of 2006-07 that there was a temporary fall in productivity. The explanation for that is best contained in some testimony given to the Senate estimates in February this year by Treasury officials. I remind the Leader of the Opposition, in reading out the Treasury testimony, that fundamentally productivity is output per worker. Therefore, you have to measure levels of employment with levels of investment and levels of output. This is the key to this whole debate. This is what the Treasury had to say to the Senate in February 2007:

… the level of productivity in the mining sector has been falling through this mining boom. We have seen massive increases in employment in the mining sector, but so far increases in output are relatively muted compared to the employment growth.

…

So part of the slowdown in productivity that we have seen in the last several years is in fact due to that shock. The economy is adjusting, and you would expect over time that that shock would unwind and we would run at a higher rate of productivity.

What has happened is that the Leader of the Opposition has lighted on a particularly short
period, explained by the very phenomenon to which the Treasury officials refer—

Mr Kerr interjecting—

The SPEAKER—The member for Denison is warned.

Mr HOWARD—plus the impact of the drought. Out of that, in his ignorance, he has tried to extrapolate a long-term decline in productivity. He is wrong to do that. He has deceived the Australian people in trying to do that. It has taken a leaked document from his own advisers to expose him for the fraud that he is on this subject.

New South Wales Budget

Mrs MARKUS (2.36 pm)—My question is addressed to the Treasurer. Has the Treasurer seen the outcomes of the New South Wales budget handed down today? What does the increase in New South Wales Labor government debt, combined with the increase in the debt levels of other state Labor governments, mean for interest rates?

Mr COSTELLO—I thank the honourable member for Greenway for her question. I have seen the New South Wales budget which was handed down today. On an underlying cash basis, it projects that the New South Wales budget deficit will be $2.4 billion in the current financial year and around $2 billion in 2007-08. Let me say that again: the New South Wales government is budgeting for a deficit in the current financial year, in the next financial year and right across the forward estimates. When you add up the state Labor governments, collectively the state Labor governments are budgeting for deficits right across the forward estimates. There is only one level of government that is running a surplus budget in Australia, and it is the Commonwealth government. Let me make this point: we would not have been doing that if Labor had been successful in defeating all of the measures that we proposed which were necessary to do it.

Let me also say that, with New South Wales being the final state to now put its budget down in terms of its borrowing requirements for the four years across the forward estimates, the state governments collectively will borrow, across the forward estimates, $57.3 billion. And, if you add in their borrowings in this current year, 2006-07, they will borrow $70 billion—$70 billion! So here you are: the coalition gets elected and it wipes out Labor’s $96 billion federal debt. Yet we have watched the states, over five years, run up $70 billion of state debt. The Commonwealth is adding to savings; we have our Future Fund which is adding to savings. And the states are borrowing—$70 billion. They are out in financial markets borrowing against the private sector.

This has been a very big change—state Labor governments going into deficit. They were not in deficit a year or two ago. This has been a very big switch. This was the point that the Reserve Bank Governor picked up on when he was interviewed about fiscal policy. Ian Macfarlane was quoted in the Weekend Australian of 12 August 2006 as saying:

I have been lucky—for most of my time, fiscal policy has consisted of small surpluses.

So the movement in the government account has not been big enough to be important in the consideration of monetary policy.

It might become an issue because the states are now part of the equation.

So here we are: the Commonwealth has been saving; the Commonwealth has been running surpluses; the Commonwealth has been taking pressure off monetary policy. The states are now running deficits; the states are borrowing $70 billion; the states are now putting pressure on monetary policy.

Whatever Labor say federally, just have a look at what Labor are doing at the state level. Labor never had the wit to balance the
They opposed this government. They never had the wit to pay off debt. They opposed this government. Their state governments are out borrowing $70 billion over five years. And, if you want to know what an incompetent Labor federal government would do, just have a look at the incompetent state Labor governments. It is a risk to the budget position and it is a risk to the monetary prospects of all Australians.

Economy

Mr RUDD (2.41 pm)—My question is again to the Prime Minister. I refer to his claim that productivity growth is just fine. Prime Minister, if productivity growth is surging, why does the Treasurer’s Intergenerational report show economy-wide productivity this decade will just be 1.5 per cent on average per year, well below our long-run average? Prime Minister, is the Treasurer’s Intergenerational report wrong?

Mr HOWARD—The Leader of the Opposition is flailing around like a drowning man on this subject because he does not really understand that productivity is output per worker. And what he has tried to grab hold of is this occurrence in the Australian economy occasioned by the combination of the drought and the huge investment in and growth of employment in the mining industry which has not thus far been matched by increases in output. As soon as it is matched by an increase in output, you will see, in the words of Treasury’s advisers to the Senate estimates in February 2007, an unwinding of what it calls a shock, and that productivity will run at a higher level.

Just to inform the Leader of the Opposition again: up to the end of 2005-06, productivity growth was 2.3 per cent, which was in line with Australia’s long-run average. We had a fall in the early part of the next financial year due to the combination of what happened in the mining industry and the drought, although the Leader of the Opposition pretended, when he asked me a question in this House in December of last year, that it was implausible to hold the drought in any way responsible for the fall in productivity, even though his advisers, in the leaked memorandum that has seen the light of day, indicated that the drought did have a major part to play. So, through a combination of the drought and what happened in the mining industry, we saw in the early part of this financial year a fall in productivity, despite the fact that in the previously concluded financial year productivity was running at 2.3 per cent, which is the long-term measure.

Focusing just on the early part of this financial year, he throws up his arms in horror; he lights upon a very segmented set of statistics to try and demonstrate his case, and when he is confronted with the national accounts on AM he either professes ignorance of them or demonstrates that he does not understand the basic concept of productivity. The truth is that the last two national accounts have shown a recovery in productivity. The last two national accounts are bearing out the testimony of the Treasury officials at Senate estimates in February 2007, and the last two national accounts have demonstrated once again that the Leader of the Opposition does not know the first thing about a fundamental economic concept—namely, productivity.

Broadband

Mr FORREST (2.44 pm)—My question is addressed to the Minister for Agriculture, Fisheries and Forestry. Would the minister advise the House how the government is expanding rural and regional telecommunications into the future? Are there any threats to the security of services in rural and remote regions?

Mr McGAURAN—I thank the honourable member for Mallee for his question, and
I am delighted to answer it, representing the Minister for Communications, Information Technology and the Arts. The honourable member for Mallee well knows how the government’s broadband policy announced yesterday, Australia Connected, will benefit his electorate and all of Australia. For instance, I note that the 3,800 people living in Kerang, in his electorate, will receive an exchange upgrade to very fast ADSL2+ broadband. There will also be some 24 new wireless broadband sites, WiMAX sites, across the electorate, including in the towns of Bannerton, Dimboola, Dooen, Macorna, Shelford, Quambatook and Wycheproof. There are 24 towns in the Mallee that are part of the 1,361 new WiMAX sites across Australia that will begin coming online in September this year.

So the member for Mallee has a story to tell, but then again so does every member of the government, wherever they represent an electorate, because 99 per cent of Australians will receive a benefit under the government’s broadband policy and, for the one per cent, we will continue the subsidy of $2,750 to maintain broadband access. Compare that to the Labor Party’s broadband policy, which covers only 75 per cent of Australia’s population—and the remaining 25 per cent are not catered for. Too bad if you live in some of the towns in the member for Mallee’s electorate that I have just mentioned or even in some of the regional centres such as Ballarat, Traralgon, Bendigo, Orange and so on.

But as we all know, telecommunications is ever evolving, and we as a government need to continually invest in it where there is market failure or disadvantage, especially in rural and remote areas. That is why we have the $2 billion Communications Fund. That will provide, on average, $400 million of interest every three years which will be invested in infrastructure throughout regional Australia. It could be for mobile phone towers, broadband access or even back-haul fibre capabilities. So it is terribly important to have that fund.

I am asked by the honourable member for Mallee what the threats are to security of services in rural regions. Obviously the Labor Party’s policy to abolish the fund is a threat. They will abolish the $2 billion Communications Fund. The Labor Party have a policy that covers only 75 per cent of Australians, and you can easily deduce where the bulk of the remaining 25 per cent of Australians will live—regional and remote Australia. And they hope to pay for that policy by abolishing a $2 billion fund set up in perpetuity to continue to invest in regional Australia. The Labor Party simply cannot help themselves. They do not have the fiscal discipline. They will always steal from the piggy bank.

For that reason, the government is going to legislate to protect the $2 billion Communications Fund in perpetuity. So there will be no sleight of hand, there will be no smoke and mirrors, should the Labor Party come to government; they will have to come into this chamber and legislate the abolition of the $2 billion Communications Fund established for regional Australia. The Labor Party cannot be trusted to manage telecommunications policy now—and certainly not in government. For that reason, we will institute the legislative guarantees necessary to protect regional and rural Australia.

**Broadband**

Mr TANNER (2.48 pm)—My question is to the Prime Minister. Why has the Minister for Communications, Information Technology and the Arts claimed that the government’s proposed regional WiMAX network will deliver coverage up to 50 kilometres from the base station, when Optus says that its network will only work properly over distances of up to 20 kilometres?
Mr HOWARD—I have learnt from long experience not to accept from those who sit opposite analysis of statements by my colleagues. But, while I am on my feet, let me take the opportunity to say how very pleased I am with the very positive response to the plan outlined yesterday by the Minister for Communications, Information Technology and the Arts.

Mr Tanner—Mr Speaker, I rise on a point of order. The Prime Minister has blatantly refused to answer my question. He just said that he wants to talk about other things.

The SPEAKER—The Prime Minister was asked a question relating to the minister for communications. He has been speaking for barely half a minute. The Prime Minister is in order.

Mr HOWARD—Mr Speaker, I do not intend to answer that particular part of the question until I am properly informed as to what my colleague said, because it has been the case in the past that some people in the opposition have misrepresented what my colleagues have said. I know it is hard to believe but, if you have had the experience that I have had, it is an entirely different thing.

Ms Gillard interjecting—

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

Mr HOWARD—I was asked a question about the radius from each site and the capacity under the respective plans. According to my advice, under the Labor plan, the broadband speeds they speak of would only be available four kilometres from the exchange; whereas ours will be a minimum of 20 kilometres from the base station. Under the Labor plan, the speed will be 12 megabits per second. Under our plan, it is between 12 and 50 megabits per second. The cost to the taxpayer of the fibre network to be built by the Labor Party if they win office will be $4.7 billion. The cost to the taxpayer of a network built after a competitive bid process if the government’s plan goes through will be a big fat zero. Under our policy, the completion date for 99 per cent of the population having access to very fast broadband will be the middle of 2009. That is in just two years time. The completion date of the Labor Party policy will be, at the best estimate, 2013—which is six years from now. I warmly thank the member for Melbourne for his question, as it has given me an opportunity to compare and contrast many of the benefits of the government’s policy.

Workplace Relations

Mr HAASE (2.52 pm)—My question is addressed to the Minister for Employment and Workplace Relations. Would the minister inform the House how incidents of workplace bullying and coercion have been reduced by workplace relations reforms? Is the minister aware of any alternative policies that would put these preventative measures at risk?

Mr HOCKEY—I thank the member for Kalgoorlie for his question. I thoroughly enjoy visiting his electorate, which has 3.4 per cent unemployment and is certainly a revenue bowl for the nation. As the member for Kalgoorlie knows, the construction industry is very important to the mining industry. That is how we are able to take advantage of the ripe global opportunity and take advantage of the resources boom. Construction is a crucial part of that equation, and the Howard government has got the balance right. When we identified some years ago that there was a level of corruption and thuggery in the building industry, we initiated a royal commission and responded directly by putting in place stronger laws and a fully independent watchdog to ensure that thuggery and corruption were not part and parcel of the building in-
dustry in Australia—and our timing was very good.

There has been a lot of talk today about productivity, and I would like to add my little bit. In fact, I would like to say something about John Holland. A document from John Holland says that Australian workplace agreements are essential for the $90 billion construction sector to achieve further productivity gains of up to 20 per cent. Hang on, the Leader of the Opposition is in this place complaining about low productivity, and his own policies threaten productivity improvements in the construction industry. That is why you have to look carefully at what Labor does, not at what it says. You have to look carefully. That applies in its tough talk with union bosses. We have seen, when it comes to the construction industry, the behaviour of Dean Mighell—the head of the Electrical Trades Union in Victoria—and we all remember the Leader of the Opposition saying, ‘I’m so outraged about Dean Mighell’s behaviour, I am going to have him sacked from the Labor Party.’

There has been an eerie silence about the behaviour in Western Australia of Joe McDonald and Kevin Reynolds, of the CFMEU. Bear in mind that the CFMEU are the single biggest donors to any political party in Australia, and I will give you a hint, Mr Speaker: it is not the Liberal Party, it is not the National Party and—it’s hard to believe—it is not even the Greens. The CFMEU are the biggest bankrollers of the Labor Party in Australia. We saw a report today about the behaviour of the people in the CFMEU, our Labor Party royal family. A report today says, ‘Union men caught on tape heaping abuse on manager’. I am not going to repeat the words that they used on the building site. I think that is unparliamentary and I think we have heard enough of various expletives, even though I can say that our old friend Joe McDonald was calling a builder an expletive-thieving parasite dog who would end up working at Hungry Jack’s should there be a change of government. That is what he is about. After seven minutes of abuse, where Mr Dave Noonan, the head of the CFMEU; Joe McDonald; and three others took a posse to a building site in Western Australia to close down the building site—they were so concerned about productivity that they were trying to close down the site—

Mrs Irwin interjecting—

The SPEAKER—The member for Fowler is warned!

Mr HOCKEY—Leading the charge was Dave Noonan, the head of the CFMEU. I thought, ‘Dave Noonan; that is a familiar name.’ I thought to myself, ‘I saw a weekend report about Dave Noonan.’ That report said that the Leader of the Opposition and the Deputy Leader of the Opposition were at a Labor Party fundraiser in Brisbane last Friday at the Hilton Hotel, ‘over asparagus spears with Tasmanian salmon and rib fillet with oxtail ragout’.

A government member—Dinner with the workers!

Mr HOCKEY—Yes, dinner with the battlers at the Hilton Hotel, over Tasmanian salmon and rib fillet—at $5,000 a table! They said there were construction people there, but do you know who was there? Dave Noonan. Imagine if you were the poor old builder in Western Australia, you had Dave Noonan trying to close down your site 12 months ago, you paid $5,000 to the Labor Party, and he is sitting next to you at lunch! Can you imagine that? That is not value for money. I will tell you what that is. That is proof positive that Dave Noonan, the CFMEU and the union bosses are front and centre of the Labor Party. They are the heart and soul of the Labor Party. If these people can get away with behaving in a thuggish
manner under our laws and our independent watchdog, what do you think they will do should Kevin Rudd be elected? It will be free rein for the union bosses on construction sites around Australia, and if you want to know what that means for productivity just go and ask John Holland.

The SPEAKER—I remind the Minister for Employment and Workplace Relations that he should refer to the Leader of the Opposition by his title.

Telecommunications

Mr WINDSOR (2.58 pm)—My question is to the Prime Minister. Does the Prime Minister agree with statements made by Liberal Senator Judith Adams when she said, ‘People in rural areas cannot expect proper telecommunications services,’ and: ‘As far as I am concerned, it is a little bit like medical services. You can’t expect to have proper services out in the bush. It’s just not like that’? Prime Minister, why should country people accept second-class services? Why can’t people in rural areas expect proper telecommunications services in line with their city cousins?

The SPEAKER—The Prime Minister is not required to comment on something that has been said by another member of the same party. The Prime Minister may choose to answer that part of the question. The rest of the question is in order.

Mr HOWARD—I choose to answer the question by saying that the services in the bush will not be second rate. I will quote the part of her statement that you did not quote. She went on to say that it will not be second rate.

Mr Albanese—I rise on a point of order, Mr Speaker. I seek clarification on your ruling, which was that part of the honourable member for New England’s question was out of order. On what basis and under what standing order did you rule that out?

The SPEAKER—The Manager of Opposition Business will resume his seat. If he wishes to ask questions of the Speaker, there is an appropriate time.

Dental Health

Mrs GASH (3.00 pm)—My question is addressed to the Minister for Health and Ageing. Would the minister advise the House how the government’s new dental program will assist people suffering from a chronic illness? Are there any other viable options? What is the government’s response?

Mr Albanese—I rise on a point of order, Mr Speaker. The question asked for any other options and the views of others. In accordance with your ruling regarding the member for New England’s question, can you rule on that?

The SPEAKER—That is not a point of order.

Mr Abbott—I thank the member for Gilmore for her question and say to her and to all members of this House that, while the state governments have shamefully allowed some 650,000 Australians to languish on public dental waiting lists, the Howard government has beefed up Medicare dental coverage for people with chronic disease and contributing poor oral health. Some 200,000 patients will be eligible for up to $2,000 a year in Medicare funded dental treatment. I know that thousands of people in Gilmore are looking forward to the chance to make use of this option.

Naturally enough, the government’s proposal was not good enough for the Labor Party, because we had the member for Gelbbrand going out and promising in response that everyone earning under average weekly earnings would get free dental care.

Ms Roxon interjecting—

Mr ABBOTT—There it was splashed all over the front page of the Sunday Age of 3
June: ‘Smile—it’s free dental care’, an exclusive from Jason Koutsoukis.

Ms Roxon interjecting—

The SPEAKER—The member for Gellibrand is warned!

Mr ABBOTT—It said:

People earning average income or below would have free dental care under a Labor plan to solve the nation’s teeth crisis.

There was only one problem: giving 16 million people just one hour of free dental care would cost $4.7 billion. Uh-oh! Oops! We have Medicare Gold mark II. If Medicare Gold was the turkey of the last election, ‘Dentistry Gold’ is going to be the turkey of the next election.

Someone else must have had that thought as well because, funnily enough, somewhere between the first edition and the last edition the story slipped off the banner and the supportive editorial somehow disappeared. I wonder whether the Leader of the Opposition might have made another one of his famous phone calls to editors, using the kind of language that would make Dean Mighell blush. The next day, out came an internal memo to ALP candidates. I quote from this leaked document: ‘There have been reports that Labor has announced free dental care for everyone earning under average income. We understand that some candidates are receiving calls on this. Labor’s policy has actually not yet been announced.’

In fact, it had been announced; it had been announced by the member for Gellibrand on the front page of the Sunday Age the previous day—it is just that she was disowned.

The member for Lalor’s Medicare Gold policy lasted two years before it was killed off; the member for Gellibrand’s ‘Dentistry Gold’ policy did not even make it to the final edition. What a shocking humiliation and repudiation for the member for Gellibrand. She has only put out one press release in her own name since then. Normally, there are blizzards of useless press releases from the member for Gellibrand, but there has only been one in the fortnight since then. There is a clear message for the Leader of the Opposition here: if you do not have a credible health shadow, you cannot have a credible health policy and, without a credible health policy, you are not fit to form a government in this country.

**Liberal Party**

Mr GRIFFIN (3.05 pm)—My question is to the Special Minister of State. Can the minister confirm that his chief of staff, Mr Peter Phelps, contacted the Electoral Commissioner on Wednesday after he became aware of the media interest in the Kirribilli fundraiser issue? Minister, having spoken to the commissioner, why did Mr Phelps then speak directly to Mr Kevin Bodel, the AEC’s director of funding and disclosure, rather than allowing the Electoral Commissioner to take responsibility for inquiries within the independent authority that he is in charge of? What instruction did Mr Phelps give Mr Bodel? On whose authority did Mr Phelps then brief the media on behalf of the AEC that ‘they have no official statement on Kirribilli’?

Mr NAIRN—Obviously, the member for Bruce was not listening very well last night in the Main Committee when these matters were canvassed over a quarter of an hour. What occurred was pretty straightforward. A journalist indicated that the Australian Electoral Commission had made a statement that the Kirribilli function could be disclosable. We knew that the Electoral Commission had not requested any information and therefore could not make such a statement. Peter Phelps, on behalf of me, the Special Minister of State, simply contacted the Electoral Commission to determine what the Electoral Commission would like to make a statement.
Commission had actually said to the journalist. The Electoral Commission officer indicated that he had answered a question that was a hypothetical question not in relation to Kirribilli, and we ensured that the Electoral Commission knew that the media statement was going to be different.

**Afghanistan**

Mr SOMLYAY (3.07 pm)—My question is to the foreign minister. Would the minister update the House on Australian support for the people of Afghanistan to rebuild their country? Are there any alternative policies?

Mr DOWNER—I thank the honourable member for his question and his interest. This government assisted with the liberation of the people of Afghanistan from the Taliban regime. After the events of 9/11 in 2001 we provided substantial aid to Afghanistan. We are building up to just short of, I think, 1,000 troops in Afghanistan at the moment. Australia has made a great contribution. The Afghans now have a freely elected parliament, seven million children—including two million girls—are back at school, 83 per cent of the population has access to basic health services and GDP growth has been about 12 to 14 per cent since 2002.

It is a country with a lot of problems—there is still a lot of violence there, and there is a need for troops in Afghanistan today—but Australia has made a strong contribution. That was recognised by the Afghan foreign minister, who wrote to me last week expressing his appreciation for our troops, who are doing their vital work there, including the additional 300 troops we announced quite recently. Australia and, in particular, the Australian Defence Force have made a great contribution there. I think the House realises that there is no greater decision that a government ever takes than to send our troops into a combative environment. It is a very difficult decision, and whenever we have made those decisions there has been substantial discussion within the government, understandably.

It is with that in mind that on this side of the House we are pretty surprised that the Leader of the Opposition, just on the basis of a ‘news crawl’, as they are called, on Sky television, decided to rush out and say he was delighted about and the opposition supported the deployment of an additional 300 troops to Afghanistan, which the government had not announced. In fact, the Leader of the Opposition had seen those troops off on 15 May. I do not think he forgot; I think he saw the news crawl and thought, ‘There’s another news opportunity; I’d better get out there.’

If the Leader of the Opposition were a serious leader, not just somebody acting on the advice of Hawker Britton and playing a bit of politics day by day, he would, firstly, have contacted members of his shadow cabinet and, secondly, made sure his office or he himself contacted the government to find out what the deployment was about, because there is no more serious decision that the government makes than to deploy our troops.

Mr Jenkins interjecting—

The SPEAKER—The member for Scullin is well aware that he should not be interjecting out of his seat.

Mr DOWNER—But apparently the gravity of such a decision did not weigh on the Leader of the Opposition, who rushes to a media conference, because that is what is really important to the Leader of the Opposition, without any sincere concern about what may or may not be happening with the government’s deployments.

It is part of a pattern of a kind of instant policymaking in foreign affairs by the opposition under this Leader of the Opposition. He pretends to be some sort of an expert on international relations—that is part of the marketing that he does with the media and elsewhere—but the reality is that there is a
pattern of ad hoc media based decision making. He was going to China to fix up relations with China on climate change and suddenly he decided to cancel that trip because of so-called scheduling problems. We know it was nothing to do with scheduling problems. The pattern is there. The opposition leader stands before the nation as somebody who went out there and supported 300 troops being deployed—who were not being deployed—without even bothering to check. Given the gravity of the deployment of troops, that demonstrates the sort of person we are dealing with in the Leader of the Opposition.

Liberal Party

Mr GRIFFIN (3.11 pm)—My question is again to the Special Minister of State. Further to my previous question: what precisely did Mr Phelps say to Mr Bodel?

Mr NAIRN—My chief of staff simply ascertained what the conversation was between the AEC and the journalist, whether we were talking about a hypothetical situation or specifically Kirribilli. I will repeat the statement from the Electoral Commissioner, which said:

The AEC takes its integrity and independence very seriously and I want to make it quite clear that no attempt was made by the Government or anybody else to influence the AEC in its response to this issue

The more the member for Bruce asks these questions, the more he is saying he does not believe the Electoral Commissioner.

Water

Mr BRUCE SCOTT (3.12 pm)—My question is to the Minister for the Environment and Water Resources. Can the minister update the House on progress with the implementation of the National Plan for Water Security? Will the minister also inform the House of the position of stock and domestic water use under the plan?

Mr TURNBULL—I thank the honourable member for his question and recognise his and his constituents’ very keen interest in and knowledge of water resources. The National Plan for Water Security is the most significant reform to water management in our nation’s history. It is designed to ensure that our irrigated agriculture uses water most efficiently, that we make every drop count—a particularly important objective as we move into hotter and drier times in southern Australia. It is also designed to ensure that the management of the Murray-Darling Basin reflects the hydrological reality of one large, connected system of surface and groundwater resources and, in doing that, seeks to change the way in which the basin has been managed, or perhaps mismanaged, for more than a century.

We have been working very closely with four states and the Australian Capital Territory—five other jurisdictions—to bring the national plan to completion. It is fair to say that the state of Victoria has had a different view from the very outset as to what the plan should involve. But we have recently had very constructive discussions with the Victorian government. Only last week I had a very lengthy, detailed and constructive discussion, which went over four hours and through every page of the legislation, with my Victorian counterpart. Today, officials from all jurisdictions are meeting again and going through the detail. I am confident that we can reach an agreement that will enable us to bring this great vision to completion—a vision which would not be possible without the commitment of the Howard government to undertaking innovative measures, long-term measures, to deal with longstanding problems and without the financial security that more than a decade of strong economic management and the repayment of Labor’s debt have enabled it to afford.
I also thank the honourable member for asking me about stock and domestic water. Mr Speaker, as you in particular would know, landholders have a basic right to draw on water from contiguous surface and groundwater for the purpose of watering their stock and providing water for their domestic purposes. Stock and domestic purposes do not include irrigated agriculture. Nor do they include intensive animal husbandry such as feedlots. Stock and domestic water is not limited by volume; it is limited by the purpose for which it can be used. It is not charged for, like irrigation water is, because it is seen as a right inherent to the ownership of the land itself. The Commonwealth recognises and respects those rights. They are protected in the legislation of the basin states—in fact, in all states—and there is no intention to qualify or limit them in any way at all.

Concern has been expressed in some quarters about the metering of stock and domestic bores. Let me confirm that there is no intention to require metering of stock and domestic bores except in special circumstances where a particular groundwater system is under stress or where there are local disputes about water sharing. Those circumstances are canvassed in the National Water Initiative. Better metering and monitoring of water, of course, is a vital element in the national plan and essential for sustainable and informed management of our water and, in particular, our groundwater resources. In the rare cases where metering of stock and domestic bores is warranted, the cost should not be borne by the landholder other than with his or her agreement.

**Liberal Party**

Mr McMULLAN (3.17 pm)—My question is to the Prime Minister. I refer to his comment last Thursday that neither the Lodge nor Kirribilli House were ever ‘made available to the Liberal Party’. What was the official purpose of the Young Liberals reception at the Lodge on 18 October 2006? Will the Prime Minister inform the parliament how many other functions or fundraisers have been held at Kirribilli or the Lodge for the Liberal Party?

**Mr HOWARD**—My position is that no fundraisers have been conducted at either residence. That is my position. It remains my position, and it is borne out by the fact that what the Labor Party seems to be asserting is that the Prime Minister of the day—no matter what party that person belongs to—can never invite members or office-bearers of his or her party to an official residence. That is an absurd proposition.

**Exports**

Mr SECKER (3.18 pm)—My question is addressed to the Minister for Trade. Would the minister advise the House about the export performance of the wool industry? Is the minister aware of any threats to Australia’s export of agricultural products?

**Mr TRUSS**—I thank the honourable member for Barker for the question. Representing one of Australia’s major wool-growing areas, as he does, he would be interested to know that this year marks the 200th anniversary of the export of the first bale of Australian wool—essentially Australia’s first export. There is a function in London tomorrow night to commemorate the arrival of John Macarthur’s first bale 200 years ago. Wool has played a very important role in Australia’s exporting history over the years. In the 1950s it was said that Australia rode on the sheep’s back and, in reality, wool was a very important part of our exporting. It is still one of our major export commodities, particularly amongst our primary sector, and it is making a very substantial contribution to our nation’s export effort.
In commemorating 200 years of Australian exporting, it is interesting to observe that it took 190 years for Australia’s exports to reach $100 billion in a year. It has only taken the 11 years of this coalition government for us to double that number to $210 billion. So this has been a government that has been good for exporters. We have provided enormous opportunities to open up new markets and to ensure the prosperity of the Australian economy through our export sector. This government has particularly supported the farm sector in trying to open up new markets and to find new opportunities for Australian products.

Unfortunately, it seems that not all members of the House share the view that it is important to open up new markets for our export sector. The opposition spokesman on trade put out a press release in the last 24 hours or so in which he made the observation that if negotiations are stalled because of issues in one particular sector, such as agriculture, then the government should go on with negotiations with other sectors. He said that this is Labor’s policy. So it is Labor’s policy that if there are any problems in agricultural negotiations—as there almost always are—then we should forget about agriculture and go on and do other things. That is the kind of mentality that Labor came away from the Uruguay Round with. They duded farmers in the Uruguay Round. But they did make a promise, along with other countries, that these issues would be resolved in the Doha Round.

Now Labor are telling us that, if things get tough in the Doha Round on Agriculture, they will walk away from the farmers, do nothing for farmers, and go on to negotiate with other sectors. That is not our approach to trade. We want comprehensive agreements that deliver benefits for all sectors, including farmers and including wool growers, and that is the approach we will be taking to trade discussions. This is an important approach. It differentiates us from those opposite and helps look to deliver export opportunities for all Australians who have interests in exporting around the world.

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

COMMITTEE ADMINISTRATIVE PRACTICE

The SPEAKER (3.22 pm)—Following questions raised in the House last December concerning committee practice, I asked the Deputy Speaker for advice on whether action was required to clarify any issues of committee practice and procedure. As part of that advice, a discussion paper on committee administrative practice was prepared. This was tabled in the House on 8 February and comments were sought from members and others.

The discussion paper proposed the development of general principles for the administration of parliamentary committees. A set of principles was developed following receipt of comments on the proposal. The liaison committee of chairs and deputy chairs met on 22 May 2007 and endorsed the principles. For the guidance of members, I present a copy of the general principles for the administration of parliamentary committees.

The liaison committee also supported a proposal contained in the discussion paper to provide additional assistance when a disagreement arises among members of a particular committee or when members feel aggrieved about the way a committee is being administered which cannot be resolved within the committee itself. In such circumstances, committee members could choose to approach the Deputy Speaker or the Second Deputy Speaker as a first point of contact to discuss their concerns. The Deputy Speaker and the Second Deputy Speaker would confer to develop a suggested approach to re-
solving the issue. These initiatives will be reflected in future editions of appropriate publications containing advice or information for members about the operation of parliamentary committees.

QUESTIONS TO THE SPEAKER

Parliament House: Water Use

The SPEAKER (3.23 pm)—On 12 June the member for Hinkler asked where the stormwater from Parliament House is stored. Stormwater from Parliament House is not stored but runs into the ACT stormwater system. The ACT is within the Murray-Darling catchment area, and stormwater from Parliament House eventually enters the Murray-Darling river system, where it is available to users in inland New South Wales, Victoria and South Australia.

Parliament House: Demonstration

Mr SCHULTZ (3.24 pm)—Mr Speaker, I have a question to you as a supplementary question to the question asked by the member for Lindsay during last week’s parliamentary sitting. It relates to the outrageous actions and riots that occurred, spearheaded by trade unionists, in 1996, when 88 Australian Federal Police officers, both male and female, were assaulted. Could you, for the benefit of the House, advise the House in due course as to how many of those trade unionists were prosecuted for those physical assaults on those AFP officers, who were protecting this parliament from illegal action by trade unionists?

The SPEAKER—I thank the member for Hume. I have been making some investigations in response to the question raised earlier by the member for Lindsay. When I have got all that together, I will report back.

Privilege

Mr ALBANESE (3.25 pm)—Mr Speaker, my question to you relates to an article in the Australian on 1 May 2007 entitled ‘Bishop’s last crack at Speaker’s chair’. In this article, Mrs Bishop’s spokesperson is quoted as confirming that she wanted the Speaker’s chair if the coalition won the election:

“That is first and foremost in her mind,” he said.

Mr Speaker, I refer you to pages 195-197 of House of Representatives Practice and to a previous occasion on which the issue was raised of whether indeed there had been a breach of privilege against the high office of the Speaker. That comes from a question on page 844 of the Hansard of 5 March 1992, from the member for Bennelong to the then Speaker, the member for Grayndler. The comments are on privilege—

Mr McGauran—Mr Speaker, I rise on a point of order. This is an abuse of process in that, firstly, it is not a question to you; it is weaving an argument. Secondly, it is a use of the question to make a political point. I might very well ask you why the honourable member for Grayndler is regarded as a hopeless tactician by a number of his colleagues.

The SPEAKER—Order! The Deputy Leader of the House will resume his seat. I call the Manager of Opposition Business. He is making a very long question and I would ask him to come to his question.

Mr ALBANESE—On the matter of privilege: on 5 March 1992 the member for New England made a submission that I draw to your attention, which was the following about the then Speaker. I am asking whether this should be referred to the Privileges Committee. I quote:

... first, there is a matter of deals and an allegation that deals affecting your position are implied, suggested or impugned against the integrity of your high office; secondly, there is a hint of no-confidence in your own capability ... and, thirdly, the whole nature and character of any challenge against you is one which really threatens very much the capacity you would have to impartially administer the rules and the Standing Orders of this Parliament.
Given that this was the view of the now Prime Minister, the member for Bennelong, and the member for New England, can you examine the article regarding the member for Mackellar’s hunting down of your position and make a decision over whether it should be referred to the Privileges Committee?

The SPEAKER—I say to the Manager of Opposition Business that it is not for the Speaker to provide an opinion on a question of privilege. If he wishes to raise a matter of privilege then he should do so in the appropriate form.

PERSONAL EXPLANATIONS

Mr GAVAN O’CONNOR (Corio) (3.28 pm)—I seek to make a personal explanation.

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

Mr GAVAN O’CONNOR—Yes, I do.

The SPEAKER—Please proceed.

Mr GAVAN O’CONNOR—In an article in the Geelong Advertiser on Monday, 18 June entitled ‘City council must be transparent, it can’t be a … closed shop’, the feature article writer, Mr Daryl McLure, stated:

… allegations relating to Mayor Harwood have been played up quite hypocritically by local Labor luminaries—

including me. This statement is false. I have made no public comment on the investigation by the Office of Police Integrity into the mayor in relation to the council’s decision on the Home House development.

Secondly, in the same article Mr McLure states that I should be ‘fair dinkum and push for a royal commission into police and other corruption in Victoria’, not just branch-stacking and other corrupt processes in the Victorian ALP. This statement is false. As the public record shows, I have been a strong public and party opponent of corruption and branch-stacking practices in my own party over many years and I have publicly supported the establishment of an independent corruption commission in the state of Victoria to cover corruption not only by police but by businessmen and politicians.

AUDITOR-GENERAL’S REPORTS

Report No. 45 of 2006-07

The SPEAKER (3.30 pm)—I present the Auditor-General’s Audit report No. 45 of 2006-07 entitled Performance audit—The National Black Spot Programme: Department of Transport and Regional Services.

Ordered that the report be made a parliamentary paper.

QUESTIONS TO THE SPEAKER

Privilege

Mr ALBANESE—Mr Speaker, under standing orders 51 and 52, could you examine the matters I raised before to determine whether there is a prima facie case of privilege?

The SPEAKER—Again, I appreciate the point that the Manager of Opposition Business is raising but he must either formally raise a matter of privilege—

Mr Albanese—I just have.

The SPEAKER—You have? That is a formal raising. I will examine the points raised and look at it further.

Mr Albanese—In support of this matter, I table the Australian article of 1 May 2007 ‘Bishop’s last crack at Speaker’s chair’.

Telecommunications

Mr McMULLAN (3.31 pm)—I want to ask you a question, Mr Speaker, relating to the matter that the Manager of Opposition Business raised during question time which you asked be raised after question time. The House of Representatives Practice says at page 538:

… Ministers are required to answer questions only on matters for which they are responsible to the House. Consequently Speakers have ruled out
of order questions or parts of questions to Ministers which concern—
a number of things, but relevantly for the purpose of this point—

statements by people outside the House including other Members, notably opposition Members.

I realise that does not exclude comments by government members, but we seem to have had a practice previously—and I am not sure whether you are proposing to change this practice or are referring to other precedents of which I am not aware and which do not seem to be referred to here—where statements by opposition members are allowed to be put in questions and are answered by ministers but statements by government members are not. That seems, on the face of that reading, to be a significant change in the practice. I wonder whether there is some precedent of which I am not aware to which you are referring or whether you are changing the procedures as outlined in House of Representatives Practice.

The SPEAKER—I thank the member for Fraser. As I think I have indicated a couple of times this week, he has gone straight to the point in House of Representatives Practice where I have ruled parts of questions out of order. I will continue to uphold the practice as it has been in the past. I will take each case on its merits, as the member for Fraser would expect.

MATTERS OF PUBLIC IMPORTANCE

Broadband

The SPEAKER—I have received letters from the honourable member for Melbourne and the honourable member for Moreton proposing that definite matters of public importance be submitted to the House for discussion today. As required by standing order 46, I have selected the matter which, in my opinion, is the most urgent and important; that is, that proposed by the honourable member for Melbourne, namely:

The Government’s failure to provide equal broadband service for regional Australia.

I therefore 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 TANNER (Melbourne) (3.33 pm)—There are certain things about the modern world that the Prime Minister just does not get: he does not get climate change, he certainly does not get cultural and racial diversity and most particularly he does not get broadband. Over the past months we have been seeing a very painful transition, a very slow evolution in the Prime Minister’s attitude to telecommunications and the modern world. Gradually before our eyes he has been dragged out of the world of the crystal set and the two cans with the bit of string in between into the world of modern telecommunications, but he has not quite got there yet. He has not quite evolved to a point where he really understands what broadband is, let alone what the government ought to be doing to ensure that all Australians, regional as well as metropolitan, have access to the decent high-speed broadband services that they both want and need.

You can see it at the dispatch box. You saw it again today. Every time the Prime Minister is questioned about this issue, you can see that he is uncomfortable. He fidgets, he reads his lines, there is no passion, there is no clarity and there is no coherence; it just is not his issue. He does not get it. He does not understand it. We saw it today when I asked a question on the government’s WiMAX network proposal. First he refused to answer the question. He simply refused to comment or to respond to the question. Then the Deputy Prime Minister passed him a bit of paper with some lines on it and that enabled him to
say something about it. Of course, he then proceeded to talk about the comparison between the government’s proposal and our proposal and about exchanges. The trouble is, exchanges were the primary delivery mechanism for the old world. Under the government’s broadband proposal, it will be base stations and under our fibre proposal it will be nodes. Yet the Prime Minister’s mind is still stuck in the world of exchanges—a telling illustration of how he just does not get it on broadband, in the same way that he just does not get it on climate change and he does not get it on cultural diversity.

The Prime Minister’s view of broadband, of telecommunications, is back 20 or 30 years ago in the old world. He has come up with his new version of the bush telegraph but unfortunately it is not quite as efficient or effective as the traditional bush telegraph; it is simply a cobbled-together, second-rate, half-baked strategy that is designed to look as though they are doing something. The Prime Minister and the government do not understand that the world of telecommunications has changed irrevocably, but, most importantly, the Prime Minister does not understand that country Australia has changed also.

In the Prime Minister’s mind, country Australia is still the world of Dad and Dave. It is still the world of blokes with crumpled hats with corks on them and the handkerchief tied on the head, and women in those home-made cotton dresses. That is the Prime Minister’s view of country Australia. He does not understand that country Australia has changed dramatically. In his mind, country Australia is still as it was when he watched Dad and Dave on Channel 7 in the early 1970’s. Let me give you a synopsis of one of the Dad and Dave episodes to illustrate my point:

Life at Snake Gully has been updated with the arrival of television and a ladies hairdresser. Mum has acquired some modern appliances and Dad battles with the generation gap.

That is the country Australia that the Prime Minister understands. That is what he thinks is out there, beyond the North Shore of Sydney, when he thinks of country Australia. So in the mind of the Prime Minister he is knocking on Dad and Dave and Mum’s door with a shiny new appliance called broadband. Unfortunately, he does not understand what it is and he does not understand that it is a dud. He does not realise that what has been put forward by the government is a second-rate solution for people in country Australia.

His Minister for Communications, Information Technology and the Arts has the same problem. On The 7.30 Report last night when the minister was asked to extol the virtues of the government’s broadband proposal for country Australia her answer was, ‘You can take the laptop down to the shed and it’ll still work in the shed.’ Well, isn’t that fantastic? Those people in the tourism industry who are running major resorts and big hotels in regional Australia will be rapt to know they can take the laptop down to the shed! That will be critical to their businesses! The people running major wineries no doubt will be excited to know that they can have broadband in the shed, too! There is a mentality deep in this government about country Australia that is about 40 years out of date, and its broadband proposal is an illustration of that in technicolour.

The government strategy on this issue and on so many other issues is very simple: look like you are doing something. Whether it is climate change, the unfairness of Work Choices or the chronic underinvestment in education, where we have seen for years no vision, no leadership and no forward agenda, all they have is a bit of window-dressing, a bit of catch-up, a bit of responding to the political pressure that has slowly built up not
because of the opposition but because of the content of the issues, because of the merit of the issues. Australia needs high-speed broadband to compete with the rest of the developed world and in our region. We need to tackle climate change. We need to lift our game on education. It is the natural pressure from those issues, coupled with advocacy not only by the Labor Party but by many others, that is putting pressure on the government. And their response on each occasion has been simple: look like you are doing something.

Yesterday it all came together in the broadband announcement: cobbled together, a second-rate response, a careful calculation of electoral impact and the misinformation about Labor’s policies. Only a few months ago we had government members in here saying that there is no problem and that ‘people all around Australia are not telling us there is any broadband problem’. Notwithstanding OECD rankings that have us trailing the pack on any serious broadband measure, notwithstanding the opinions of people such as Rupert Murdoch, James Packer and David Kirk, and notwithstanding expert commentary from many other people, the government were saying, ‘Look, there’s really not an issue here.’ Now they are in complete panic mode, not because they fear for Australia’s future and not because they are worried about the future of your kids or your business but because they are worried about their political future.

Let us look at the WiMAX proposal that is at the forefront of their solution for regional Australia. Firstly, the government cannot tell us just how wide the radius of its impact will be. The communications minister said 50 kilometres and Optus said 20, and the Prime Minister today appeared to concede 20 kilometres. Secondly, they are claiming either that it will be up to 12 megabits per second or that it will be 12 megabits per second, or in the case of the Deputy Prime Minister today it will be over 12 megabits per second. The reality is that it will be in that zone only when usage is modest and is not congested, when the weather is good and when people are fortunate enough to have appropriate terrain, because hills and mountains and things like that get in the road of wireless signals.

So, in effect, the maximum offered by their system when it is not raining, when there is no congestion and when people do not have difficult terrain is the same as the minimum under Labor’s proposal. It duplicates Telstra’s 3G network, and is actually likely to be smaller than Telstra’s 3G network. The technology being used has only been deployed to fewer than a million users all around the world, so the likelihood of complications and difficulty is high and the price is still completely unclear. If fibre is delivered in the cities, most of those in regional Australia who get the WiMAX alternative will in effect have a second-rate, el cheapo alternative. The government are claiming that their $950 million worth of public money poured into this is good value and that Labor’s $4.7 billion worth of public money proposed for a near-universal, high-speed fibre network is a waste. There is a reason for the difference in the amounts: in telecommunications you get what you pay for. When you do it on the cheap you get a cheap outcome, and that is effectively what the government has done.

In not understanding the significance of broadband in regional Australia the government does not understand how crucial it is that business opportunities are opened up in regional Australia based on equal capability in broadband. Businesses being able to choose where to locate and being able to take advantage of cheaper land costs and less congestion in regional Australia will always ask themselves: can I get telecommunications services that are equal to the quality,
scale and speed that I can get in metropolitan Australia? How are we going to encourage businesses to locate in regional Tasmania, the Hunter Valley, the Iron Triangle, North Queensland and Gippsland, and the Bunbury region in south-west Western Australia? These are all areas where significant new economic growth is occurring and where there are new opportunities for small businesses—not Dad and Dave out on the farm but a whole range of often very sophisticated economic activities. How on earth can we encourage businesses to take up those opportunities if they are going to get second-class broadband compared with what they would get in the cities? There is a quiet economic revolution going on in many parts of regional Australia, and the Prime Minister has no idea that it is happening. He simply does not get it.

Last week in a speech I referred to the prospect of Australia becoming the developed world’s night shift and to the fact that we will be able to do things, courtesy of high-speed broadband, for other developed countries because we will be in normal working hours when they are in the middle of the night. The communications minister responded by saying: ‘What are you talking about? It’s already happening.’ Well, I have got bad news for the government: it is only happening in very rare instances, because the telecommunications capability is simply not there. With the proposal that the government has put forward, I think about electorates such as the electorate of Lyons—it is in very hilly circumstances, the weather is not necessarily always fantastic and can be a bit troubling, there is rough terrain, and there are lots of small businesses. How are they going to get by with this proposal? I think that they will not have much of a chance.

The leaked email from the staffer for the communications minister said it all: ‘Maps provided for the cabinet.’ Were they maps of existing broadband coverage? Were they maps of economic regions? Were they maps of the less settled areas of Australia? No, they were maps of electorates. Now, I wonder, when you are dealing with a complicated telecommunications proposal and you are trying to solve a big national problem with broadband, why would cabinet be considering maps of electorates? I wonder why they were doing that. Of course, we all know the answer. We saw the answer in the balance of the email, where it listed the 40 priority electorates for getting the information out, which just happened to be 40 government-held seats—a significant proportion of them metropolitan seats, not regional seats—and they just happened to be the seats that are most under threat electorally. So it is nothing about doing the right thing by the nation. It is not about solving a huge national problem. It is simply about solving a political problem for the government.

Finally, where you see the full desperation and panic is in the government’s description of Labor’s policy. In an op ed in the Australian today the communications minister describes Labor’s proposal, which is for 98 per cent of Australians. She says that our proposal ‘ignores regional areas’ and that it will pay one of our leading communications companies to build a fibre optic network in metropolitan areas in just five of our leading cities. There is actually a proposal on the table of that kind, but it is not our proposal; it is the government’s. Her statement is a bare-faced lie. Labor’s plan—

The DEPUTY SPEAKER (Hon. IR Causley)—The member for Melbourne will withdraw that comment.

Mr TANNER—I withdraw. It is a bare-faced untruth. Labor’s plan involves—

The DEPUTY SPEAKER—The member for Melbourne will withdraw ‘untruth’.

Mr TANNER—I just did.
The DEPUTY SPEAKER—No, you did not. I ask the member for Melbourne to withdraw.

Mr TANNER—I withdraw everything. The proposal by Labor involves coverage for all of Australia: 98 per cent of Australians will have coverage of a minimum of 12 megabits per second. It is the government’s proposal that involves only five major cities getting fibre optic—nowhere in Tasmania—only five major cities getting the true broadband network and the rest of Australia having to put up with a cobbled together, bits and pieces operation which will not meet the test of comparison with what is going to be available, if they succeed, in metropolitan Australia.

Their claim that Labor’s position threatens the superannuation of soldiers is simply despicable. There is a legal obligation on the part of the government, with or without any Future Fund and with or without their policies or our policies, to fulfil its defined benefit superannuation obligations, and that legal obligation will be honoured no matter who is in government—no matter that they take $5 billion out of the Future Fund for higher education or that we use the Telstra shares to finance a broadband network. Their misuse and playing of political games with soldiers and police for this purpose is simply despicable. The total picture can be summed up with one word: desperation—a government that is out of touch, stuck in the past, out of ideas and desperate to win. (Time expired)

Mr McGAURAN (Gippsland—Minister for Agriculture, Fisheries and Forestry) (3.48 pm) —My colleagues and I relish every opportunity to discuss, debate and contrast broadband policy: the government’s policy, as announced yesterday, Australia Connected, compared to the opposition’s two-page policy rendered only three or four weeks ago. I am the first to admit that the Labor Party had a degree of political momentum with its broadband policy proposal some weeks ago, but that was because anybody can put together a policy in a very scant form, lacking detail and proper costings, and without any technical feasibility. To an extent the media of this country swallowed it hook, line and sinker, whereas we had to bide our time because we were going to present a policy that would withstand any examination, total scrutiny and complete technical assessment, and we have done that. We now have Australia Connected, which ticks all the boxes, unlike the Labor Party’s policy, which is a two-pager and which has been decried by financial institutions, commentators and participants in the world of telecommunications.

It always bemuses members of the government when the Labor Party attempts to engage us on any regional and rural issue, whether it be regional and rural education, health or transport, given that the Labor Party does not have a policy on anything outside the capital cities. But I will leave that to one side for a debate on another day and concentrate on rural, regional and remote telecommunications policy. Well, the Labor Party had its chance—it had its chance over 13 years, especially—but, more particularly, those of us who have been here a bit longer than others will recall that in 1995 the Labor Party, in government, shut down the analog mobile phone network—

Mr Hartsuyker interjecting—

The DEPUTY SPEAKER (Hon. IR Causley) —The member for Cowper is out of his place and is highly disorderly.

Mr McGAURAN—without any replacement! The Labor Party shut down the analog network to introduce the digital network, without any alternative technology capacity in regional and rural areas where the digital signal is weak and easily interrupted. When
we came to government in 1996 this was a major challenge for us: to work with Telstra to install a new technological solution to the problem, which was unprecedented anywhere in the world. We managed to develop with the full assistance, cooperation and innovativeness—even ingeniousness—of Telstra the CDMA network. The CDMA network is now going to move to the Next G network, a new mobile network. The government are working to make sure that this is a smooth transition. We do not want to repeat the Labor Party’s callous disregard for regional Australia of 1995. We welcome, obviously, the 3G network introduction—it offers regional and rural people a new capacity and service—but you do not switch off the CDMA network until the 3G network provides the same or better coverage and services. That is the commitment we have elicited from Telstra, and we will hold Telstra to this promise.

Last year the Minister for Communications, Information Technology and the Arts directed ACMA, the Australian Communications and Media Authority, to undertake independent coverage audits of both networks as a key part of verifying Telstra’s public assurance. Those audits include city and regional areas, with a focus on rural and regional and remote areas. The government expects Telstra to keep its commitment to retain the CDMA network until its Next G network provides the same or better coverage and service, especially given that the estimated time to switch off the CDMA network is not far away, being 28 January 2008. Contrast that with Labor’s record in office. Labor disadvantaged regional and rural and remote Australians overnight, socially, economically and culturally, with complete disregard for their wellbeing or welfare.

Mr Garrett—What nonsense!

Mr McGauran—The member for Kingsford Smith interrupts. He has been here five minutes. He should go back and search the records. It was a political issue of the time. The Labor government did not even try to defend itself. Michael Lee was the then minister for communications. He stood at this dispatch box day after day, befuddled and bemused and unable to answer questions as to what Australians outside the capital areas would do for mobile phone services when the Labor Party switched off the analog service.

Let us turn to current day policy. I thought the member for Melbourne let himself down with his personalised attacks on the Prime Minister. His was a lame attempt at humour, drawing on the Blue Hills radio program. If that is the best he can do for some five or six minutes of a 15-minute speech then the Labor Party, on this issue of telecommunications broadband policy, is even more troubled than is patently obvious. Notwithstanding the fact that the member for Melbourne proffered no real alternative to the government’s Australia Connected, we have an opportunity—and the members of the government will ensure that as many Australians as possible also have this opportunity—to compare the government’s broadband policy with the Labor Party’s proposal. It is not worthy of the title ‘policy’. How can a two-page statement amount to a policy? What we do know is that the Labor Party, in comparison to the government, is going to pay more and get less. With the government, there are no taxpayer funds involved—it is a private sector investment of approximately $850 million. With the Labor Party, it is a taxpayer investment of $4.7 billion. Even then, experts tell us that the proposal will not achieve what it undertakes to achieve. We know also that the Labor Party’s policy proposal has coverage of only 75 per cent of Australians, with the complete abandonment of the re-
maining 25 per cent of Australians—rural and regional residents. We can compare this to the government’s policy, which will achieve 99 per cent coverage, with the remaining one per cent receiving a generous subsidy to help connect to broadband. We leave no-one behind in the broadband debate. The Labor Party picks and chooses who amongst the Australian population it wants to support.

I was amazed that the member for Melbourne, in what little time he left himself after his derogatory comments of a personal kind about the Prime Minister, attacked the technology of the government’s Australia Connected policy, WiMAX. This is odd, given that the shadow minister for communications, Senator Conroy, at a conference on 2 May 2005, said this about wireless technology:

A more complex possibility created by emerging telecommunication technologies is the potential for efficiency gains presented by the utilisation of wireless virtual private networks in rural and regional areas. With access to a wireless broadband virtual private network, a farmer could design a farm that is completely connected up and allows him to monitor his property and control his machinery from the comfort of his home.

Then Senator Conroy went on to lament the absence of such a technology:

However, these possibilities can only be realised if rural and regional communities have access to the infrastructure used to deliver these services. Unfortunately, this infrastructure is not currently widely available in rural and regional Australia.

It most certainly will be available under this government. It is this government that is introducing the wireless technology that Senator Conroy, two years ago, could only dream of. He did not even commit to the technology—even though he cited it as being of invaluable benefit to rural and regional Australians—because it would be beyond the technical and financial capacity of the Australian government. The member for Melbourne describes the WiMAX technology that the government has adopted as a ‘second-rate’ and ‘half-baked’ technology, yet this same technology is proven throughout the world. Countries that are either adopting it now or planning its deployment are: Canada, the United States, Denmark, Finland, France, Germany, the United Kingdom, India, Ireland, New Zealand, Pakistan, Russia, Sri Lanka, Taiwan—and the list goes on and on. So this is such a second-rate and half-baked technology that it is the current technology being used by countries throughout the world that have regard to distance and remote locations. But that is a foreign concept to the Labor Party, who can never see beyond the metropolitan areas for their policy, which will be funded $4.7 billion by the taxpayer and another approximately $4 billion, so they claim, from the private sector, and which will reach only metropolitan Australia. If you are going to make policy in a highly complex and technically challenging area on the run, this is what you end up with. You end up with a policy which totally lacks credibility and which does a grave disservice to the Australian people—if not a betrayal of the Australian people, who expect informed, considered and creditable policies from their major political parties. But do not take my word about the worth of the Labor Party’s proposal. Let me quote ABN-AMRO, a major financial institution, who declared that Labor’s proposal would:

… take the industry back 20 years to government provision, goldplating and restricted rollout.

ABN-AMRO said that Labor’s proposal:

… does not resolve access regulation issues but entrenches them and adds new inefficiencies. What about Ross Gittins, the economic editor of the Sydney Morning Herald? On 26 March this year he dismissed the plan as ‘a waste of taxpayers’ money, no matter how it
is funded’ and ‘a cynical bribe’. On 27 March this year the economics editor of the *Australian Financial Review*, Alan Mitchell, said that the Leader of the Opposition’s ‘political commitment to the high-speed broadband network has been made without serious evaluation of the likely costs and benefits’.

Then we get Mark Clarity, a telecommunications analyst, saying that the ALP’s plan was ‘undershooting the mark’ and that:

… nothing in the Labor plan really addresses the backhaul issue. It doesn’t seem to be addressing … getting high-speed pipes into the regions so these access networks actually have something to connect to.

The Labor Party’s proposal has been derided. Yet the Labor Party have the hide or the cheek—or the overconfidence perhaps—to put up for discussion as a matter of public importance in the parliament the contrast between the regional impact of their proposal as against the government’s policy Australia Connected. Quite frankly, it is incredible to us that they would pitch an attack against the government. They have no credentials on this matter. The further we discuss and disseminate it in the Australian community the more people will come to realise and understand this. There are so many benefits from the Australia Connected proposal that we could sell it time and again—its coverage, the speed of the network and the new opportunities, economically and even socially, that it brings to rural Australians.

The government has not come to this debate late in the piece. We have been rolling out broadband initiatives with hundreds of millions of dollars of funding since 2002. That is why the government can produce such a creditable and private sector financed proposal that has won already wide acclaim.

I invite the member for Kingsford Smith, who is shortly to contribute to this debate, to do something that the member for Melbourne did not do. He could not produce the critics of this proposal. It has been 48 hours. If people wish to come out of the woodwork and give an opinion we would like to hear it. I am not saying there is going to be a 100 per cent appraisal, because the Labor Party will have its supporters or friends in certain organisations, but let us hear from the well-established and trusted independent commentators or arbitrators on these issues. Let us hear from the farm organisations. The member for Kingsford Smith might like to quote the NFF or the New South Wales Farmers Association. They are never backward in reminding the government of its deficiencies, even as we strive to overcome them.

This is a debate we welcome. We would be pleased if we had this broadband debate every day of the remainder of the parliament and every day outside of the parliament. In fact, we will initiate it so that we can achieve as high an engagement rate as possible. We have a great story to tell. We have waited a long time to get this comprehensive installation of high-speed and affordable broadband. It has been years in the making. For the Labor Party to roll up at the last minute, jump on the bandwagon and try to equate their two-page proposal with our fully costed and technically competent plan defies belief. But, please, keep doing it so that we have more opportunities to convince Australians of our credentials as opposed to yours. *(Time expired)*

**Mr WINDSOR** (New England) (4.03 pm)—Isn’t it great to see some competition for the regional vote? I think the broadband debate and some of the debates on water and climate change are starting to embrace the issues that are very important to country people. I was interested to hear the Minister for Agriculture, Fisheries and Forestry—I see that he is leaving the chamber—cite the National Farmers Federation as a source of knowledge on this issue. I think their behav-
... behaviour during the telecommunications debate has been disgraceful. The duplicity of the former president, Peter Corish, on this issue is something that will go down in the history of the farming community and country Australians.

Infrastructure is obviously critical to country Australians, particularly telecommunications infrastructure. As I have said a number of times in this chamber, telecommunications is the one piece of infrastructure that negates distance and location as being a disadvantage to living in the country. We talk about railway lines and roads—and they are important—but telecommunications, broadband particularly, is the infrastructure of this century. We need to look past the politics involved in this issue and get it right. There are a number of things happening here. It is not just a city-country issue. It is also about where this nation places itself globally in terms of telecommunications. The game that is being played at the moment in trying to capture the minds of the Australian public on this issue is a little pitiful. We should get this right. If it does cost money and it does use up some of the Communications Fund and some of the Future Fund to put it in place and get it right, that is what the Australian public would expect and demand of any government, or potential government, into the future.

The government says it is going to guarantee high-speed broadband services to 99 per cent of the population and I am told that there are a series of maps available on the spread of that communication. Given some of the concerns, particularly about wireless but also satellite, regarding location, geography and atmospheric conditions, one of the things the government could do is outline—and I hope the Parliamentary Secretary to the Minister for Industry, Tourism and Resources will do so today; I am told he is very informed on this issue—who the one per cent are—

Mr Baldwin interjecting—

Mr WINDSOR—Yes, it is you—a man of great knowledge on this issue, revered in the Hunter as a technological giant. One thing that the parliamentary secretary, the Prime Minister or the minister may like to do is to tell the people of Australia who the one per cent are. Who are the one per cent who are going to miss out? Who are they and where do they live? What that would effectively do—and I think there is a challenge to the government here—is put in place a guarantee to the other 99 per cent that they will receive high-speed broadband.

Anybody with any sanity in this place knows that there are going to be terrain problems and atmospheric problems. Not only people in very remote areas, where you would expect that satellite is the only form of communication, but people in all of our electorates in the country are going to have difficulty receiving this service. So is the government guaranteeing service to 99 per cent of the population? Rather than go through who they are, it would be a lot easier just to nominate the one per cent who are going to miss out and then guarantee the service to the others. I bet the government is not prepared to do that.

We have got an issue in this parliament that relates particularly to the National Party. Deputy Speaker Causley, you may have been at the conference in Singleton over the weekend. The theme of that conference was to break the city-country divide. I listened to the state leader with some interest because I agreed with most of what he was saying. The very next day, there was an announcement at the federal level that entrenched that divide. No matter what anybody says on this particular issue, there is a divide here.
The government is suggesting an optical fibre arrangement for our cities. It is suggesting that some country people will get ADSL2+. Tamworth and Armidale in my electorate will receive that infrastructure; others—the majority—will receive wireless. Everybody knows—including the Prime Minister, who has stated it here—that that will be at a lower internet speed. When Telstra was sold, a guarantee was given to Senator Barnaby Joyce and to the former President of the National Farmers Federation, Peter Corish—that duplicitous person I spoke of a moment ago. On the sale of Telstra, they said that there would be a basic guarantee—they said that it would be in writing but nobody has ever seen it—that the government would deliver equity of service and parity of pricing to country people on broadband services and telephone services. This great announcement of yesterday is supposedly the follow-through from that commitment.

What is wrong with that commitment? Obviously it is not an equitable arrangement. City people are going to get a service that has higher internet speeds than that of country people. They are—and I am not kidding—going to receive less of a service in country Australia than in city Australia. The government broke its commitment to the Australian people when it talked Senator Joyce into supporting the legislation.

It is contrary to what the National Party did over the weekend in their great expose of how they are going to spend the next four years eradicating the divide between city and country. It did not take four years—it took one day. In one day they have entrenched that—and they are proud of it. They are proud that country people will receive a lesser service than their city cousins. I think that is a disgraceful act.

There are a number of issues that I would like to cover quickly. One is a probity and a process issue. The government asked a number of bidders to bid on the provision of internet services to country Australia. The announcement yesterday was of the winning bidder, Opel. As I understand it, what the government did not do is announce to the other bidders that it would add another $358 million to the original bid offer. I think that is something that needs to be closely looked at. How can the government issue a contract when it has asked a number of bidders to bid and when it has then changed the numbers? Somebody might be able to explain that to me, but I am told that the other bidders were not aware of the $358 million. So how could they, in a competitive bid process, guarantee what the winning bidder could when 50 per cent of the money was not there? That is an issue that needs addressing.

Yesterday the member for Calare asked a question of the Prime Minister. The Prime Minister said that country people ‘will have the same access to broadband speeds as is now available in metropolitan areas’. If the Prime Minister is satisfied that the speeds in metropolitan areas are sufficient now and that that is good enough for country people, why are we increasing the speeds in the city? If that is sufficient for people in the country, why is it not sufficient for people in the city? The guarantee of equity of access that was given in terms of broadband and telephone services has been ignored by this government. (*Time expired*)

**Mr TICEHURST** (Dobell) (4.13 pm)—The member for New England probably has not been involved in submitting too many tenders, but I can tell you that I have won more tenders with alternatives to the specifications than by just blindly following the specs. You need to be a bit creative.
We have heard our opponents over there talking about fibre to the node. It is great technology. We heard the member for Mel-
bourne talk about there being no need for exchanges, but, if you have a node, you have
to have two ends of a cable—and one end actually starts at an exchange. I have not
seen any exchanges being demolished as broadband has been rolled out. Providing
fibre to the node to 98 per cent of Australians is totally ludicrous. It is unaffordable in this
country, as it is in many other countries. It is expensive. The $4.7 billion that the ALP
have put up in their policy is probably about a quarter of what the real cost would be.

Fibre to the node is probably great for the cities. I am four kilometres from the Berke-
ley Vale telephone exchange, and there is no way in the world that I would ever expect to
get a fibre cable into my house. Even if it were fibre to the node, the nearest node
would probably be three kilometres away and the rest would be overhead cable, as it is
today. I would not expect that to happen any time soon. If you want to have really good
high-speed broadband, fibre to the home is really what you need. That happens in a
number of American cities, but I am quite sure the ALP are not actually proposing that.
So we still need cables from nodes to connect to houses.

The other day the member for Hotham was talking about the government having a
bandaid solution that is flawed. I do not think he has read the solution put forward by
OPEL. The member for Hotham said:

Wireless does have a role to play in connecting mobile consumers, but it must be used to com-
pliment a fixed line broadband network.

I think the member for Hotham ought to have a look at what we do these days—and have been doing for many years—with wire-
less. We have TV, radio and pay TV—which is delivered by satellite in many cases—
delivered by cable. Our major power trans-
mission lines are controlled by wireless. It is microwave technology. We also have mic-
rowave technology as the backbone for com-
munications systems. One company is run-
ing a backbone internet from Cairns, through Brisbane, Sydney and Melbourne, to
Adelaide—again wireless. We have mobile phones—a huge application of wireless. We
have IP networks coming up in houses, schools and businesses. So wireless is cer-
tainly not a second-rate technology. It just shows that Labor does not understand the
technology.

As Barry Cohen, a former member of the
Whitlam government, once said: ‘The prob-
lem with Labor is that they are ex-union, ex-
staffers and ex-lawyers. How can they be
expected to make technology? They haven’t
really been involved in the real world.’ Let
us have a look at Labor’s record on commu-
ications. There was the mobile phone fi-
asco, which the minister mentioned earlier.
We also had AMPS, which was a system that
was developed in the USA for long range
and rural. Australia had a similar need, but
Labor dumped AMPS and adopted GSM.
Why did they adopt GSM? It was a Euro-
pean system, and there were GSM technol-
ogy companies in Australia, in Sydney and
Melbourne, with large union membership. So
why wouldn’t the unions want to maintain
the technology that employed more of their
existing members? It took the Howard gov-
ernment to come into office and introduce
CDMA. That was American technology.
Even today we see that Telstra’s Next G is a
wideband form of CDMA. Labor have no
technical backing for their proposal. They
have cobbled it together. The Deputy Prime
Minister labelled it ‘fraudband’—and that is
exactly what it is.

The other issue we need to look at is: what
is Telstra doing? We have ADSL2+ capabil-
ity in many exchanges, but they are not en-
abled. Customers of mine tell me that Telstra says, ‘We won’t enable those exchanges until we have a competitor come in and install their equipment in those exchanges.’ So we have Sol Trujillo out there trying to blackmail the government, trying to stand them up and trying to be a bully boy. It would appear that he has got into bed with Labor somewhere along the line on their proposal, because he has been waffling on about fibre to the node. We already have capability in this country to run ADSL2+. When OPEL get started, we will just see how long it is before Telstra realise that they are not going to have a monopoly in this field and that they really have a competitor.

Mr Les Wozniczka, the CEO of Futuris—the company that owns Elders—said that 80 per cent of the funds that they are employing are actually for fibre back-haul because, if you are going to run ADSL2 in exchanges and you are going to have WiMAX towers, you need a good, reliable fibre back-haul. It is a long-term scaleable proposal. Initially, they will be looking at 12 megabytes, going to 20 megabytes. In the longer term it can extend to 50 and 70 megabytes. Telstra are talking about similar figures with Next G as the technology improves and develops over the years. The opposition have not even spoken to Elders. So where do they get their solutions from? The member for Hunter really let the cat out of the bag when he was asked whether his region would miss out. He said:

Well those things are yet to be tested; we will roll out fibre to the node right throughout the Hunter region. Obviously there may be some people excluded from that. We haven’t … don’t have the technical backing to make those final conclusions.

So we have a half-baked proposal from Labor, which the member for Hunter enunciated. So then we look at Labor’s other claims. How are they going to do it? Where is it going to be? What is it going to be composed of? What is the cost? We have heard that it is going to be 2013 before the plan is implemented.

If we look at the history of the government’s performance in telecommunications, we see that, since 2001, 4.3 million homes and small businesses have been connected to broadband. The price has dropped over 65 per cent over that period. In regional Australia, 1.3 million connections have been made available with $500 million of subsidies. Broadband Connect was introduced in July 2006 and we also have the Australian Broadband Guarantee program. The member for New England was a bit concerned about the one per cent who will not be connected either through ADSL or the WiMAX system, but we have satellite. Satellite is not a new technology; it has been around for many years. If you drive around the cities and the towns, you can see satellite antennas bringing in pay TV. The same technology can be used to bring in broadband—in fact, it is being used.

There are also areas of competition. The government believe in competition. Telstra itself provides many competitive products. It has fibre, ADSL, Next G and satellite. In the area of Dobell and on the Central Coast, we have two wireless providers. One is a company called Cirrus. Cirrus, in conjunction with Motorola, are installing WiMAX. We have another company, Central Coast Internet, and they are using a different wireless technology. The capabilities of these two networks are quite different. We have spoken to Central Coast Internet and Cirrus about providing wireless communication into some black spot programs. They have a solution that will fit a little group in Wyoming of about 100 users. They will not be able to get WiMAX because of the terrain, but the technology used by Central Coast Internet can be adapted into that area. So it is not a case of
one solution that fits all. It is not just fibre to the node; that is just one part of the solution. There are whole ranges of technologies that can be used to provide wireless, fixed line, satellite and broadband in many other areas. Labor need to do their homework, get their policy out and provide some detail. Let’s see what you’ve got and let’s do some real costing. Their $4.7 billion is an absolute joke, and to raid the Future Fund to provide that service is, as the Treasurer said, just one little chink in the armour to break down the whole application of the Future Fund.

Ms KING (Ballarat) (4.23 pm)—Yesterday we saw just how out of touch this government is with the needs of regional and rural Australians, and we have heard it again today in this MPI debate. Families and businesses in regional Australia have been crying out for high-speed broadband for a long time. For 11 years regional Australia has had to endure broadband speeds that are slower than those of our metropolitan centres, and yesterday the Howard government basically guaranteed that this would continue—by cementing a two-tiered system across the nation. Yesterday’s announcement is the 18th time the Prime Minister has claimed that he is going to fix Australia’s broadband problems. If, as we are so often asked by the Prime Minister, we are to judge him on his record, we should not get too excited about his latest attempts to provide a high-speed broadband service. Communities throughout my electorate and regional Australia have been crying out to access just ADSL broadband, let alone any of the technology that can provide faster speeds.

Businesses in my district have had to relocate to Melbourne because they could not access even ADSL broadband. Students have struggled to study online without access to fast and affordable broadband, and businesses in our district have failed to grasp economic opportunities because of it. Yesterday’s attempt unfortunately underlines the fact that John Howard is not focused on providing regional and rural Australia with permanent infrastructure that will guarantee the fastest and most affordable internet access possible; rather, he is focused on the cheapest and fastest political fix. It did not even take 24 hours before members of his own government were criticising the policy. The Prime Minister’s plan relegates millions of Australians to a second-class service. Unfortunately, many of these Australians are in my electorate of Ballarat. Once again, regional Australia is the poorer cousin to the cities. If the Prime Minister thinks that regional and rural communities will thank him for giving them access to a wireless network which is untried and unreliable, while at the same time he is rolling out fibre to the node in the cities, he is gravely mistaken and even more out of touch than I thought. Equally outrageous is that the Liberal Party has been able to dud regional Australia without a murmur from the National Party. The National Party rolled over on the sale of Telstra and now they have rolled over on high-speed broadband for regional communities.

The question that the Prime Minister will not be able to answer for the millions of families and businesses in regional areas is: if wireless technology is so good, then why doesn’t he connect his two homes—Kirribilli and the Lodge—his office and his department to a wireless network and cut the cable? Why doesn’t he connect Parliament House to wireless technology and cut the cable? The answer is: he will not do that because it is technology which is inferior to fibre to the node. If it is good enough for Parliament House, if it is good enough for the Prime Minister in Kirribilli House, it is good enough for regional Australia. If the Prime Minister thinks this will be acceptable to regional communities, it only highlights what an outdated view he has of regional and
rural Australia. The internet is not something that only people in the cities use. People and businesses in regional and rural Australia use the internet—and they do not use it just to send a few emails every now and again. They use it in more innovative and sophisticated ways than we could have imagined even a year ago. Yesterday the Prime Minister demonstrated not only that his government has only quick political fixes to serious problems but also that he has limited knowledge about broadband technology and regional and rural Australia. Yesterday in question time the Prime Minister claimed that five communities in the Ballarat electorate would be able to access OPEL ADSL2+ under his government’s whiz-bang broadband policy. He said:

The map—

this map which I have here, which the Prime Minister held up in question time—

shows that one, two, three, four, five areas in the electorate of Ballarat are going to get the benefit, starting this year—starting almost immediately.

Out of the five communities the Prime Minister claimed would be able to access OPEL ADSL2+, only three are, in fact, in the electorate of Ballarat. The other two are in the electorates of McEwen and Calwell, and two of the three areas already have high-speed broadband access and would notice little, if any, difference with the Prime Minister’s proposal. I do not know who put these maps together, but I am pretty sure that the kids at Bacchus Marsh Preschool could have done a better job, because Bacchus Marsh—a town of some 8,000 people—is left off this map altogether. The problem with ADSL2 is that there is no guarantee that it will be able to deliver the speeds that the Howard government claims it will. (Time expired)

Mr NEVILLE (Hinkler) (4.28 pm)—

Australians understand the limitations of distance and the possibilities of innovations. They are all part and parcel of living in the most sparsely populated country on the planet. I have always argued that we need to have a mix of technologies—not just fibre—to deliver sound broadband services throughout the nation, with quality solutions for each sector of need. In the same way that we need road, rail, ports and airports as transport infrastructure, so we need varied broadband solutions for communications. The coalition’s $1.9 billion Australia Connected program puts Labor’s proposal to shame on two fronts. Firstly, we will roll out broadband technology to regional areas further and faster than Labor ever promised to do and, secondly, we are going to do it in an economically responsible way. We are not going to raid the Communications Fund as a wanton, policy-devoid Labor Party would do. We are not going to neglect the three million households and small businesses that Labor was prepared to sweep under the carpet under its proposal—three million Australians quietly ignored. And we are going to have our network up by 2009, not four years later, in 2013. Let us get one thing straight: Labor does not care much about broadband or the bush. In the past, Labor has shown such disregard for regional Australia that it described the government’s $3.1 billion Connect Australia package as ‘one of the National Party’s slush funds’.

I pose this question: are they likely to run fibre to the farm? That is something that I would like to see. It would make Korea’s $50 billion outlay look like a Sunday school picnic. Labor has not even bothered to talk to Optus or Elders. Imagine that: the people who are rolling this out have not even been spoken to. This conglomerate proposes to invest $917 million in building a new network. The OPEL network has been designed from the grassroots to meet the specific needs of rural and regional users and it will have open access to other providers and
ISPs, several of whom I have in my electorate. They will be able to buy services at a wholesale price. Eighty per cent of OPEL’s funds will go towards improving back-haul routes with major congestion and addressing monopoly pricing issues, which have always been the bane of the bush. But the member for Melbourne in leading this debate today sought to rubbish WiMAX technology, which is being rolled out to 100 million Americans. Funny that.

Labor are not interested in the bush. In fact, a shadow minister, the member for Hunter, admitted that the opposition had not even bothered to test their own plans to find out who would miss out. I think his words were something like this: ‘We don’t have the technical backing to make those final conclusions.’ Not good enough. Labor’s grand plan is to make the bush expendable. Clearly, the government’s policy is superior to Labor’s, and the NFF has said as much:

The choice of WiMAX wireless technology, supplementing the additional ADSL2+ technology, to deliver services … is vitally important, but also provides the opportunity for scalable high speed broadband into the future. The services, combined with other technologies such as satellite, will deliver high speed broadband across the entire nation – including to farmers in the remotest parts of Australia. … The extra $358 million commitment—$958 million in all—by Government represents a major positive for regional Australia.

The government proposes a four-part solution: more optic fibre to the capital cities and leading provincials; 426 ADSL2+ upgraded exchanges upgrades, delivering 40 times the current speed; 1,361 WiMAX points of presence, providing 40 times the speed—(Time expired)

The DEPUTY SPEAKER (Mr Jenkins)—Order! The time allotted for the discussion has concluded.

DELEGATION REPORTS

Parliamentary Delegation to the 2007 Presidential Election in East Timor

Mr TOLLNER (Solomon) (4.33 pm)—by leave—I present the report of the Australian parliamentary delegation to observe the first round of the 2007 presidential election in East Timor and seek leave to make a short statement in connection with the report.

Leave granted.

Mr TOLLNER—I had the honour to lead an official Australian parliamentary delegation to East Timor over Easter this year, from 7 to 10 April, to observe the presidential election, the first round of which took place on 9 April. The delegation included Senator Claire Moore, Mr Iain Loganathan from the Australian Electoral Commission, Mr Chris Munn from the Department of Foreign Affairs and Trade and my wife, Alicia Tollner. At the locations that the delegation visited we observed that the elections were free and fair and East Timor’s citizens participated in a very peaceful manner. This was the first national election managed by the East Timorese and we thought that they did more than a fair job of it.

Since then, the UN Secretary-General has appointed a three-person electoral certification team to verify the conduct of each phase of the East Timorese electoral process. That team has concluded that, while progress has been good, further improvements can be made with respect to the legislative framework in areas such as the use of state resources to support political parties, controls over national electoral observers and a clear separation between electoral authorities and the relevant minister and the East Timorese police. The Australian government is helping in this regard by providing $1.3 million to support a UNDP project aimed at strengthening East Timorese electoral institutions and processes.
I warmly congratulate Dr Jose Ramos-Horta, who won the East Timorese presidential run-off election with 69.2 per cent of the vote, defeating the Fretilin candidate, Francisco Guterres, also known as Lu Olo, who had 30.8 per cent of the vote. The East Timorese government held a low-key ceremony for the President’s inauguration and celebrated Restoration of Independence Day on 20 May, with a more significant event scheduled for the inauguration of the new parliament on 30 August. Parliamentary elections will be held soon—on 30 June. The campaigning began on 28 May. East Timor’s future is ultimately a matter for the East Timorese and its leaders need to resolve their differences democratically and peacefully and address the many challenges facing the country. The elections have been an important step in the development of East Timor’s democracy and electoral institutions.

It would be very remiss of me if I did not extend the very heartfelt thanks of the delegation to a number of people. The delegation received a warm welcome and good support from various officials from the East Timorese National Election Commission, the CNE; and the Technical Secretariat of the Electoral Administration, the STAE. We understand that this was the first election that they had conducted since gaining independence in 2002 and their support in what must have been a very trying experience was appreciated.

The Australian embassy did a fantastic job, as we expected it would. Ambassador Margaret Twomey made plenty of time for us and there was nothing we wanted for that Margaret and her staff could not fix. Her staff, Brent Hall, Liz Day and Penny Jones; embassy visit officer Joao Fernandes from AusAID; and drivers Helder, Miguel, Acacio and Raul are all wonderful people and tireless workers. They obviously have a great love for East Timor and the Timorese people. They were great helpers and guides, and they made our trip. While I am at it, I also thank Brigadier Mal Rerden, his men, Brendan Doran and the DFAT liaison officer to international security forces for the great briefings and hospitality the delegation received at Camp Phoenix.

Finally, the delegation believes we need to thank one of our own, Chris Munn, the DFAT observer, really was our ‘go to’ man. He did a truly great job of pulling everything together, organising everyone, knowing where we had to be and when and knowing who was who. He was our note taker, diplomatic adviser, interpreter and good friend. All these people have our greatest respect and heartfelt thanks. I commend the report to the parliament.

COMMITTEES
Corporations and Financial Services Committee
Report
Ms BURKE (Chisholm) (4.38 pm)—On behalf of the Parliamentary Joint Committee on Corporations and Financial Services I present the committee’s report, incorporating a dissenting report, entitled Corporations Legislation Amendment (Simpler Regulatory System) Bill 2007 and related bills, together with the evidence received by the committee. Ordered that the report be made a parliamentary paper.

Ms BURKE—by leave—I am pleased to speak to this report of the Parliamentary Joint Committee on Corporations and Financial Services. This report relates to the package of simpler regulatory system bills forming the current tranche of the government’s corporations reform agenda. Whilst we welcome this report and the simplifications, there are many measures that do not go far enough. Indeed much of this has been quite confused, as the bill has been presented without the regulations, leaving many of the
people who presented before the committee’s inquiry quite confused as to exactly where they stand.

This package of amendments has as its primary aim the simplification and facilitation of access to affordable financial advice for consumers. It is a laudable objective and something we should all be aiming for. Unfortunately, we are not there yet. The piecemeal approach to it is causing great confusion for consumers and their advisers and needs to be rectified fairly urgently. There are numerous people today who are retiring and accessing large lumps of super. They need to get the best simplified and affordable advice they can, and the current situation does not really allow that.

The committee is mindful that stakeholders took different views on a number of proposed measures and identified specific areas that might need further refinement. This is quite true. The numerous people before the inquiry asserted that advice would now be cheaper in light of these changes, but we were unable to find anybody who could demonstrate why or how that would be the case. Certainly, financial advice needs to be more accessible to everybody, even to those with small amounts of money to invest. Whilst in general the measures in the bill represent some progress towards simplification of some elements of our complex financial regulatory system, it is far from a comprehensive set of solutions. Indeed, it has all the indications of a rushed set of measures.

The Treasury submission indicates further piecemeal reform is still to occur—for example, on the major matter of sales recommendation. This matter will be the subject of ongoing development for possible inclusion in a further legislation vehicle. Further regulation will not be available as it should be, given the important detail to be included, until after the passage of the legislation, so we are going to have the legislation but not the regulation to explain how it is all going to work. It is disturbing that after three years of financial services reform, FSR, disclosure documentation is still lengthy, complex and unreadable, often of some 50 to 100 pages. The purpose of FSR was to give people documentation they could understand. More importantly, it was to give people documentation they could take away and compare, planner to planner and adviser to adviser. With 50 to 100 pages most people give up in frustration and take the first set of advice, which is not always the best advice they could be getting. There is every indication from Treasury and witnesses that there will be little change after the passage of legislation. Further, no consumer testing has yet been carried out by Treasury.

Given the rushed, ad hoc nature of the approach, it is necessary to ensure that there are not adverse, unintended consequences—particularly given the lack of regulation detail—on the critical consumer protections to be contained in the record of advice. The ‘do not directly receive’ direct remuneration can be circumvented by indirect remuneration, and the $15,000 threshold provides the capacity for many millions of Australians with super balances less than this figure to potentially receive, in some cases, poorer advice. We all know there are literally hundreds of thousands of unclaimed super accounts out there waiting for people to take them up. We need to ensure that people have better access to finding this information and to consolidating their money. At the end of the day, as the famous ad said, ‘It’s your money, Ralph.’ People should have it and they should have it somewhere it is going to be a benefit to them in their retirement.

The lack of detail and undertakings from industry that, despite a claimed improvement in efficiency and reduction in cost, prices charged will actually fall is of concern. The
committee looked at this issue in detail. If we are going to introduce these measures to simplify things, the assertion was that therefore there would be less work and less onerous reporting, and that this would reduce costs. In the current situation we do not know what the actual costs are, so we are not sure how we are going to testify that they are going to be lower. We need some certainty that people will be able to afford advice and that advice will cost less. Whilst I recommend that we support the passage of the bill, there is a lot of work still to be done and it should have been done in a more timely and professional manner.

**MIGRATION AMENDMENT (REVIEW PROVISIONS) BILL 2006**

**FINANCIAL FRAMEWORK LEGISLATION AMENDMENT BILL (No. 1) 2007**

**FOOD STANDARDS AUSTRALIA NEW ZEALAND AMENDMENT BILL 2007**

**INDUSTRIAL CHEMICALS (NOTIFICATION AND ASSESSMENT) AMENDMENT (COSMETICS) BILL 2007**

**GENE TECHNOLOGY AMENDMENT BILL 2007**

Referred to Main Committee

Mr BARTLETT (Macquarie) (4.44 pm)—by leave—I move:

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

Question agreed to.

**TAX LAWS AMENDMENT (SIMPLIFIED GST ACCOUNTING) BILL 2007**

Second Reading

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

That this bill be now read a second time.

Mr BOWEN (Prospect) (4.45 pm)—The Labor Party will support the Tax Laws Amendment (Simplified GST Accounting) Bill 2007, and we are happy to expedite its passage through this House and the other place. We are happy to do that because this bill largely represents the implementation of Labor policy. This bill extends simplified GST accounting methods to more small businesses: those that have an annual turnover of less than $2 million and that make a mix of taxable and GST-free supplies or that acquire a mix of supplies that are taxable or GST free for the suppliers—that is, the vast majority of small businesses in this country.

Labor particularly supports the bill because it, in principle, implements the BAS Easy proposal that the Labor Party recently adopted. This is yet another example of the government adopting Labor policy. We have seen quite a bit of that this week. We have seen the introduction of the International Trade Integrity Bill 2007 implementing Labor’s policy to align the definition of ‘facilitation payments’. We have seen the government attempt to catch up with Labor’s policy on broadband—although ‘attempt’ is the relevant word; there has been failure in both policy and political terms. And, of course, last week we saw the Treasurer taking up Labor’s policy of a formal investigation into petrol prices in this country—although, yet again, he has adopted ‘Labor lite’ and, instead of a permanent and indefinite reference, has adopted a temporary inquiry. Nevertheless, we do recognise that the government has adopted Labor’s policy in principle. The detail is different but it has adopted in broad terms Labor’s policy in respect of reducing red tape for small business and reducing, in particular, the red tape that is associated with the business activity statement.

Labor have been calling for a ratio method for some time. We have been calling for it recently; we have renewed those calls. But
we also took a simplified BAS policy to the elections in 2001 and 2004. Our policy was to use a ratio to calculate GST obligations. BAS Easy gives all mixed small businesses under the $2 million revenue threshold the capacity to use simplified accounting methods. BAS Easy was very well received when we announced it, as you would expect, because it involves a reduction in GST paperwork of 85 per cent. This is what COSBOA, the Council of Small Business Organisations of Australia, had to say:

For all small businesses working under a revenue threshold of 2 million dollars a year the BAS Easy system is a simple and practical answer to the current BAS red tape.

Taking an opt-in approach will allow those businesses that are working with few or no staff to adopt the new BAS Easy system and save time and effort should they so wish.

It is singularly unsurprising that small business would welcome Labor’s BAS Easy proposal. A special survey on red tape released by MYOB in January this year found that over two-thirds, or 68 per cent, of the respondents reported the bookkeeping requirements of the BAS as being the most onerous red tape burden that they face. It is more onerous than every other red-tape burden facing small business. It is more onerous than occupational health and safety, superannuation, workers compensation, the various council requirements put on them, and payroll tax, which, thankfully, most small businesses are exempt from. More onerous than all of those requirements is the BAS paperwork. So it is little wonder that small business embraced Labor’s policy and it is little wonder that the government is attempting to play election year catch-up.

The Banks task force highlighted evidence from NARGA, the association which represents small grocers and small supermarkets in this country. It found that the GST compliance costs as a percentage of GST collected were 1.25 per cent for large businesses, 13.3 per cent for medium sized businesses and a staggering 28.5 per cent for small businesses—small grocers, small mixed businesses and small and independent providers, which are important in our economy and in communities around this country. That 28 per cent is a massive burden on these small businesses. So it is little wonder that these businesses were very happy with Labor’s policy when it was announced in recent months and it is little wonder that the government has attempted to catch up.

The government have attempted, dare I say it, to walk both sides of the street on this issue. They have said on the one hand that they do not support the ratio method. On the other hand, they have said that they are doing it and that they adopt Labor’s policy. I was drawn to the article in the *Australian Financial Review* on 26 April headed ‘Costello sour on Labor’s BAS sweetener’. In it the Treasurer firstly said: ‘We have already done that. We have already got, in effect, BAS Easy. The Labor Party do not know what they are talking about.’ Then he criticised the policy. But the *Financial Review* made a salient point. It stated:

The point of difference in Labor’s plan is extending the accounting arrangements to include other types of small businesses involved with medical, health, education, religious and non-profit charitable services.

That is the difference. The government’s original plan only applied to a small number of businesses, a small category of businesses: retailers selling food. Labor’s plan extended it broadly, and the government have caught up and extended theirs broadly.

It is not the first time that the government has commented on Labor’s plan. In 2004 the then minister for small business, who is now the Minister for Employment and Workplace Relations, told the parliament that the two biggest issues raised with him, as minister
for small business, were the national economy and:

Many small businesses in particular said, ‘Can you do something about the paperwork associated with the BAS?’

That is what they said to the then minister for small business, three years ago. Three years ago the minister for small business highlighted that the biggest issue affecting small business was the paperwork associated with the BAS. Now, a couple of months before an election, after the Labor Party releases its BAS Easy policy, the government adopt a version of the BAS Easy policy and promote it as their answer. This is three years after the then minister for small business said that this was the biggest issue facing small business and many years after the introduction of the GST in the first place, when this burden was placed on small business.

The GST act allows the commissioner to determine simplified accounting methods for retailers who sell both taxable and GST-free food and have an annual turnover that is not more than the relevant threshold—that is, $1 million or $2 million, depending on the method used—or entities that make supplies that are GST free under the GST concession for charities. Currently, the commissioner can only determine the simplified accounting methods for retailers that sell food or who make supplies that are GST free under the GST concession for charities. Retailers that sell food include supermarkets, convenience stores, restaurants and cafes. This bill extends to all small businesses and other entities the range available for eligible businesses for whom the commissioner can determine simplified accounting methods. So it now applies to individuals’ trusts and partnerships et cetera, rather than just to retailers with an annual turnover of less than $2 million that either make mixed supplies or have mixed inputs. The commissioner can determine the simplified accounting methods for retailers and charities on an ongoing basis, as you would expect. This constitutes a large broadening of the eligibility for simplified accounting methods for GST to all businesses and entities that deal with GST mixed supplies and inputs with an annual turnover of less than $2 million.

It goes without saying that many businesses buy and sell products that are taxable as well as products that are GST free. Others buy taxable and GST-free products and sell only taxable products. Accurately identifying and recording GST-free sales separately from those that are taxable can be difficult, which makes accounting for the GST complicated. It is way overdue that those businesses get some relief from the burden of the BAS, which 68 per cent of businesses said was the biggest of all the red-tape burdens on their time, and which, as evidence that has been provided shows, can constitute in compliance costs for small businesses up to 30 per cent of the GST revenue collected.

The commissioner can currently determine simplified accounting methods for retail businesses that sell food, taxable and non-taxable, to make it easier for them to account for the GST. The commissioner has so far developed five simplified methods to choose from, depending on the annual turnover, the nature of the business and the nature of the point of sale equipment, as set out in the ATO GST guide. These methods are: the business norms method, the stock purchases method, the snapshot method, the sales percentage method and the purchases snapshot method. They are set out in that guide.

Under the business norms method, the standard percentages are applied to sales and purchases. Under the stock purchases method, businesses take a sample of the purchases and use this sample. Under the snapshot method, businesses take a snapshot of
sales and purchases and use this. Under the sales percentage method, businesses work out what percentage of GST-free sales is made in a tax period and apply this to the purchases. Under the purchases snapshot method, businesses take a snapshot of purchases and use this to calculate the GST credits. The methods avoid the need for eligible retailers to identify and separately track GST-free and taxable sales. They will be able to calculate the percentage of their turnover that relates to taxable sales and will be able calculate the GST on that basis.

I note that there are currently no accounting methods specifically for charities. A retailer is defined as somebody who supplies goods. Consequently, a charitable institution, a trustee of a charitable fund and a gift-deductible entity that make non-commercial supplies of goods may be able to take advantage of the GST simplified methods, but there is no particular determination that applies to them. I understand that negotiations between some of the larger charities and the ATO are underway. I hope that this is implemented quickly.

The GST has now been operating for more than six years and yet the government has failed to significantly reduce the GST compliance burden on small business. The failure to reduce GST red tape is part of this government’s red-tape problem. This is a government which said when it was running for office that it would reduce red tape for small business by 50 per cent. I have said in the House before that I have yet to find a small business which thinks that its red tape has been reduced by 50 per cent. I just do not think one exists—because it has not been reduced; it has gone up. I would not like to put a percentage on how much it has gone up by. I would not like to begin to imagine what the percentage would be for the red-tape burden on small business under this government over the last 11 years.

I must say that the government have been very good at implementing reports and calling for reviews. When they came to office we had the Bell review. Just recently we had the Banks review. Both dealt with regulation. The Bell review dealt with it particularly in relation to small business. The Banks review dealt with it more generally. The government have been very good at reviews but not so good at action. I got out the Bell report the other day, for some light reading, and I read the Bell report, having read the Banks review when it was released. When I was reading the Bell report I thought: ‘Some of this sounds familiar. I’m sure I’ve read this before. I’m getting a sense of deja vu.’ But of course I had not; I had read the Banks review.

Eleven years after the Bell review was released, things that had been recommended for change have not changed. Of course the Banks review had to come along and recommend the same things! I found, for example, that the Bell report recommended exempting car parking and taxi travel from fringe benefits tax, and there was a very similar recommendation in the 2006 Banks report. I found other recommendations in the Bell report that were repeated in the Banks report.

What we need is a coordinated government effort to reduce the red-tape burden on small businesses. Some people like to talk about small business. Some people like to say, ‘We’re the friends of small business.’ Some people might even say, ‘We’re the best friend that small business has ever had.’ But,
when you talk to small business, you will find that what they want is somebody to reduce the paperwork burden on their time, their money and their resources. It is not just federal government paperwork—of course it is not. It is federal government paperwork, it is state government paperwork, it is local council paperwork: it is the combination of all the paperwork. Small business are looking for somebody to show leadership when they say: ‘Rid me of this paperwork, or at least rid me of some of it. Don’t say you will rid me of 50 per cent because I do not believe that you will achieve it. Just rid me of some of it.’

The Labor Party have a comprehensive plan which deals with the BAS and also with other matters. We have announced a one-in, one-out system for regulation. Importantly, we have announced a system based on the national competition model of payments to the states to harmonise and reduce regulation. As I say, it is not all about the federal government. What we need is a federal government that shows some leadership and says to the states, ‘Let’s work together.’ Some of those recommendations I talked about from the 1996 Bell report were about the lack of harmonisation across the states. There is a choice. You can play the blame game and say: ‘It’s up to the states to fix. The states should worry about that.’ Or you can show some leadership and actively work to reduce the lack of harmonisation across the states. That is the choice that Labor have made.

We have said we will have a superannuation clearing house, which has been very warmly received by small business. The government have not pinched that one yet. They have not taken that one up. They have made no moves for a superannuation clearing house—I suspect because the Assistant Treasurer raced out a very misleading press release and talked about the superannuation clearing house in factually incorrect terms. Now they are in a position where they cannot adopt it, because the Assistant Treasurer did that. And, of course, there have been the FSR reforms, the financial services regulation reforms, and the reduction in disclosure burdens. These are matters for small business. These are matters that big business are very interested in, but they are also matters for small business. I have had small financial services providers in my electorate go out of business because the paperwork burden was just too high.

We do welcome this legislation. It does largely implement Labor’s policy. There are some differences at the detailed level, but it does largely represent the government’s response to the Labor Party’s policy position on BAS Easy. We do have some concerns about how this will be implemented in detail and we will be monitoring that closely. My colleague the shadow minister for the service economy, small business and independent contractors, the member for Rankin, will be moving a second reading amendment which will deal with those concerns, and which I endorse, during his contribution to this debate. Those concerns go to ensuring that this legislation works as intended. Those concerns go to ensuring that the ratios provided to small business are realistic and provide a real attempt to encourage and assist small business onto this simplified method. This is the response of a party which actually listens to small business and has not had a tin ear to their concerns for the last 11 years. The then minister for small business said, ‘The biggest issue that small business raises with me is the BAS,’ and the government did nothing about it. This is not the policy of a party that has had a tin ear for 11 years and then, a couple of months before an election, discovers BAS Easy and discovers the burden of

BAS paperwork, and does something about it.

I am sure we are going to hear a lot of rhetoric from government members. We are going to hear the member for Indi say that this government is ‘the best friend that small business has ever had’. We are going to hear the same old tired rhetoric from the government. We are not going to hear the government telling the truth and saying, ‘Yes, the Labor Party have been calling for a ratio method—actually, they have been calling for it for the last six years—and now we’re going to get around to doing it.’ That is what we are not going to hear from that side of the chamber, but I suspect we will hear it from this side of the chamber because small business knows and understands that, when it comes to the BAS and when it comes to the red tape and paperwork, it was this government that delivered it. This government delivered the BAS and the paperwork burden that goes with it, and they suspect, perhaps quite rightly, that it will take a Rudd Labor government to reduce the burden.

Mrs Mirabella (Indi) (5.05 pm)—What a farcical performance from the young and inexperienced member for Prospect. I can understand why some small businesses, when listening to his words, would say, ‘Where has this silly young boy been?’ I rise to support the Tax Laws Amendment (Simplified GST Accounting) Bill 2007, not because the coalition is the best friend that small business has ever had; it is the only friend in this parliament that small business has had. Why? We only need to look at Labor’s record. We have had past leaders of the Labor Party saying, ‘We don’t even pretend to be the party of small business’—their own words. We have had the Deputy Leader of the Opposition defaming and inaccurately condemning a small motel business only in the last two weeks, ruining a very successful family business and causing it much havoc by incorrectly making claims in this chamber about its workplace relations affairs. And there was no apology. That is the sort of relationship that the Labor Party has with small business.

Small businesses cannot be fooled. They have seen what the Labor Party does. They remember interest rates of over 20 per cent. In the heyday of the Keating government, some were paying 24 per cent. Small businesses in rural and regional Australia remember that. Small businesses are the backbone of rural and regional Australia. They also remember that this party has said it is not the party of small business—they have never pretended to be, although under Kevin Rudd they pretend to be everything. They are such a confected and false party and they are trying to hoodwink the Australian electorate with their thin veneer of care and concern. That is all on the record.

My comments on the bill will be brief. The bill makes important refinements to the taxation system as it stands for small business. This bill foreshadows a suite of measures to make life easier for small businesses in meeting their tax obligations. It amends the GST legislation to allow simplified accounting methods for more Australian small businesses and other entities, thus allowing them to reduce compliance costs, red tape and bureaucratic inefficiencies.

Through this legislation, the government will again assist the small business sector to reduce business compliance costs and will assist industry to better comply with their obligations under the GST. In fact, this is an extension of the range of entities and businesses that have been able to access simplified accounting methods. The measures announced in the budget included an increase in the GST registration turnover threshold to $75,000, which means that, from 1 July 2007, businesses with an annual turnover of
less than $75,000 will not be required to register for GST purposes. In addition, the legislation increases the GST threshold to $75 before the requirement that businesses obtain a tax invoice to claim an input tax credit for a purchase kicks in. This threshold currently sits at $50.

Importantly, the bill expands the simplified accounting arrangements for GST to extend them to more small businesses. Entities with an annual turnover of $2 million will be able to access such concessions. It will allow them to use the simplified method of GST calculation should it suit their requirements. As we know, small businesses make up 95 per cent of all Australian businesses. They are the engine room of the Australian economy, generating growth and employment opportunities for Australians. They have been at the forefront, assisting the reduction of unemployment—most recently to record lows of 4.2 per cent and, in Indi, to under five per cent. As the product of a small business family and environment myself, I know how important this sector is in my own electorate, across the country and in regions in generating income and opportunities for Australians.

We remember the Labor Party’s form and their attitude to small business and we remember a former Leader of the Opposition who said—and let us not allow the opposition to forget the immortal words of one of their former leaders—that the Labor Party had never pretended to be a small business party. Can it get any simpler than that? No, it cannot. An even more recent Leader of the Opposition said that he could legislate the GST out of Australia. The current Leader of the Opposition spoke of the introduction of the GST as a ‘fundamental injustice’ back in 1999, in one of those ridiculous, gobbledegook, theoretical speeches that did very little to contribute to law-making and the development of policy in this place.

Talk to the states and territories, who are swimming in record amounts of GST. I am sure they will be queuing up before the Leader of the Opposition in the event that he is elected as Prime Minister of this nation. If he is elected, I am sure they will be begging him for more money and perhaps even begging him for an increase in the GST threshold. That would be possible in a situation where you have wall-to-wall state Labor governments and a national Labor government. In that instance, the leader of the Labor Party will be played like a very fine fiddle. He will be played like a patsy by the state Labor leaders because of his inexperience and he will not be able to say no to them. He wants to be everyone’s friend in every single circumstance—unless the cameras stop rolling and we really get to see the sort of person he is.

I note the astonishing and quite extraordinarily claim made by the member for Prospect, who spoke before me, that the legislation is an adoption of Labor’s policy. What an absolute joke. This is the party that refuse to release a tax policy before the election. They claim not to be the party of small business yet now claim credit for this package of measures to assist small businesses to meet their GST obligations. We cannot take them seriously—not the member for Prospect nor any of the other members. In the same vein, they claim credit for all the positive economic indicators that have recently increased and become more apparent in the last few months. They claim in fact that former Labor Prime Minister Mr Paul Keating is directly responsible for these outstanding economic figures. They just cannot bring themselves to admit what everyone in Australia knows, which is as plain as can be—that the hard economic decisions of reform undertaken by this government have ensured an environment within which small, medium and large businesses can operate and create jobs. But
then again, Paul Keating, their hero, was also the man who said that if you were not living in Sydney you were camping out. So much for a positive message to businesses in rural and regional Australia.

Everyone knows that the opposition are an economic rabble. They will return this country to the bad old days of mismanagement. Australia cannot afford a Labor government led by an inexperienced theoretical novice who cannot stand up to vocal state premiers. If his speech in reply to the budget is anything to go by, the Leader of the Opposition only believes in a tax cut for foreigners. He announced a $15 million tax cut in withholding tax for foreigners which would actually cost $100 million. That is all we have heard from the Labor Party on tax reform—certainly nothing for small business, which this legislation importantly addresses.

I commend the Treasurer for this bill, the announcement of which was made in this year’s budget. These are sensible and effective measures to improve Australia’s taxation system. They are reasonable, and it is a commonsense approach to enhance the tax regime and compliance, particularly as they impact on small business. I commend the bill to the House.

Mr CREAN (Hotham) (5.15 pm)—Labor support the Tax Laws Amendment (Simplified GST Accounting) Bill 2007 because it adopts Labor’s policy. I was interested to hear the member for Indi, who just spoke, berating the Labor Party for our approach to small business. This is what we have been recommending should be made available for small business since 2001. This is something the government has consistently said is not necessary and has now adopted. So of course we support the bill. Interestingly enough, we have been accusing the government of a lot of quick fixes in the lead-up to the election. This is no fix; this is sound policy and it is based on something we have been arguing for some time. And it is certainly not quick, as I have just indicated, because we have in fact been making the point, ever since the GST was introduced, that a simpler method of enabling small businesses to collect the GST must be developed to ensure that they are not burdened by being unpaid tax collectors for the government, and the government has found a more effective way for small businesses to collect that tax.

Interestingly, I also note that, as recently as three weeks ago in this chamber, on 28 May, Labor proposed an amendment that would have seen the effect of this legislation being implemented if the government had adopted it. On that occasion, the government voted against that second reading amendment to the bill. So it is an interesting change of heart on the part of the government. It is something they have rejected for six years, it is something they rejected as recently as three weeks ago, and now they introduce it as if it is some new policy thought on their part.

The point I would also like to make is that the government do not really believe this is necessary. We know that from what the Treasurer has said in the past. They are doing it because they are coming under pressure from the small business community, which is burdened by red tape. They know they have to move. They have heard the calls from small business, who have said, ‘Labor are putting forward a perfectly reasonable solution; why don’t you adopt it?’ to which the government have consistently said: ‘No, you don’t need to do what Labor is talking about. It’s not necessary. This is a simple new tax.’ They have resisted these measures until now. They have never believed in them, so why should the electorate believe the government when they say they will do it now? In our view, this is just something to get them through to the next election and, if they suc-
ceed, do not be surprised if we see them abolish the process.

I remember the Treasurer railing forth against this chamber on a number of occasions when he has talked about ‘their policy’, ‘their initiatives’ and Labor adopting ‘their solutions’. He proceeds on the basis of saying: ‘Trust the authors of the document, not the imitators.’ I might say, he himself does some very keen imitating of a former Treasurer in this place—the person whose name was just mentioned by the member for Indi—Paul Keating, because this is what he as Prime Minister said of the then opposition, the Liberal Party: ‘Believe in the authors, not the imitators.’ These words rebound on the Treasurer because the authors of this piece of legislation are the Labor Party—the authors who have put this forward for over six years, who have believed in it and who have prosecuted the case against a government who have consistently said, ‘It’s not necessary.’ Labor are the authors and it is in Labor that people should place their trust in relation to this particular initiative.

As I said, Labor have proposed a simplified method of collecting the GST since 2001. At the time we announced it, the Treasurer ridiculed it. He has consistently ridiculed it. When we proposed the ratio method for collecting the GST, a simplified method for its collection, he basically said—and this is a shameless piece of doublespeak—that such an initiative would cost business more and, in the same breath, said it would cost revenue more. How can it do both? It cannot be an additional cost to business and an additional cost to revenue. If there are savings it is certainly a cost to revenue, but it cannot cost business any more to do it. It is just like when the Treasurer shamelessly argued—in relation to their recently announced broadband proposal and in criticising Labor’s proposition to connect the nation—that not one cent of government money has to be spent to implement the government’s proposal, that it would all be done by the private sector. What is the billion dollars that the government has just rolled out of taxpayers’ money if it is not public resources? That is just the doublespeak of the Treasurer.

I remind the House also of the government’s promise prior to the 1996 election. Eleven years ago they said, in the words of the then Leader of the Opposition, Mr Howard, that they would have a commitment to ‘cut red tape for small business by 50 per cent’. That was their promise back in 1996. What have we seen since then? We have seen the review by the late Charlie Bell of small business and the cost impost on them. He did a very good job on reporting to the government. We saw a launch of that report. We saw a lot of words spoken about how the government were going to honour their promise. Then there was no action. Not one iota of change was introduced to lift the burden on small business.

Of course, there was a very important policy implementation in 2001—the GST, which Labor opposed. We said at the time that, if we did not succeed in our opposition to the GST being implemented, we could not unscramble the eggs. But we made a commitment to seeing it made a fairer tax and a simpler tax to collect. What this government did, rather than ease the burden on small businesses, was introduce the mother of all compliance mechanisms, the GST, which has since swamped small businesses in a mountain of paperwork. They have become unpaid tax collectors for the government. They are having to spend inordinate amounts of time, instead of with their families or building their businesses or doing the sorts of things they want to do, sitting down and doing endless amounts of paperwork to comply with the government’s requirements.
The fact is that the government has not reduced red tape by 50 per cent. It has not reduced it at all. It has in fact increased the red tape for businesses. If anyone wants any evidence of that, I refer them to the Productivity Commission research paper which talks about the potential benefits of the national reform agenda. It had this to say about regulatory developments in Australia:

While not all regulation is enshrined in legislation, it still imposes obligations and costs on business.

The recent increase in the burden of regulation impacting on business is well documented (for example, BCA 2005 and RTF 2006).

It goes on to say:

One crude measure of this increase is the growth in the volume of regulation. For example, between 2000 and 2004, as many pages of Commonwealth Government legislation were passed as during the period 1901 to 1969 …

In other words, in four years under this government it passed more pages of legislation and regulation impacting on business than in the 68 years from 1901. This is the government committed to reducing red tape? Give us a break! The same document says:

The Regulation Taskforce noted that there are more than 1500 Commonwealth Acts of Parliament and around 1000 statutory rules in force, as well as an unknown quantity of Commonwealth ‘subordinate’ legislation …

It goes on to say:

While reforms have generated net benefits to the community … the resulting regulation has sometimes been complex to administer and comply with …

And here is the real rub:

The cumulative impact of the growth in regulation is that businesses are subject to a vast and complex assortment of regulation, with a potentially considerable regulatory burden. This burden tends to fall more heavily on Australia’s many small businesses which have less capacity to deal with it. Regulatory burden also imposes broader costs on the government and the economy…

That is what the Productivity Commission’s research paper found, yet this government has ignored those findings.

I said before that we proposed at the time that, if the GST were passed, we would make it both fairer and simpler. We proposed initiatives back in 2001 to address the fairer side of it—to ease the burden in relation to small business. We proposed the ratio method for the collection of the GST. Essentially, it would not be compulsory; it would be an option that small businesses could exercise. It would be an exercise based on their past history of GST remittances. That would determine the ratio required to be used in the calculation. That ratio would then be applied to the quarterly turnover of the business. That is important, because that would take account of seasonal fluctuations in the way in which the business was operating.

This was a simple process. Two boxes only would have to be completed—one box with the ratio in it, based on past history, and the other box with the accurate detail of the turnover for the quarter. You would do the calculation and submit the remittance. You cannot get simpler than that. We said that there would be no requirement for a reconciliation at the end of the accounting period. We also said that the threshold that this approach would apply to would be businesses under the $2 million threshold.

Interestingly, the government ignored that proposal. They ridiculed it. Subsequently, they sneaked into the system their own variant of a simplified accounting method, but it had a very limited application. They introduced what were referred to as SAMs—simplified accounting methods. They were not ratios based on the individual business’s history; they essentially were schedules determined by the tax office.
We supported the introduction of these SAMs at the time but criticised the fact that they were limited in their application because, in essence, the methods could only be applied to businesses within mixed food retailing—in other words, small grocery stores, corner stores, fish and chip shops and bakers. ‘If you are going to introduce the principle of a schedule that businesses with those occupations could adopt,’ we asked, ‘why not any other business?’ It was a perfectly legitimate question, but we never got the answer. We asked the government why they would not extend it. The government commissioned another report. This was the Banks report, and it said, ‘Let’s extend it to other food businesses—restaurants, cafes and catering businesses.’ We asked the question again: why not to all small businesses?

In essence, this legislation does extend the methods to all small businesses. So the fact is there has never been a problem with doing what Labor proposed. The problem has been that the government refused to do it. There is nothing wrong with what we talked about. There was no technical problem, as this legislation now demonstrates, but rather a government refusing not only to honour their commitment to cut red tape but to embrace a solution for a tax they were responsible for introducing, which was not even around at the time they talked about the reduction in the red-tape target.

It is interesting, in relation to the simplified accounting methods that they have adopted, that they have also picked up an initiative which the member for Rankin talked about some years ago—enabling a snapshot method as well as a schedule method to calculate the ratio that small businesses would rely upon. We welcome that but we again pose the question: why not extend it? Why did they not extend it earlier when we were calling on them to do so?

I make the point that the ratio method is still an option we would like the government to consider because it gives choice and it gives opportunities to small businesses in the community. We want to make it as simple as possible for them to comply with the requirements under the legislation but then get on with the business of running their business or looking after their families. We still say that business should be given the opportunities that we have talked of in the past. We have argued consistently that there can be a more simplified method. The government rejected it. We say that the proposals that we have been talking about should be fully embraced by the government, even though we welcome this significant expansion and extension of the simplified accounting method to all small businesses.

I conclude where I began: this is Labor policy. This is something that should have been done six years ago. This is something that this government has been dragged kicking and screaming to embrace. It is something that they have rejected in the past without any valid explanation; it was simply the arrogance of the Treasurer, who did not believe that small businesses needed to have a mechanism for a simpler collection. He was contemptuous of those suggesting simpler ways for small businesses to calculate their taxes. He has been forced to embrace Labor’s proposal in relation to the thresholds, Labor’s proposal in relation to the norms method and a snapshot method, and Labor’s proposals in relation to the expansion of the simplified accounting methods.

When small businesses in this country finally get the opportunity to have a simpler way of paying the GST, they should not thank the government; they should thank the Labor Party. It is the Labor Party that has been arguing for this system despite the fact that we opposed the introduction of the GST. That tax having been legislated for and
passed, we then set about the task of ensuring that the method of its collection was much more simplified to assist small businesses. So, when the small businesses of this country find that they have a much simpler way for remitting the GST, thank the Labor Party; do not thank this government. We support the legislation. We support the legislation because it is Labor’s policy.

**Dr Emerson** (Rankin) (5.34 pm)—Labor support the Tax Laws Amendment (Simplified GST Accounting) Bill 2007 because it is Labor policy. It is astonishing that previous government speakers have challenged that very proposition, that fundamental truth. Not only do we support this legislation; we are proposing a second reading amendment which says:

“whilst not declining to give the bill a second reading, the House calls on the government to assure Australian small businesses that it will not instruct the Australian Taxation Office to issue unfavourable GST ratios to businesses that apply for them, thereby negating the benefits of BAS Easy”.

Why would the Labor Party express concerns through a second reading amendment as to the true intentions of this government? The answer is: the government has form. Whenever it is in the shadow of a federal election, it changes its tack. In areas where Labor has called for reforms, the government steadfastly refuses to implement them, but, as it approaches an election, under political pressure—which seems to be the only pressure to which this government responds—it changes its position.

That is why we doubt the bona fides of the government. We are concerned that, if this government were re-elected, it might well seek to negate the very intent of this legislation based on Labor policy because it has opposed Labor’s ratio method and BAS Easy for five years. In the shadows of the election, going down the straight, as it approaches the post, suddenly there is a conversion. Suddenly the government is saying this is all its idea; it had nothing to do the Labor Party whatsoever—but in fact it is implementing Labor policy. We do remain sceptical. We remain cynical about this government’s motives and because it only seems to respond to political pressure.

I will give some background as to what the legislation actually involves. The GST was implemented in July 2000. The law, even at that time, enabled the Commissioner of Taxation to offer what are called ‘simplified accounting methods’ for use by eligible businesses. These are businesses that must be in the simplified tax system. They are essentially small businesses. Over time, from July 2000, the availability of these simplified accounting methods has been extended to include a wider range of eligible businesses. Simplified accounting methods are now available for eligible food retailers, including supermarkets, convenience stores, restaurants, cafes and caterers.

A brief history, therefore, is that the simplified accounting methods, which essentially are modelled on Labor’s ratio method, did apply from July 2000 to a very narrow range of businesses. Those businesses were identified—specified businesses operating as mixed food retailers. By ‘mixed food retailers’, I mean retailers of food that had a mixture of GST and non-GST sales and/or GST and non-GST purchases. But it was a very limited class of small businesses that could avail themselves of this shortened, simplified method of calculating their GST obligations. The Banks committee report recommended an expansion of the eligibility of businesses for these simplified accounting methods, and the government did decide to expand its coverage to further food retailers, including restaurants, cafes and caterers—another good development.
The purpose of this legislation is to answer Labor’s question: why not extend it to all small businesses? And that is what this government is doing in this legislation, because from 1 July this year the Commissioner of Taxation will be able to determine, in writing, simplified accounting methods for businesses, or other entities such as charities, that have a turnover of less than $2 million and have a mixture of taxable and GST-free supplies or make acquisitions—that is, purchases—of supplies, some of which have GST on them and others of which do not. So the government is embracing Labor policy.

I have here a document that exposes the incorrect assertions on the part of the government that this legislation did not have its genesis in Labor policy. This document is a departmental brief to the minister for small business back in 2001. The heading of the document is ‘Ratio method for GST’. This is the ratio method that the member for Indi and other government speakers said never existed. This document is not a fabrication; it is a leaked document from the department. And I can tell you who leaked it: the minister. The minister gave it to AAP. He thought he was on to something really big, because there were some caveats put in this document by the department as to our ratio method. But fundamentally it said this, under the heading of ‘Comment’:

A ratio times turnover method is a reasonable option for calculating GST, as long as the ratio continues to be an accurate reflection of the net GST position of the business. As the actual turnover figure in a quarter is the basis for the calculation, it can be a sound means of reflecting seasonal or abnormal fluctuations, provided the basic composition of the business’s trading circumstances does not change.

That is an endorsement of Labor’s ratio method, an endorsement of a method that the member for Indi and other speakers said never existed. They said that this was not based on Labor policy. Well, it was. And I would add that the qualification that the department made in saying ‘provided the basic composition of the business’s trading circumstances does not change’ is a situation which Labor had anticipated under the ratio method—that is, if the nature of the business did change then there would be a new ratio. Even that qualification was well anticipated under Labor’s ratio method.

In his National Press Club speech of earlier in 2007, the Labor leader, Kevin Rudd, announced that, if we were to be elected to government, Labor would implement an option called BAS Easy. The name is simple; the method is simple. It essentially would pick up on the simplified accounting methods, which themselves are based on the ratio method. There are two different types of rules under the simplified accounting methods. One is called the business norms method, and the other is called the snapshot method. Under BAS Easy, Labor proposed that the snapshot method apply to small businesses—that is, businesses with a turnover of less than $2 million. The way it would work is that the small business would take a snapshot of its GST transactions for one month, twice a year, and then apply the resulting ratio to its GST transactions for the rest of the year. That means that it would only have to do GST bookkeeping for two months out of 12 months, saving most of the bookkeeping time and effort that is currently devoted to being unpaid tax collectors for this government. That is what the Labor leader announced at the National Press Club. He also said that the other option would be a business norm—that is, the tax office would issue a ratio to the eligible small business, and that ratio would then be applied. Does that sound familiar? It should—it is the ratio method. It is BAS Easy, and it is this legislation: the Tax Laws Amendment (Simplified GST Accounting) Bill 2007.
Should Labor be happy? Yes, we are happy that the government has finally recognised that the GST bookkeeping burden is the No. 1 bugbear of small business in Australia. How do we know that? Because an MYOB survey, a special survey on red tape, was conducted in January 2007. The issue that came up time and time again in that survey as the No. 1 problem was GST bookkeeping.

I spoke of the political motivation of the government. Members who were in the parliament in 2001 will recall that the government was in a lot of political trouble, having slid dramatically in the opinion polls, and was facing defeat in the Ryan by-election. There were two problems: high petrol prices—and after the Ryan by-election the government abandoned the indexation of petrol excise—and the unbelievable complexity of the business activity statement and the GST bookkeeping requirements. After the Treasurer said in January of that year, ‘No more amendments—we have got it right this time’, the government belatedly said, ‘We will simplify the BAS process. We will simplify the GST bookkeeping requirements.’ Since that time the government has steadfastly maintained that there is no problem. If there is no problem, why do we have this legislation in front of us? The answer to that question is that there has always been a problem.

Any good representative of his or her constituents would know from speaking with small businesses and independent contractors that doing the GST bookkeeping drives them nuts. It is an issue that goes beyond just spending a bit of time after work. It is an issue that goes to the heart of what was once described by the Prime Minister as the big barbecue stopping issue of our time, and that is the balance between work and family life. The reason I say that is this: very often the spouses of tradespeople or independent contractors do the GST bookkeeping. It is the spouse who is stuck at home or has to go into work to do it, taking time away from caring for children and from working with their partners to expand the small business. This is a human issue. The Prime Minister talks about the human dividend from economic growth. What about the human cost of being burdened with this inordinately and unnecessarily complex GST?

At the time the government introduced the GST in 2000 the Treasurer of Australia repeatedly described it as a new streamlined tax system for a new century. Streamlined! It was inordinately complex and the government amended it so many times we lost count. But they did not fix the BAS burden. This legislation goes some way to improving the situation for small business of GST bookkeeping. It picks up on Labor’s BAS Easy proposal, as unveiled formally by Labor leader Kevin Rudd. The Council of Small Business Organisations of Australia, under the heading ‘BAS Easy Looks Good to Small Business’, said in response to Labor’s BAS Easy proposal:

The CEO of the Council of Small Business Organisations of Australia (COSBOA), Mr. Tony Steven, has welcomed the ALP proposal, BAS Easy.

For all small businesses working under a revenue threshold of 2 million dollars a year the BAS Easy system is a simple and practical answer to the current BAS red tape.

Taking an opt-in approach will allow those businesses that are working with few or no staff to adopt the new BAS Easy system and save time and effort should they so wish.

Mr Stevens was obviously praising Labor’s BAS Easy. He was also pointing out that it is an option. Small businesses that have got used to the current BAS bookkeeping requirements and wish to stay with them are free to do so under BAS Easy. I also point out that they are free to do so under this leg-
islation—and so they should be. Mr Stevens, in response to the foreshadowing of BAS Easy—separately to what he said to the Australian Financial Review—said, ‘It’—BAS Easy—’looks like a positive thing for small business and particularly for very small business.’ Hear, hear!

Labor conceived of these ideas almost six years ago. I remember, as you would, Mr Deputy Speaker, sitting in this parliament while, at that dispatch box, the Treasurer ridiculed the ratio method. The Treasurer said that the ratio method would either cause small businesses to pay too much in GST or cause revenue to suffer because small businesses that were better off under the ratio method would opt for it, and those that were not better off would not. The Treasurer’s attack came from both sides—either small businesses would pay too much or they would pay too little. If that criticism, which he launched time and time again, was valid then it applies to the Tax Laws Amendment (Simplified GST Accounting) Bill. How can the Treasurer have it both ways? It does not automatically follow that small businesses would pay too much or too little. If the Treasurer truly understood the complexity of the BAS he would understand that many small businesses would rejoice in not having to do all the GST paperwork. We come into this parliament and hear coalition members saying that Labor has no experience with small business. I wonder whether the Treasurer does. Does he not understand that small businesses could save time and money by not having to do the complex GST paperwork? He certainly has not understood that through most of the period since 2000, but apparently he now does.

So, if Labor is so happy about the government introducing the amendments for which we have been calling for so long, why would we move a second reading amendment? The reason is we do not believe the government has its heart in this. Labor believes that the government has done this only under political pressure, just as it rolled out its own broadband idea yesterday in response to the political pressure from Labor and just as it has said it is going to have an inquiry into petrol prices in response to the political pressure from Labor. Whenever there is some political pressure, the government responds—and the government is responding today. If this legislation were implemented properly, in good faith, then it would be a very good piece of legislation. The problem with it is that in the end it only allows eligible small businesses to approach the tax office for a discussion. They can go to the tax office and ask for a ratio to be issued. The tax office will decide, firstly, whether a ratio will be issued to the particular small business and, secondly, what the ratio is.

A tax office, under the instruction of a treasurer who did not believe in any of this but just wanted to cover a political base, could well either refuse to issue a ratio or issue a ratio that is so blatantly unfair and so blatantly unfavourable to the applying small business that the small business owner would throw up his or her hands and walk away. It sounds to us that that is just as the Treasurer would want it. So we will move a second reading amendment to indicate our concerns about the bona fides of the Treasurer and about whether—if the Howard government were re-elected—this would in fact be put in place in good faith, because the Treasurer has never believed in the ratio method and has never believed in the BAS Easy proposal. Indeed, the Treasurer said to the Australian Financial Review after BAS Easy was released that he did not support Labor’s BAS Easy proposal. In the story, which was headed ‘Costello sour on Labor’s BAS sweetener,’ he condemned our proposal. But, as the Australian Financial Review pointed out, the difference between Labor’s plan and
what the government had already done was that the plan extended it to all eligible small businesses. That is what this legislation does. We support the legislation, and we call on the government to declare its bona fides in this matter, because it does not have a very good track record. I move the second reading 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 calls on the government to assure Australian small businesses that it will not instruct the Australian Taxation Office to issue unfavourable GST ratios to businesses that apply for them, thereby negating the benefits of BAS Easy”.

The DEPUTY SPEAKER (Hon. DGH Adams)—Is the amendment seconded?

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

Mr HAYES (Werriwa) (5.55 pm)—Mr Deputy Speaker, you can forget superannuation paperwork, you can forget the payroll tax and you can forget trying to understand the complexities of the government’s handling of the industrial relations debate: the bane of small business people, quite frankly, is without doubt the GST. You know that, Mr Deputy Speaker, I know that and anyone that truly gets around their electorate knows that. Six years after its introduction, the GST remains the biggest headache for many small businesses throughout this country. That is not just me saying that as a Labor member; that is the claim that is being made by small business operators everywhere. In a survey conducted by MYOB, and released in January this year, of some 1,400 businesses, the No. 1 red-tape burden for many businesses was BAS reporting. BAS reporting ranked in the top three of red-tape burdens for 68 per cent of the small businesses surveyed and featured as the No. 1 issue for a third of them.

After six years of reporting drudgery for small businesses, the government has finally decided to act. Mind you, before you get carried away, Mr Deputy Speaker, this government’s action was not the result of a particular concern for the lot of small business operators; the government was not responding to their concerns. This bill before us, the Tax Laws Amendment (Simplified GST Accounting) Bill 2007, is nothing but the manifestation of a government’s poll driven response to the fact that small businesses are concerned about GST reporting, given that this government is very concerned about how it might be travelling in the polls. So, much as with the so-called ‘fairness test’ introduced into Work Choices and the two-tiered broadband approach announced yesterday, this government has rushed to follow Labor’s lead when it comes to reducing the small business GST compliance burden. Sadly for small businesses, the government has once again introduced a poor facsimile of a Labor plan, but I will come back to that a little later.

The bill before us will allow the Commissioner of Taxation to determine simplified accounting methods for certain small businesses and other entities. The bill will allow for simplified accounting methods to be applied to small businesses and other entities, with an annual turnover of less than $2 million, that make a mix of taxable and GST-free supplies or that acquire a mix of supplies that are both taxable and GST-free for suppliers. Currently, the taxation commissioner can only determine simplified accounting methods for retailers who sell food or who make supplies that are GST-free under the GST concessions for charities. This bill extends the range of eligible businesses for whom the commissioner can determine simplified accounting methods to all small businesses, not just retailers, individuals and entities such as partnerships and trusts, the
criteria being that the annual turnover of the businesses is less than $2 million.

This constitutes a large broadening of the eligibility for simplified accounting methods for GST to all business entities which deal with mixed supplies and inputs and with an annual turnover of less than $2 million. More importantly, this is long overdue. Quite frankly, it is particularly overdue as a recognition of the burden that the BAS reporting system has placed on small business entities throughout this country. In the MYOB special survey released in January this year the main reason given for ranking BAS reporting as their biggest red-tape burden by the 45 per cent of respondents who did so was the time it took to fill in returns. Completing BAS returns takes time. Certainly the measures introduced in the bill will help alleviate some of that in terms of the reporting of BAS returns. However, there are other opportunities that this government should have taken. As a matter of fact, they should have gone further.

When it comes to red-tape reduction, Labor has led the way and this government have again followed. The bill and the announcement of the changes in the budget were another example of this government playing catch-up. We have seen that in education recently. We have seen it in terms of petrol pricing. Only yesterday we saw it again when the government rolled out its two-tiered broadband policy. When it comes to playing catch-up politics—when it comes to this government trying make up for 11 years of neglect and when it comes to this government yet again adopting versions of Labor policy and trying to pass them off as its own—this government fails to deliver. The member for Macarthur got it right when he was recently quoted in the Australian newspaper. I forget the date of that article, but I am sure it can be accessed. He was reported as bemoaning the fact that the public has given up on listening to this government on the big issues. As the member for Macarthur knows, the people have switched off when it comes to listening to this government. He knows that what has been happening in the last few months is that Labor identifies the issues, Labor comes up with the solutions and the coalition adopts a poor facsimile of those solutions and makes some half-hearted attempt to pass it off as fresh thinking. The member for Macarthur acknowledges the shortcomings of this government. Quite frankly, this has been going on for some time. I have to say that he is right: the people have given up on listening to this government on the big issues confronting society at present. The process of implementing poor facsimiles of Labor policies has not changed when it comes to this bill either.

Labor have consistently supported a simple ratio based method of calculating GST liability. We took a simplified BAS to the 2001 and 2004 elections. At the National Press Club in April this year the Leader of the Opposition, Kevin Rudd, announced that a Labor government would address red-tape compliance burdens associated with BAS reporting. At that stage, he announced BAS Easy. This is a very good policy, I have to say. As someone who has worked in small business, I can see the value of that policy as it would apply to small businesses—particularly those operating in my area. Under BAS Easy all mixed businesses with a turnover of less than $2 million would be given the capacity to use simplified accounting methods. Under a Labor government, small businesses eligible to obtain a ratio from the tax office would be given a ratio for the purposes of calculating their GST obligations. It is a very straightforward approach. I am sure that members opposite would applaud it for its simplicity—and its ability to be easily understood and to make GST reporting one of the least difficult things that a
small business operator has to contend with when running a business. BAS Easy would reduce GST bookkeeping by up to 85 per cent. No doubt this would please the 68 per cent of the respondents to the MYOB survey who listed BAS reporting among the top three red-tape burdens for their businesses. In fact, you would probably be safe in saying that there would be very few people who would object to it.

I know that the Council of Small Business Organisations of Australia has said, and I quote, ‘For all small businesses working under a revenue threshold of $2 million a year the BAS Easy system is a simple and practical answer to the current red tape.’ COSBOA went on to say, ‘Taking an opt-in approach will allow those businesses that are working with few or no staff to adopt the new BAS Easy system to save time and effort should they so wish.’ While many agree with that approach—including, as I indicated, many of the businesses operating in my electorate of Werriwa—there are some who do not. While adopting more a position of opposition for the sake of opposition, the Treasurer certainly did not take to the Labor Party’s BAS Easy policy. In fact, in an article in the Australian Financial Review he was described as being very sour on Labor’s plan. I can only think that the primary reason the Treasurer did not like the plan was that he failed to come up with it himself. After six years of living with the GST, having been responsible for its introduction and responsible for making every small business operator in this country an unpaid tax collector for his government, this Treasurer has paid little attention to the problems that BAS reporting has caused small business—so much so that he cannot see that the solution to this problem would be to have a single ratio approach to GST reporting.

Opposing it in the national newspaper is not the only time that the Treasurer has adopted an approach of opposition to BAS Easy for the sake of opposition. The government voted against Labor’s BAS Easy second reading amendment to the Tax Laws Amendment (Small Business) Bill debated in this place recently. Following his strident criticism, instead of accepting Labor’s superior BAS reporting policy and adopting it in full, the Treasurer announced in the budget what I can only describe as the ‘BAS sort of easy’ approach. This ‘BAS sort of easy’, a policy introduced through the bill before us, is the BAS Easy policy that you have when you will not introduce BAS Easy, even though you agree with it. Surely the government cannot be that out of touch that they cannot see that BAS Easy would be of significant assistance to every small business operator in this country. Simply because the government did not come up with it, perhaps by embarrassment they cannot bring themselves to introduce a simple ratio system for small business operators to make it easier and to relieve some of the compliance burdens currently foisted on small business operators in this country. I can only imagine that this ‘BAS sort of easy’ is the policy that stems from the fact that the coalition only sort of cares for small business and is only sort of interested in trying to help them cut their compliance burden.

You would be hard-pressed to find anyone who denies the fact that the impact of red tape is felt most keenly by small business operators. Unlike larger organisations, small businesses do not normally have the resources needed to comply fully with the reporting and paperwork that is necessary, and a lot of their time and effort is taken up in complying with red tape. I know that in my electorate the compliance burden of many of these small or home based businesses falls on the partners, the husbands and wives—the spouses. These business operators try to balance their work and home lives while trying
to comply with the reporting responsibilities to the Commonwealth.

Contrary to the feigned protests of the members opposite, Labor does understand the needs of small business. Labor is in touch with small business. Labor understands that small business is the employment generator for this nation. We need to do more to assist small business in what they currently do and also give them the opportunity to expand, grow and employ more people throughout their operations. Unlike members opposite, who see the solution to everything in the business world only through the guise of Work Choices, Labor understands business needs and wants businesses to achieve growth and competitiveness within the economy through means other than simply slashing wages. For this reason, Labor has adopted a sensible ‘one in, one out’ approach to regulations, which means that the red-tape burden will not gradually increase over time.

As the MYOB survey indicated, three-quarters of the respondents considered time saving as the main advantage to their businesses from a reduction in red tape. Additionally, one in 10 businesses that took part in the MYOB survey indicated that solving the red-tape burden would allow them the opportunity to expand and grow. As I indicated, on our side of politics we look to give small businesses the opportunity to grow with a view to employing more Australians. Reducing the time that small business operators spend dealing with red tape—for example, GST compliance—results in more time spent working on their businesses, growing them, planning for the future and generating jobs and in less time filling in paperwork.

Small business operators should be mindful of this government’s record when it comes to implementing real and serious solutions to cutting red tape. Do not forget that, back in 1997, it was this coalition government that gave a commitment to reduce red tape by up to 50 per cent. Yet what we have seen, particularly over recent years, is that the burden of red tape has grown substantially and disproportionately affects the operations of small business operators throughout this country.

For six years, this government has opposed GST simplification through the use of a simple ratio method. Not only has it opposed it in the media; it has opposed it in the parliament and actively campaigned against it during the 2001 and 2004 election campaigns. Small business should not be fooled come the next election; they should see the pattern that has been adopted by this government. Before the next election, unless this government adopts Labor’s ‘one in, one out’ approach, small business operators should know that this government’s pattern of behaviour in looking after the interests of small business and relieving the red-tape burden can only be measured against the commitment that this government made back in 1997 and failed to deliver on. Small business operators, their partners, their families and their friends should remember that this government has had 11 years to take real steps to address the red-tape burden on small business, and yet it has done virtually nothing.

In contrast, Labor has proposed a simple approach—one in and one out. For each new regulation proposed for implementation, another regulation will have to go. The bill before us is poll driven; everyone knows that. It is a reaction to the problems rather than a real attempt to address the real issues confronting small business operators at present.

Labor supports this bill, but I draw the attention of the House to the second reading amendment moved by the member for Rankin. Anyone who supports small business should be supporting that amendment. Labor’s second reading amendment is aimed at
addressing the concern that the tax office could be directed to issue unfavourable ratios in the implementation of this plan which would negate any benefit derived from the simplification of BAS reporting. It is important that this government provides that commitment so that small businesses are not deprived of the opportunity.

Ms KING (Ballarat) (6.15 pm)—I, too, rise to speak in this second reading debate on the Tax Laws Amendment (Simplified GST Accounting) Bill 2007. The bill provides much needed relief for small business by simplifying our tax system. The purpose of the bill is to extend simplified GST accounting methods to a larger number of small businesses.

Business regulation in this country has certainly started to spiral a bit out of control. Business regulation is stifling small businesses’ drive to be innovative, to move forward and to grow. Labor supports this bill. We support it because it reduces the red tape for small business. But most importantly we support this bill because it mirrors the principles that Labor attempted to implement at the 2001 and 2004 elections. Labor proposed a simple BAS at these two elections that used a ratio to calculate GST obligations.

It is great to see, once again, that this government is so clearly out of ideas that it has to steal them from Labor! Over the past few weeks we have seen this ageing government playing catch-up on Labor policy. The government has been playing catch-up for a while now. They are playing catch-up on climate change. The Prime Minister just woke up to the problem this year after 10 years in hibernation. Who is leading, and who has led for many years, the policy debate on climate change? Labor has.

Then, only last week, the Treasurer finally decided to take up Labor’s plans to inquire into petrol prices. Motorists in the Ballarat electorate are now paying $700,000 extra per week at the petrol bowser compared to what they paid in January this year. The last thing motorists need is to be getting ripped off at the petrol bowser.

Yesterday we saw the government playing catch-up on broadband policy. After 11 years of waiting for ADSL broadband, communities in my electorate have found out that they will be relegated to a second-class service. What next? We might even hear the government finally start talking a little bit more about fairness within the workplace. I doubt that is going to occur.

But this bill is a start. This bill will provide all mixed business with an annual turnover of under $2 million the ability to obtain a ratio for calculating GST obligations from the Australian Taxation Office. This is welcome news for the 16,000 businesses in the Ballarat electorate, many of whom continue to tell me that they are burdened by excessive red tape. An example of this excessive red tape was recognised in the Banks task force report on business regulation. The report showed that it costs small retail grocers 28.25 per cent of their GST collections just to cover GST compliance costs. These small businesses pay over one quarter of their GST collections on compliance.

Craig Emerson and Labor released a statement on our BAS Easy option on 19 April this year, and we received strong support for our initiative from the peak body of Australia’s small business, the Council of Small Business Organisations of Australia. The Council of Small Business Organisations recognised that our approach was a simple and practical answer to reducing the current level of red tape. The Council of Small Business Organisations backed Labor’s BAS Easy, and finally the government is also coming up to speed.
Small businesses want a reduction in red tape. Labor wants a reduction in red tape for small business. And this government now, in the shadows of an election, wants to adopt Labor’s small business policies, because it now realises that much of the burden of the GST needed real fixes some time ago. Labor’s BAS Easy proposal would have reduced GST bookkeeping for small business by up to 85 per cent. Had the government acted more quickly on our previous proposals, small business could have saved valuable time—valuable time that has now been wasted on GST bookkeeping.

Small business would have saved time because Labor’s plan let small businesses complete BAS paperwork in only a few minutes, not in the hours that is currently required. At present it can be tough for small businesses to spend so much of their time calculating the GST implications on their total sales or total purchases. This bill will enable small business to use a simplified GST accounting method and apply a single ratio to total sales and purchases. This is a common-sense approach. This is the ratio method. It is, in fact, BAS Easy, and it is good Labor policy.

Interestingly, the Treasurer has not been a strong supporter of Labor’s policy in relation to this area in the past. The Treasurer attacked us on our ratio method in the past two parliamentary terms. The Treasurer condemned this proposal and said that it would not work. Labor welcomes the Treasurer’s backflip, and we are happy that he has decided to support Labor’s ratio method.

At present, the GST act firstly allows the commissioner to determine simplified accounting methods for retailers that sell both taxable and GST-free food and have an annual turnover that is not more than the relevant threshold. Secondly, the act allows the commissioner to determine simplified accounting methods for entities that make supplies that are GST-free under the GST concession for charities. So currently the GST act gives the commissioner powers to determine simplified accounting methods for retailers who sell food. These retailers may include supermarkets, convenience stores, restaurants or cafes.

The changes in this bill now increase the number of businesses eligible to use simplified accounting methods—from food retailers, to all small businesses. All small businesses that have an annual turnover of less than $2 million that have mixed supplies or mixed inputs are now eligible. This is belated but good news for the majority of businesses in my electorate that are currently burdened by this tedious red tape. The reality is that many businesses in the Ballarat electorate and across Australia buy and sell products that are taxable and buy and sell products that are GST free. Some businesses buy both taxable and GST-free products, but only sell taxable products. The problem is that recording GST-free sales separately from taxable sales can be a tough task. GST bookkeeping is time consuming and businesses are wasting their already precious time with GST calculations.

The advantage that small food retailers have when calculating GST, compared to other businesses, is that they have access to five simplified accounting methods issued by the Australian Taxation Office. At this point, I would like to express my support for the second reading amendment moved by the member for Rankin in relation to the Australian Taxation Office not being able to issue unfavourable GST ratios to businesses that apply for them, thereby potentially negating the entire effect of BAS Easy. The Australian Taxation Commissioner determines these five simplified accounting methods and makes GST accounting much easier for food retailers. The five methods developed by the commissioner that these businesses have to
choose from depend on annual turnover, the nature of the business and the nature of the point-of-sale equipment. Similar methods will now be able to be applied to many more businesses throughout my district. This bill will result in the commissioner releasing similar simplified accounting methods for all small businesses.

There is of course a lot more that needs to be done to support small business in this country. Small business still faces many challenges. There is still a long way to go before businesses in Australia and in my region are relieved of the current stranglehold of regulation, especially GST compliance. This stranglehold of regulation on business was recently confirmed by a special MYOB survey on the red-tape burden on small business. MYOB found that GST paperwork requirements were the No. 1 red-tape burden for small business.

Australian businesses need a plan to reduce red tape not just for GST requirements but for all business regulations. The Leader of the Opposition and the Australian Labor Party are continuing to set the challenge for this government in relation to regulation and small business. The Leader of the Opposition has outlined a coordinated national strategy to reduce the regulatory burden on productive Australian businesses, and Labor has a plan to further reduce business regulation. Labor will set a national objective in partnership with the states and territories to harmonise key regulations imposed on businesses operating across jurisdictions. This includes OH&S regulation, administration of payroll tax, building codes, and trades and professional body recognition.

Labor will further reduce business regulation by commissioning the Productivity Commission, through the COAG reform council, to be responsible under statute for estimating the costs and benefits of harmonisation in each of these areas. Labor will provide a financial incentive to reward state and territory governments that implement these regulatory-reducing reforms. A federal Labor government will reward results, using a model similar to that which existed under the national competition policy reforms. Labor will put in place a system that will protect small business from any new regulation. Labor will introduce a rigorous regulatory impact statement process. This process will be reviewed through our decision to have a Small Business Advisory Council, and the council’s comments will also be published in the regulatory impact statements.

This bill may reduce regulation, but the Howard government continues to add more regulations than it actually removes. Labor is going to reverse this trend. A Labor federal government will adopt a ‘one in, one out’ approach to all new Commonwealth regulations. Under Labor, if a new regulation is introduced that impacts on small business then an old regulation must go. Labor has already outlined real action to reduce the red-tape burden for Australian businesses, especially small businesses. Labor has other initiatives to reduce red tape and tackle the many problems that Australian small businesses face. For example, Labor proposes to give small businesses the option to make payments into a central superannuation clearing house, free of charge, consequently reducing the form-filling and checking and the costs and legal liability associated with the government’s choice-of-super legislation.

Labor also proposes to cut red tape in financial services by introducing a simple, standard disclosure form for financial service products. Labor’s three- or four-page disclosure forms are in clear contrast with the government’s financial disclosure regime, which has resulted in some consumers being issued with 100-page complex documents that are
an administrative nightmare for consumers and businesses.

The concerns of small businesses do not end with red tape. The government still needs to address the national skills shortage, fairness in the workplace, overall economic productivity, cashflow problems from late-paying government departments and, especially, offer real broadband solutions for regional and rural small businesses like those in the electorate of Ballarat.

Labor supports this bill because it reduces red tape for small business. The government must also tackle the other issues that small businesses are faced with. Streamlining GST calculations is a start, but it is now time to tackle the national skills shortage and assist businesses to find skilled labour by introducing trades training schemes into schools. This is just one way that Labor will address the current national skills shortage.

This bill, in the shadows of an election, may reduce red tape, but what about bringing fairness back to our workplaces? Labor has a plan for fairer and more productive workplaces and believes that our economy can go forward with fairness. What about improving innovation, competitiveness and productivity in Australia? Small businesses do not just need a bill on simplifying the GST burden; they need Labor’s plan to meet the huge challenges of overcoming decades of skills shortage as a result of being in a more intense and competitive market—resulting from our regional trading partners like China and India—and the ageing of our population and decline in the size of our workforce. Labor will boost productivity by investing in business, investing in creativity and knowledge generation, investing in new technology, supporting foreign investment in Australian R&D, investing in innovative Australian firms and strengthening the skill base for innovation, including maths, science and engineering.

With GST calculations, many small businesses struggle to find time. But they also struggle with cashflow as a result of late payment by federal government departments. Labor also proposes to tackle the burden on business by paying small businesses on time. Labor will give small business the right to charge Commonwealth government departments and agencies interest on bills not paid within 30 days. Labor understands that late payments result in significant cashflow problems for many small businesses. This problem needs to stop.

Small businesses are struggling to compete in the global market, as their overseas competitors already have access to reliable, fast and affordable broadband. Only Labor’s broadband plan will slash telephone bills for small business as well as provide other opportunities such as more accessible teleconferencing and videoconferencing. The Howard government’s broadband policy is really just a political quick fix. It is not about delivering for regional and rural Australia or for the future of our small business community.

I support this bill because it is important that simplified GST accounting methods are accessible to all small businesses. It is important to reduce the existing regulatory burdens that impact heavily on small business. For small business to prosper, they need support and reform from a federal government—and Labor has plans to achieve this. This bill will reduce the red-tape burden on small business. The bill is much needed, as this government has waited too long to combat the GST’s regulatory burden on small businesses.

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (6.30 pm)—in reply—I thank the members who
have contributed to the debate on the Tax Laws Amendment (Simplified GST Accounting) Bill 2007. I will begin by providing a couple of words in response to the second reading amendment moved by the honourable member for Rankin. It must be difficult, if not embarrassing, for members of the Labor Party to talk about small business and to put themselves forward as a legitimate alternative. This is a country which has now paid off Labor’s $96 billion of debt. We have moved small business in this country from a situation under Labor where they were paying over 20 per cent on their overdraft, where they had unions breathing down their neck and where unions were involved in workplaces and determining bad outcomes for small business.

The Labor Party stand in this chamber today saying that they want a return to the days of bad times for small business. Not one small business person I speak to in my electorate or as I go around the country thinks that the Labor Party would be good for small business in this country. Small businesses have been and remain the backbone of the Australian economy. They are great employers. They are people who risk their capital. They provide good opportunities not only for themselves but also for the future of their families, their local economy and the national economy. To hear the Labor Party in this chamber tonight talk about trying to provide a fresh alternative for people in small business is laughable. It must be embarrassing for them to stand here with a straight face and put that proposition.

This bill enables the Commissioner of Taxation to determine an appropriate simplified accounting method under the business norms method. This will include the commissioner determining the appropriate portion of sales or purchases that represent GST-free supplies. The member for Rankin has raised a concern via his second reading amendment that the government will direct the commissioner to only offer rates that are of no real benefit or are of limited benefit to small business. That is a nonsense. I deal with lots of legislation in this chamber—this portfolio has a large legislative load—and I have never seen such a ridiculous amendment moved by the Labor Party as that moved by the member for Rankin in relation to this bill. The government is a true friend to people in small business and would not be taking the time to make these changes that benefit small businesses if we did not want to see them implemented to the benefit of small business.

Imagine for a moment, please, if you would, how ridiculous this proposition is that is being put by way of amendment by the member for Rankin. This amendment not only is ridiculous but also makes small business understand just how irrelevant the Labor Party are to small business. They are a party of ex-union bosses. They govern for the unions and are governed by the unions. At every opportunity they walk in the way of people in small business, and this parliament today should recognise that. The parliament has given the Commissioner of Taxation the administration of Australia’s taxation laws, and neither I nor any other minister can intervene in that administration. Since the introduction of the GST, the commissioner has implemented a number of simplified accounting methods to the satisfaction of small business. The commissioner is best placed to determine, in concert with small business, what is an appropriate simplified accounting method.

As announced in the 2007-08 budget, this bill will expand the existing GST simplified accounting arrangements, reducing red tape and compliance costs for Australian small businesses. During the course of this debate, opposition members, including the member for Rankin and the member for Prospect,
claimed that the government is adopting Labor’s policy in this area. I note that the changes in this bill expand on the government’s idea that has been in place since the inception of the GST. So let us dismiss all of this nonsense talk from the member for Rankin and the other members of the Labor Party who have taken part in this debate that somehow this idea about simplifying arrangements for small business is their idea and theirs alone. When in government, and since they have been in opposition, the Labor Party have done everything to stand in the way of small business, and tonight has again been a demonstration of their ignorance of what is good for small business.

Since the GST began in July 2000, the GST law has enabled the Commissioner of Taxation to offer simplified accounting methods for use by eligible businesses. Over time, the government has expanded the availability of these simplified accounting methods to include a wider range of small businesses. From 1 July 2007, the simplified accounting methods will be available for businesses or other entities, such as charities that have an annual turnover of less than $2 million and that make either a mix of taxable and GST-free supplies or that have acquisitions of taxable supplies and GST-free supplies.

The government has always recognised that small businesses make a substantial contribution to our economy and to Australia and are a vital source of jobs, export and innovation. The government is firmly committed to ensuring that enterprising Australians can create a business and prosper. The measure in this bill is a part of this commitment to helping the small business sector. The government has significantly reduced business compliance costs, including the costs of complying with their GST obligations. The changes in this bill are in addition to other measures announced in the 2007-08 budget which will increase the GST registration turnover threshold for businesses to $75,000 and increase the GST-exclusive threshold to $75 before businesses will need to obtain a tax invoice to claim an input tax credit for purchases.

With small businesses making up 95 per cent of all Australian businesses, this bill ensures that more small businesses in Australia will be able to benefit from applying a GST simplified accounting method to reduce their GST compliance costs. In particular, some of the types of businesses that are expected to benefit from this initiative include small businesses that export goods or services, optometrists, retirement village operators, childcare operators, chemists, educational institutions, travel agents and health retailers. This bill implements positive improvements to Australia’s taxation system. 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 Rankin 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.
Message from the Governor-General recommending appropriation announced.

Third Reading

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (6.37 pm)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.
WHEAT MARKETING AMENDMENT
BILL 2007

Second Reading

Debate resumed from 14 June, on motion by Mr McGauran:

That this bill be now read a second time.

Mr CREAN (Hotham) (6.38 pm)—The Wheat Marketing Amendment Bill 2007 is crucial legislation but, unfortunately, we do not have a lot of detail about what we have before us. The government has just circulated some further amendments which it proposes to move at some stage later in the debate. To put this legislation into context, it is another attempt by the government to manage Australia’s wheat marketing arrangements following the wheat for weapons scandal. I say ‘another attempt’ because the government has failed to come up with a solution. It was bad enough that the government presided over the largest corruption scandal in Australia’s history, that it was negligent in not responding to repeated warnings of abuse by the Wheat Board and that it cost the country in reputation and lost earnings to wheat growers. Now it is showing itself incapable of coming up with a solution—despite the fact that the Cole commission has reported and the government has introduced, six months ago, interim measures. Today all we are doing, in effect, is extending the interim arrangements for another 12 months. I will come to those details in a minute, because I intend to move a second reading amendment. Because we cannot technically move to split the bill, our view is that the government should withdraw it, introduce legislation only to extend the veto power to the minister, come back with proper consultations with the industry, and tell the parliament, by way of legislative amendment, what it intends to do to put in place the new arrangements. That is our preferred position, and I will be moving an amendment to that effect. If that fails, we will move for the separation of the bill when it is debated in another place.

At stake in this debate—this is why it is a crucial issue for us—is the issue of the single desk. The single desk has stood the test of time; it has served the growers well over 60 years. In the past, the Wheat Board was regarded as a world-class organisation. It had integrity and it was held in very high regard. Its activities consistently delivered Australian farmers a premium price for their product. But that reputation is now in tatters, and it happened under the government’s watch.

The Cole commission revealed that under this government a corporate culture developed in the Wheat Board that was characterised by excesses and arrogance. It is a culture which has cost the Australian taxpayer $300 million—but it is not just the cost; it is what that money went to. It went as bribes to the Iraqi regime and ended up with Saddam Hussein, the same dictator that the Minister for Foreign Affairs and the Prime Minister reviled in this place as the enemy that had to be replaced. This is a government that allowed bribes to be paid to Saddam Hussein’s regime. Those bribes ended up in the coffers of Saddam Hussein whilst, at the same time, we were sending our troops to Iraq to depose him. How stupid can a government be to allow that to happen? It is not just the fact that it has cost the Australian taxpayer $300 million; it is what it was going to do. And that happened under this government’s watch. The Australian government allowed bribes to be paid to a regime whose downfall they were committed to. We have made the point on many occasions that, as a consequence, the Australian government became Saddam Hussein’s best friend. That is how bad this is. That is how scandalous it is. And it happened under their watch.
Apart from the cost to taxpayers, this culture and the government’s negligence in allowing it to happen also cost Australian wheat growers. It has cost them at least $500 million in lost contracts so far. It has cost shareholders of the AWB half the value of their investments. This is a culture that has exposed the Wheat Board to a string of future legal actions, including actions by wheat growers in the United States—under the Racketeer Influenced and Corrupt Organisations Act; to a class action on behalf of B-class shareholders, run by Maurice Blackburn Cashman; an action by the Australian Taxation Office to recover the tax forgone in respect of illegal payments to the AWB; and a class action on behalf of some wheat growers against AWB to recover performance bonus payments made by AWB International to AWB. That is quite a string of legal actions. Industry estimates put the ultimate impact on the Wheat Board of these cases at more than $1 billion.

This sort of culture cannot come about overnight. The seeds for the growth of this corrupt culture were sown in the very structure of the organisation at the time that it was privatised by the Howard government in 1998. The government turned a statutory body into a private monopoly without an appropriate regulatory watchdog to effectively oversee the AWB’s activities. Yes, there was a watchdog but it was a watchdog that was asleep all the time and which had no teeth. The government legislated a deeply flawed structure to oversee the running of the single desk. Those responsible for putting that flawed structure in place should be apologising to every wheat grower in the country today. It was the current Deputy Prime Minister and his immediate predecessor, the member for Gwydir, who must accept a lot of this responsibility. They devised the Australian Wheat Board’s structure; they took the legislation through the parliament. They now stand condemned as having failed to produce a structure for the privatised Wheat Board that was robust enough to maintain its reputation as a company worth the trust of the international market place and of wheat growers.

There were a succession of National Party agriculture ministers who failed to ensure that the Wheat Export Authority did the job that it was established to do. When the government, and more particularly the National Party, gave a Corporations Law company, AWB, a legislated monopoly it also had a clear duty to put in place a mechanism to ensure that the monopoly power was not abused. There was need for a real watchdog, but the WEA certainly was not the watchdog that was needed. The Wheat Export Authority had extensive powers on paper to oversee the management of the single desk. In practice, it was completely ineffective, as the Cole commission so damningly demonstrated. For five years, despite the Wheat Export Authority being responsible for looking through every contract, it completely missed AWB’s involvement in the wheat for weapons scandal. Even when all the evidence was coming out on the scandal, all that the Wheat Export Authority did was ask the AWB whether it was doing anything wrong. And, of course, the AWB, as we know, said that it was not doing anything wrong. The Wheat Export Authority pathetically and meekly backed off.

The minister responsible for the Wheat Export Authority was asleep at the wheel. He did nothing to ensure that the Wheat Export Authority did its job. Worse, in March last year the minister condoned the activities when he said:

But even if the Australian Wheat Board was paying commissions for wheat sales in Iraq, that would not cause any great worry … if ever there were any kickbacks to the Iraqi regime, then I
guess they would end up with the government. So that is not terribly unusual.

In other words, the minister responsible for the Wheat Export Authority gets wind of the fact that there are kickbacks but does not think that there is anything wrong with them. Everyone now knows how wrong they were. But this was the minister of the day charged with the responsibility and he just did not get it. Did the minister direct the authority to vigorously investigate the allegations that were flying around at the time? No, he did not. Did the government, through any of the ministers, act on the 35 warnings that the Cole commission uncovered? No, it did not.

This approach by the current government is in stark contrast to the approach taken when Labor was in government. Labor had to oversee the activities of the Australian Wheat Board in similar circumstances—during the invasion of Iraq the first time when sanctions were imposed on the regime. UN sanctions were imposed and Labor ensured that there was no such rorting under its watch. Gareth Evans, the then Minister for Foreign Affairs and Trade, insisted that his department satisfy itself that the sanctions were not being breached by Australian companies. During the first Gulf War, there were no bribes paid. Labor also managed to ensure that Australian wheat interests were protected. I was then the Minister for Primary Industries and Energy, and I announced ex gratia payments to grain growers who would have lost out because of the application of the sanctions. We protected the integrity of the UN sanctions but also protected the interests of growers. That is what effective ministers do. They do not go to sleep at the wheel; they do not shift the buck. They take their international responsibilities seriously and they understand that, if there are to be consequences in terms of affected parties, governments may need to step in and make appropriate payments. There is a huge contrast between the approach that Labor adopted versus what unfolded under this government: the absolute negligence and slothfulness of this government and this cabal of ministers who allowed the wheat for weapons scandal to occur. The Cole inquiry noted that there were 35 warnings—35 times when the government could have acted and should have acted. This is pure incompetence.

The Department of Foreign Affairs and Trade also failed big-time. The Cole report was damning in relation to DFAT. I quote:

… DFAT did very little in relation to the allegations or other information it received …

Further on it says:

DFAT did not have in place any systems or procedures in relation to how its staff should proceed in response to allegations relating to the breach of sanctions.

These are damning indictments of the department, but where does the buck stop? That is the question that still this government will not address. We say and the Westminster system says: the buck stops with the minister. It is clear that a succession of National Party ministers and the foreign minister have let wheat growers of this nation down. Australia’s wheat growers fund the operations of the Wheat Export Authority through a levy on every tonne of wheat that they sell. They must feel really short-changed as a result of its actions, and now they are being asked, as a result of this legislation, to accept as part of the ongoing interim solution that another National Party minister be given power to effectively manage and operate the single desk. The faith of the growers knows no bounds if they are prepared to put their blind faith in that solution, and that is why the legislation that we have coming to us today is so flawed.

The bill proposes six changes, in essence, to the Wheat Marketing Act. It gives power
to the Minister for Agriculture, Fisheries and Forestry to change the company that manages the single desk from 1 March 2008. I make two points about that which is contained in the legislation. First of all, that date is after the election—very convenient indeed, because the government cannot solve the problem now. The member for O’Connor, who is in the chamber, has taken a very active interest in this debate and I will be very interested to hear what he has to say subsequently. The government recognises the need to change the company, but it is not going to make any decision about it until after the election. Also, the legislation makes absolutely no provision for how the unnamed company should operate. What sort of legislative solution is that? How contemptuous is this government? It is expecting people to buy a pig in a poke after the election.

In the amendments that have just been circulated there is another amendment being proposed by which the Wheat Board International and any affiliates are not allowed to stay as designated companies, but other entities can keep the designated company statement. Does this mean they will get the veto power that the minister relinquishes? Who are we contemplating in these new bodies and what powers will they have?

The second thing that the bill does is extend the minister’s temporary veto power for another 12 months. From the Labor Party’s point of view this is the most time-critical issue in the legislation. I accept that. The fact remains that the minister got the veto power last December. It was meant to last only until 30 June this year, after which the veto was to revert to the AWB in the absence of any alternative solution. That is why we are debating this legislation now; that is why it has to go through—because the veto power is the essential mechanism for ensuring the single desk. The veto power essentially means that no-one else can export, but, instead of coming up with new arrangements, the government has deferred the important decision on new arrangements until after the next election. It is now seeking for the minister’s temporary veto power to be extended for another 12 months. I also note that another amendment that has just been circulated will see the minister lose his power of designation on that date, obviously to put pressure on the government to come up with a solution. We are being told what the minister does by way of losing the power, but who gets it at the end of that time if they still have not resolved the problems? There is much uncertainty associated with this legislation and a hiatus created because of the inability of the government to get its act together.

Other changes proposed in this legislation involve the provision for broader information-gathering powers to a rebadged Wheat Export Authority regulator. So WEA goes, and a new body called the Export Wheat Commission comes in, but all this legislation does is enable it to obtain information from other wheat exporters and their associates. There are no additional powers; it has just a further information-gathering capacity. Another provision in this bill gives the minister power to direct the regulator to undertake investigations that the minister considers appropriate and pass the relevant information to other law enforcement and regulatory bodies. Again, it is an exercise in asking this new body to give information—it does not really go to the assessment of whether or not the existing powers of the new regulatory body are going to be sufficient to stop scandals occurring in the future.

The bill also seeks to adopt the Uhrig reforms for the governance arrangements and structure of Commonwealth agencies and it seeks to deregulate exports in bags and containers. That initiative is welcome and we wanted further information in relation to it. I understand that the deregulation of non-bulk
wheat exports will apply now 60 days after royal assent. That amendment has been circulated today but was not in the original legislation.

All in all, this is a very unsatisfactory way to do business and to address the problem. The government claim that the majority of growers support the changes being proposed by them. It is a bold assertion because the fact is that until last week the growers had not seen what is being proposed, and the government are essentially using the numbers and the urgency of the time to ram this through. They are desperately going around trying to accommodate concerns, as evidenced by the four new amendments to the legislation that were not part of the original bill, which we have not really had time to consult with the industry about, and the mysterious Ralph report, which the government used as the basis for their claim that 70 per cent of growers support the changes that they are proposing and which to this day the government has refused to publicly release.

So what are they hiding? A report of the commission? They asked it to undertake consultations, but they will not produce the findings. And they come into this place and assert that the growers back what they want to do. The truth is that the growers are bitterly divided in respect of where we go next. The government have ignored the views of a large number of wheat producers from the major exporting states of South Australia and Western Australia. Why? It is because their views do not suit the outcome that the government want. The so-called consultation over the past few months has been about resolving Liberal-National Party politics, not about listening to the growers. The government, in essence, are choosing to hear what they want to hear.

In respect of ministerial powers, some growers, particularly in the exporting states of Western Australia and South Australia, are concerned that the minister will abuse the veto powers and unfairly restrict reasonable competition. On 22 May the Prime Minister talked about ensuring that export applications are assessed on their merit, but the legislation is silent on merit. Our view is that this issue is just one of many that need proper consideration and proper deliberation. That is why the Senate Standing Committee on Rural and Regional Affairs and Transport is a mechanism that we suggest might be appropriate in the other place. The thrust of the second reading amendment, which I will move at the end of this speech, calls on the government to refer these sorts of issues to the appropriate House committee. We believe it does require further, detailed consideration and the proper use of the parliament to overcome the problems and address these important questions.

Let us go to the regulator’s powers. The debate about the regulator’s powers has been ongoing since the year 2000. The government has ignored the recommendations of the NCP review of 2000, a Senate committee report in 2003, several reports from the Wheat Export Authority itself and, ultimately, the Cole commission. The government has ignored the Cole commission’s recommendation to review the Wheat Export Authority’s powers. We do not have any proposal about what those powers should be. It has the ability to gain some extra information, but the government has not addressed the powers. The Cole commission specifically said it should. The government is asleep at the wheel again. It will not take on the hard decisions, it will not go through the consultative processes, and we end up with this flawed legislation.

Only two weeks ago, the Prime Minister said that the WEA would have significant new powers, but the legislation does not propose any. The new regulator could continue
to be the toothless watchdog, the watchdog remaining asleep. The new powers only extend the reach of the regulator—its ability to gather information—but not its powers. This too is unacceptable to Labor—and to a lot of the industry whom we have spoken to, I might add. It is another reason why these issues should be referred to the appropriate parliamentary committee. On the questions of what the cost will be and who will pay it, the government has either not considered or not publicly released any assessment of the potential financial impacts on the industry arising from the new regulatory framework. There is no new money for the new WEA, the Export Wheat Commission. Who will bear this cost? What will be the cost to the grower? Where is that issue addressed in this legislation?

On the question of the bags and containers, the industry has expressed concern about the proposal for quality assurance of bags and containers. Some groups are claiming that it is an unnecessary bureaucratic hurdle designed to put a false barrier in the way of trade. The government has not proven its case for a QA scheme. Industry considers that the existing law and market mechanisms are more than adequate to ensure quality. Industry cannot see the role of government in this area, other than to ensure that the traders are responsible and not rogues. But the proposed quality assurance scheme does not address fiduciary or prudential standards. There is also concern from the growers about the costs of the quality assurance scheme, and this range of issues should also be referred to proper parliamentary scrutiny.

It is reasonable that stakeholders continue to have concerns over what the government is putting on the table at this time, since they have not had the full opportunity to consider the impact of the proposed changes contained in the bill. There is a risk that the government is going to create a worse situation. There is a risk that the various proposals in the bill will create further cost burdens to the growers and leave Australia uncompetitive in the international marketplace. There is a clear need for aspects of this bill to be looked at further, with proper scrutiny, in order for Australia and Australian growers to get the best possible outcome in the long run. This is another classic example of the government not really listening—going through all the fanfare of saying it is going to consult, setting up the Ralph review and saying it is going to be serious about fixing the problem for future but still coming up with no real solution and not addressing concerns of major interest to the growers of this country.

That is why Labor would encourage the government to consider splitting the bill so that the minister’s power of veto can be passed immediately, so that it does not revert on 30 June to AWB (International), but so that other non-urgent aspects of the legislation—the ones that I have referred to in this address—can be put forward for consideration and scrutiny. They can then come back in a composite bill which has received proper consultation and consideration. Accordingly, I move the second reading amendment that has been circulated in my name:

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

“the House:

(1) notes:

(a) the proposed legislative measures in the Wheat Marketing Amendment Bill arise directly from the Australian Wheat Board’s role in the now infamous ‘Wheat for Weapons Scandal’;

(b) the Government should be held accountable for the fact that it:

(i) failed to act on at least 34 substantial warnings about the role of the AWB in the scandal;

(ii) failed to utilise the clear mechanism available to insist that the

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AWB reveal all information in its possession regarding its role in the AWB scandal;

(iii) failed to adopt practical and sensible measures to oversee the role of the AWB during the period of the ‘Wheat for Weapons Scandal’;

(c) the Government limited the terms of reference of the Cole Inquiry to such an extent that it was unable to meaningfully evaluate the culpability of the Government in the ‘Wheat for Weapons Scandal’; and

(2) calls on the Government to split the bill so as to separate:

(a) the provisions relating to the extension of the temporary veto power of the Minister for Agriculture, Fisheries and Forestry over non-AWB (International) Ltd bulk exports, from

(b) the remaining provisions of the bill, which should be referred to the House of Representatives Standing Committee on Agriculture, Fisheries and Forestry for inquiry and report”.

I genuinely urge the government to adopt the course of action we propose, particularly given the new range of amendments that have just been dumped on us. I hope the government starts to get this right. Labor are prepared to cooperate in achieving that outcome. I only hope the government takes up the opportunities we are offering. (Time expired)

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

Mr Brendan O’Connor—I second the amendment and reserve my right to speak.

Mr TUCKEY (O’Connor) (7.08 pm)—I wish to say to the spokesman for the opposition, the member for Hotham, that I do not now believe that the suggestion he and his party have made to split this bill is necessary. My reason for saying that is the amendments to which he has just referred. I have made some notes here, which he might find quite informative, as to the effect that those amendments will have. The Wheat Marketing Amendment Bill 2007 provides the following conditions for the next 12 months of operation of the export wheat market. I will come to the future as it may be.

The Minister for Agriculture, Fisheries and Forestry will retain the veto power over applications from parties other than AWB (International) who apply to export wheat up until 30 June 2008. This is achieved in this legislation, as it was presented to the House last week, by the simple process to be found in schedule 2 as follows:

Schedule 2—Veto power etc.
Wheat Marketing Act 1989
1 Section 65 (paragraph (b) of the definition of temporary period)
Omit “2007”, substitute “2008”.

In other words, contrary to some remarks that were found in the second reading speech, this House is approving an extension of the veto provision under the conditions that were passed in both houses in December 2006. There is nothing in those provisions that states that the minister should do other than take account of the public interest and—I might add some words he put in his second reading speech—the rules of the World Trade Organisation. That might be interesting in the court case, which I think is now in progress, which relates to one of the vetos that was applied and the reasons given.

The first thing to understand—and this will be accommodated in the second reading speech in the Senate—is that it will be clarified that the conditions relevant to the veto are unchanged from what they were previously. The Prime Minister said in this place in question time, in answer to a question from the member for Grey, that the applications in this 12-month period to export wheat will be judged on their merits and the public
interest. That will be clarified because there were some questions related to that. These matters were agreed and are now being circulated by the government.

The speech that will be made in the Senate will also clarify that the proposed new entity, of which I will speak further—and the member for Hotham raised some questions about what that might be—must establish its financial viability to conduct the management of single-desk marketing in the future. At the moment the bill only requires that it be registered under the Corporations Act. Clearly, that is an insufficient requirement. The speech will also reaffirm that the deadline for the creation of this new entity is 1 March 2008, with no extension, as implied in the explanatory memorandum to this legislation.

The power expressed in this bill for the minister to designate this new entity to assume the rights and powers of single-desk management will have a sunset of 30 June 2008. The bill presently, as proposed to this House, commences the power to designate a new single-desk manager on 1 March 2008. That power expires on 30 June 2008. That is a major change because, as the bill was presented to this House, that power existed in perpetuity. That was not the intention. As I will explain further, it is the intention to look at this new entity in the short period after the deadline that has been proposed to the farmer group that is interested in undertaking this challenge. That all has to be finished within three months. Furthermore, this minister or any minister in the future—no doubt the member for Hotham would be looking forward to that—will not have that power in perpetuity. No doubt the member for Hotham would be looking forward to that.

Furthermore, and of most importance, if the minister does not designate this new entity in the period 1 March to 30 June 2008 then the veto power will not further apply to AWBI, as it applies in the original act. This amendment is to ensure that if no new entity is designated, as would otherwise occur, the veto would revert to AWBI. That certainly never was the intention of the government and this amendment makes sure of that.

As a result of those matters I have mentioned, the regulator, now known as the Wheat Export Authority but to be called the Export Wheat Commission, will, unless the government of the day takes other legislative action, become the manager of the export power for all parties bar AWBI. I find it unfortunate that, in those circumstances, because of the present and existing legislation, AWBI does not have to get an export licence like everybody else. I think the very lack of that discipline of obtaining an export licence is the reason the whole Iraqi affair managed to occur—that and, of course, the confidentiality provisions that apply to this company but to no-one else.

When I want to know what BHP, Rio Tinto or anyone else is getting by way of price for their coal or their iron ore, even during a period of negotiation, I can find it in the Financial Review. I have never been able to understand why AWBI, throughout its life, has been entitled to not tell anybody that it sells wheat for a certain price in a certain market. It claims it might give some information to its competitors. But I am sure its competitors had the information every time, by the fairly simple process of asking the buyer what they paid for it. That is the point.

The new entity will become the manager of the export power for all parties bar AWBI, which will still have the right to export but no power to prevent any others whom the Export Wheat Commission so authorises from doing so—in other words, AWBI will never again have the power over its own regulator, as has existed in the past.
The time limit on the QA arrangements for bags and containers is to ensure that the opportunity for people to export in bags and containers will be available within 60 days of royal assent. That is to limit the time it takes to put together the QA requirements—which I point out have been and are now in operation. The restriction on bags and containers that exists in the original act related to getting an approval for the actual export, but the processes by which the quality of the grain and the other necessary factors to maintain Australia’s export reputation are monitored are in place and are part of that approval process. I hope those particular conditions will be reintroduced under the QA proposals. The minister has agreed that he and his department can undertake the process and get the proclamation out in 60 days. That clears the air for people who are interested in these particular provisions.

In general, these amendments satisfy me that we can make progress with this legislation, as the growers—who have campaigned so hard to have the right to test the wider opinions of the wheat export grower community by gaining their financial support to establish this new grower entity—are accommodated in these arrangements. It might be of some interest to members of the opposition to know what this is about. There is much divided opinion, which is very hard to assess, amongst export wheat growers in terms of the quantity of wheat one might export compared to another and whether they want to continue with a single export marketer. Unfortunately, polling and those sorts of things have not provided that assessment. The Ralph inquiry had some 15 per cent of the wheat grower community make submissions or attend one of the public meetings, so it is very difficult to say what the other 85 per cent might consider is the best option for their future. This legislation opens the opportunity for that to be proven.

A group of farmers associated with certain grower organisations—farmer representative bodies that have a small and reducing membership—will undertake this challenge. Most of them, I note, the other day were pleading with the NFF for reduced affiliation fees because their membership numbers are so low, for a variety of reasons, that they do not have the resources to continue to pay these fees. In other words, as a group they do not have a high degree of representation. But the government has agreed to give them one last chance to put an appropriate body in place. It is they and they alone, not somebody new on the scene, who have until 1 March 2008 to put a viable proposition before the government.

If they fail, to quote our Prime Minister, ‘All bets are off.’ The minister will have no body to designate. According to these amendments—which I ask the opposition to support—that veto power will not revert to AWBI. It cannot go to anyone else, so the Export Wheat Commission will be the controlling body. Unless there is further legislation, AWBI as a company with no power over anyone else will still be exempt from having to get an export licence. It will be able to continue conducting its pools or whatever it likes but with no power to stop anyone else that the Export Wheat Commission might approve.

We have to look, then, at the opportunities that arise with the formation of this new group, this new grower entity. I remind the House that, based on the creation of AWB Ltd and its fully owned subsidiary, AWBI, wheat growers contributed $600 million under a process known as the Wheat Industry Fund. Also, I would remind the member for Hotham, were he still here, that it was implemented by the Hawke Labor government. I think he said that it was some sort of insurance scheme at the time, but the community always knew that it was going to be the fi-
nancial base for a corporatised body of the nature of AWB Ltd. I would imagine that $600 million in 1999 would be closer to $1 billion today—and that money was equity, not loans. Further, it represents only 20 per cent of the value of a typical 15 million tonne pool that wheat growers deliver in an average season. That is the amount of wheat that will be gifted to this new entity if it is designated. It is pretty obvious that there has to be a firm financial base so that the growers will get paid.

As growers deliver the ownership of their wheat at the time of delivery, they are entitled to know that this new manager will have its own cash equity resources to do the job for which the growers will be charged a fee. The concept promoted by the promoters of this group is for it to borrow such funds—that is, the basic equity that exists in AWB—as it may require them. This is not acceptable, as the only security it will have is the growers’ wheat. That would make you feel pretty good: you have been obliged to give this group your wheat and then it mortgages it to run the business. Yet that is being contemplated by the promoters of this group. The hurdles that will have to be jumped before this parliament will endorse, through the minister, a proposed new company have been identified. It is not going to be a $2 company, and that is the important point about it. Growers should not have to finance such borrowings from the proceeds of their crop. Under other arrangements that are available now, they would not incur such a charge.

I note here the matter of bags and containers. Growers will be able to find markets overseas for bag and container lots. There are many flour mills that would appreciate the opportunity to buy in such quantities. What is more, in the present boom of mineralisation, Mr Deputy Speaker Haase, of which you are well aware, the price of bulk shipping has been going up very rapidly and containers—Australia has none; it is a great exporter of them—could provide a highly competitive opportunity in certain niche markets.

In the few minutes I have left, I want to mention quickly the circumstances of the current 2005-06 pool. I have been given a table of that pool, which at the end of this speech I might ask permission to table. The table indicates how much money wheat growers are owed by AWBI for wheat that they were forced to deliver in 2005-06. It is money that growers would desperately like to have at this time to finance them through the drought or, for those who have experienced a better turn of events, to put in a crop in areas where there has been rain. The last payment has not been made to them. In many cases, that last payment represents between $10 and $60 a tonne on their delivery. Growers who delivered 1,000 tonnes—and in parts of your electorate, Mr Deputy Speaker, it would be 10,000 tonnes—are still waiting to be paid $40 or $50 a tonne. In my electorate, such people are now contemplating their second year of no rainfall.

These things happen, as the member for Hotham has described, because of the lack of power within the act as it was written back in 1998. I wish that I had time to read to the chamber my 1998 speech, or just its opening remarks, in which I predicted every one of the disasters that have occurred. Of course, that speech is in the Hansard. If we are going to have a new entity—and I am concerned about it but I have agreed that that opportunity has to be extended—I hope that a couple of the following speakers will tell me where the money for it will be coming from and where the guarantee of equity will reside for wheat growers when they deliver their wheat. They would have to do that for growers in Western Australia, for want of any other marketing opportunity except for bags and containers.
With those few remarks, I will conclude. However, it is important that we understand that improvements have been made to the legislation to give some certainty to wheat exports by whoever has to deal with them in March next year.

Mr KELVIN THOMSON (Wills) (7.28 pm)—It is always interesting to listen to the member for O’Connor on wheat marketing and export issues. I hope that the minister is able to provide some appropriate response to some of the issues he has raised.

I rise to speak in support of the amendment moved by the member for Hotham to the Wheat Marketing Amendment Bill 2007. Right from the outset, we should make no mistake about what a big deal the AWB scandal is. In an international inquiry into an international scandal, it was an Australian company which came out at the top—a world-beater in the kickback Olympics, far outstripping any other company in the race.

The Volcker inquiry estimated the AWB kickbacks at $US220 million. The next biggest supplier, Chayaporn Rice Co. Ltd of Thailand, came in at $US42 million, less than a quarter of the AWB sum.

Volcker’s conclusions clearly called for an Australian inquiry into the behaviour of AWB, both to maintain Australia’s international reputation as a country committed to clamping down on corruption and to safeguard the interests of wheat growers. International wheat trading is a hard-fought business. Had the Australian government not commissioned an inquiry, the damning findings of the Volcker inquiry would have been played and replayed in international forums by AWB’s competitors, with AWB as the major villain. Not having an inquiry would have made the situation worse, signalling to the world that, as far as kickbacks are concerned, Australia has a relaxed and comfortable approach. The Cole inquiry unfortunately turned into a monumental nonevent. What has it achieved? Nothing. It has been a monumental whitewash. It has achieved nothing by way of ministerial accountability for this debacle; it has achieved nothing by way of departmental or Public Service accountability for this debacle; it has achieved nothing by way of reform or restructure of AWB; it has achieved nothing in terms of prosecutions for individual wrongdoing. And the crowning glory, the piece de resistance, is that, once the Cole report came down, AWB proceeded to claim the $300 million in kickbacks as a tax deduction and the tax office and the Treasurer went along with it.

Let me substantiate each of those claims in turn. First, there has been no ministerial accountability for the AWB scandal. The Minister for Foreign Affairs approved 41 contracts over a five-year period—contracts which contained $A290 million in bribes that have cost Australia’s international trading reputation and Australian farmers dearly. Minister Downer made a virtue of his ignorance. He revelled in the fact that Commissioner Cole did not find that he was criminally culpable. But, as the second reading amendment points out, the government limited the terms of reference of the Cole inquiry to such an extent that it was unable to meaningfully evaluate the culpability of the government.

This is not a scandal that the government can disown. Under the relevant Security Council resolutions, national governments have a clear obligation to monitor compliance with the sanctions regime under resolution 661. Governments cannot escape responsibility merely by claiming that their national companies circumvented sanctions on their own initiative. Nor did the Cole commission have anything to say when evidence emerged contradicting government claims to the commission that it did not
know about AWB’s payments of kickbacks to the Iraqi government.

First there was Alia. The government claimed that it knew nothing about this Jordanian company, through which kickbacks were laundered, until the Volcker inquiry in 2004, but an email in September 2003 showed that Austrade officials met with the al-Khawam family, 51 per cent owners of Alia, and the former head of the Iraqi Grains Board in 2003. Then there was Tigris. The Minister for Foreign Affairs and other Howard government personnel claimed to the Cole commission that the first they knew about Tigris Petroleum’s plan to defraud the oil for food program of $US8.8 million was through the Cole inquiry itself and that they had not heard of Tigris at all until 2003. But an email from AWB’s government relations manager, Matthew Foran, says that he spoke with Minister Vaile’s office in September 2002, advising the government to not make any public comment about a statement by the Iraqi embassy which explicitly referred to the Tigris deal. The email states that Minister Vaile’s office contacted the offices of the Minister for Foreign Affairs and the Prime Minister to warn them of the statement by the Iraqi embassy. The Howard government was caught out misleading the Cole inquiry, first over Alia and then over Tigris, but the Cole commission failed to follow up these matters or deal with them in its report.

Nor has the Cole commission achieved anything at all by way of departmental accountability. Minister Downer simply ignored Commissioner Cole’s findings of incompetence and negligence and announced that there would be no review of administrative practices within the Department of Foreign Affairs and Trade. This was incredible. It represented an all-time low in public accountability standards. It looks like society is to blame! There were $300 million in kickbacks and society is to blame.

Nor has the Cole commission achieved anything in terms of the structure of AWB, and the bill before the House makes that abundantly clear. Michelle Grattan reported this bill in the following terms:

Ministers have signed off on a political compromise for the new bulk wheat export marketing system designed to get the Government through the election.

A “kitchen cabinet” of John Howard and senior ministers decided farm organisations should be given until March to either set up a new grower-owned and controlled company to run the single desk, or have AWB demerge and AWB International operate the desk.

The Cole inquiry has achieved nothing on this front either.

Another Cole inquiry shortcoming is that it did not focus on the role and responsibility of the AWB board. Ethical standards depend, not only in AWB but in any large company, on the culture fostered by the company’s board. Culture was not within the Cole inquiry’s terms of reference but it is at the heart of why the kickbacks occurred. The AWB board’s role has received precious little attention. Indeed, their performance was rewarded by all six members standing for re-election being reappointed for another term at the following AGM. Sadly, the majority of the shareholders seemed more interested in blaming anyone and everyone rather than extracting accountability from AWB itself. The Deputy Chair of the Australian Shareholders Association, John Curry, said:

To restore its reputation all those directors who were on the board at the time of the dodgy, dubious deals with Iraq and Pakistan must resign and be replaced by new talent.

... ... ...

It is essential that the new directors come from a variety of business backgrounds and have experience in large public companies. Another board dominated by grain growers is not appropriate.
New and independent directors are required urgently.

It seems to me that one of the fundamental problems with AWB is that there are opposing interests amongst its shareholders. There is a need for risk management and planning for and then dealing effectively with unexpected events such as this public scandal. The board seems to have had no effective strategy for dealing with such risks. Even prior to the Volcker inquiry, one wonders how the board could not have realised that there was always a possibility that this would come out—or did the board really not know what was going on? If that is so, just what sort of corporate governance was it exercising in terms of its responsibilities for guiding the company? The only risk management strategy pursued by AWB seems to have been to keep its fingers crossed and hope that the secret would never come out.

AWB did seek advice in December 2005 and January 2006 from international crisis management expert Peter Sandman. But, when he told AWB to apologise profusely for the kickbacks, it rejected that advice. The record also shows that, by this time, it was not just senior executives who were involved; the AWB chair was also party to this strategic blunder.

Then there is the issue of the prosecutions. In May this year, John Garnaut reported in the *Sydney Morning Herald* in an article entitled ‘Wheat scandal charges are years away’:

… now it emerges that it could be two years before charges are laid as a result of the Cole commission into the AWB oil-for-food scandal.

It was widely assumed the commission had broken most of the necessary ground for a criminal investigation when it examined witnesses for 10 months and then handed down its final report in November. But enforcement officials have told the Herald that a special AWB prosecution task force has made slow progress, partly because the Australian Federal Police are relatively inexperienced in handling complex, white collar investigations.

A team of corporate investigators from the Australian Securities and Investments Commission is yet to move into the federal police special task force headquarters because police data management systems are not yet in place.

He says that, in May:

… the task force was given $21 million to fund investigations through to 2009, including money next financial year for ‘IT and communications equipment and accommodation fit-out’.

An enforcement officer is reported as saying: It will take at least a year and probably more than two years before charges are laid …

Also:

… initial assessment of available material, possible offences and identities of likely offenders had yet to be completed.

Mr Garnaut says that the office of the Attorney-General, Mr Ruddock, has said:

… the inquiry could ‘take years’ because so many agencies were involved.

That is all very convenient for the government, let me say, but another blank for the Cole inquiry.

Then we come to the crowning glory—the final insult. After the Cole report was handed down, AWB went off to the tax office and proceeded to claim the $300 million in kickbacks as a tax deduction. That is truly astonishing. AWB confirmed in late December, just before Christmas, that the Australian Taxation Office had ruled that the bogus trucking fees it paid to Iraq in breach of United Nations sanctions in order to secure wheat contracts were not bribes and qualified as legitimate business expenses. AWB’s share price surged almost 10 per cent to $2.88 on the news that it had dodged a tax bill expected to be more than $100 million.

Commissioner Cole said that AWB was not guilty of the crime of bribery because the Iraqi officials who took the money from
AWB were not breaking Iraqi law. This drew the not unreasonably incredulous response from Tracy Lee in the *Australian Financial Review*:

Australian companies wanting to pay bribes overseas should make sure they do it in really corrupt regimes if they want to get a tax deduction.

She said:

That is the ridiculous outcome from yesterday’s decision by the Australian Taxation Office that has let AWB keep up to $180 million in deductions claimed on the payment of bogus trucking fees to the former regime of Saddam Hussein.

The *Australian Financial Review* obtained a letter to AWB from the tax office saying that it had relied on the Cole report in making its decision to allow AWB to keep over $100 million in tax deductions. We had Treasurer Costello saying that he was relying on the Cole inquiry as well. He said that the probabilities are that the tax office is bound by the Cole inquiry. Commissioner Cole made no findings on tax matters, saying that it was ‘beyond the technical and resource capacity of this inquiry to conduct a detailed investigation’ into the tax treatment of the kickbacks. He drew ‘to the attention of the Commissioner of Taxation the fact that this matter has not been the subject of any inquiry by me’. But, elsewhere in his report, Mr Cole said that the payments were ‘not unlawful in Iraq’.

So we have an astonishing situation. Each of them—the Cole commission, the tax office, the Treasurer—is saying, ‘Don’t look at me; it’s not my job to stop AWB from getting a tax break for these kickbacks.’ Well, whose job is it? There has been simply no accountability for the scandal—none at all. I invite people who are interested in this issue to have a look at the book entitled *Against the Grain*, written by Stephen Bartos, who is professor of governance at the University of Canberra. I want to draw on some of his work for some of my remaining remarks:

There is no defensible rationale for bribery or kickbacks. … Australia is one of many of the countries … that has signed up to tough anti-corruption standards, in recognition of the ongoing harm this sort of activity does to all those involved.

Australia is a signatory to both the UN Convention Against Corruption and the Organisation for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The Criminal Code Amendment (Bribery of Foreign Public Officials) Act, known as the bribery act, is this parliament’s legislative implementation of that latter convention.

Bartos also wrote:

… even if we were to accept for one moment that kickbacks are defensible, consider this particular set of kickbacks … $300 million is no minor “facilitation payment” to an underpaid border guard or customs official. These were payments that ultimately benefited a regime that was subject to international sanctions. They were payments to a regime that Australia had condemned in the strongest terms in diplomatic forums and that we would eventually go to war against.

So even if you think that there may be circumstances—and I do not—in which kickbacks are legitimate, as Mr Bartos said:

… this is a strikingly inappropriate arena in which to pay them.

Nor did the scandal arise from the actions of foolish individuals who may have been unaware of the consequences. This was no intrepid, young dealmaker venturing boldly but misguidedly into Iraq. The evidence presented to the Cole inquiry suggests that this was a deliberate corporate attempt to work around a sanctions regime to which Australia was a signatory. It was a systemic problem. The people responsible for AWB’s conduct were not rogue traders operating outside normal corporate standards, they were at the heart of the company, and they were operating according to established company practice.

The sources of a problem of this character lie in governance. They lie in corporate governance
arrangements within AWB, national regulatory arrangements for the oversight of AWB and, underpinning both of these, national governance standards as they apply to agricultural politics in Australia.

Three key areas of governance concern have emerged from the evidence that we heard at the Cole inquiry about AWB. There was the apparent failure of the board to detect and deal with the kickbacks at the time they were paid, the apparent failure of audit mechanisms to uncover payments after the event and the perverse incentives built into AWB’s dual shareholder structure.

I want to spend a minute or two on the audit process at AWB. According to the best practice guide in relation to audit committees, it is vital that an audit committee include independent directors, especially as chair. It is important for audit committee members to be independent and seen to be independent. Of the six current AWB audit committee members, only one is not listed as either a farmer/grain grower or someone with a financial interest in wheat farming. There appears to be a pervasive belief within AWB that wheat-growing experience is a prerequisite for any position of significance and very few board members have come from outside the industry.

It is virtually impossible for AWB to have an audit committee that is genuinely independent of the grain-growing business. In this light, the failure of AWB’s corporate governance processes to detect and control the kickbacks starts to make more sense. I do not have time to say much about AWB’s dual shareholder structure but again this is at the heart of AWB’s problems. The structure, which was created by this government when it privatised AWB, formed an arrangement in which the interests of different classes of shareholders can be at odds—and this is a matter of considerable concern which has been commented on elsewhere. I strongly support the amendment moved by the member for Hotham and I commend it to the House.

Mrs MOYLAN (Pearce) (7.48 pm)—I welcome the opportunity to speak to the Wheat Marketing Amendment Bill 2007, which has six key elements to address the future of marketing wheat internationally. These elements comprise:

- the extension of the Minister for Agriculture, Fisheries and Forestry’s temporary veto power over non-AWB (International) Ltd bulk exports until 30 June 2008;
- the inclusion of the power for the minister to change the entity that operates the single desk after 1 March 2008;
- improved powers for the regulator to obtain information, particularly from wheat exporters other than AWB (International);
- the inclusion of the power for the minister to direct the regulator to investigate matters relating to its functions and pass this information on to other law enforcement and regulatory bodies as necessary;
- a range of structural and governance reforms to the Wheat Export Authority, in line with the principles espoused by the Uhrig review; and
- the deregulation of wheat exports in bags and containers, but with the addition of a quality assurance requirement to safeguard the reputation of Australian wheat.

I must say that I am pleased to see that safeguard in there because Australia has a very fine reputation for clean, green grain. It is important that we do not do anything that would disturb that reputation internationally. The need for this legislation arose of course from the actions of certain individuals within AWB in relation to international marketing which did damage the reputation of Australia’s premier wheat-marketing organisation.

As the extent of some of the appalling corporate behaviour was revealed through the Cole commission of inquiry it became
apparent that the growers of Australia have been poorly served by AWB and that alternative arrangements for exporting wheat would have to be considered. On the back of one of the worst droughts in the country’s history, the growers have had to face tremendous pressure and uncertainty with probably predictable calls to dismantle the single-desk system of selling wheat in the export market.

There are, and have been for some time, people who have wanted to see the end of this system. No area has been more affected by this than Western Australia, which grows around about 50 per cent of the nation’s export wheat. It was on the basis of the Cole findings that the government elected to establish a Wheat Export Marketing Consultation Committee to conduct a series of meetings with growers around the country and to report back on the findings. This was a very important step because I think there was the possibility of a knee-jerk reaction after Cole.

As I have said on many occasions, while we have to be concerned about what was going on in AWB and the activities that damaged Australia’s international wheat-marketing reputation, it is enormously important for us to keep a cool head and ensure that the steps we take are in the best interest of growers so that we can continue to contribute to maximising grower returns. The steps the government took were very responsible because they took the heat out of things and allowed people to stand back and examine the operation of the single desk outside of the furore that sprang up around AWB’s activities. In almost every meeting held around the country on this issue by the Wheat Export Marketing Consultation Committee, growers were very forthright in putting forward their views, which overwhelmingly supported the single desk. Even when Mr Ralph—the chairman of the Wheat Export Marketing Consultation Committee—reported, he acknowledged that around 70 per cent of growers across the country wanted the single desk to be retained. This was certainly the case with the Wheat Export Marketing Consultation Committee meeting held in my electorate at Beverley. Many of the presentations made by growers for the retention of the single desk were both articulate and compelling. We have some pretty smart growers; they have to be to survive in what is an increasingly competitive marketplace. It is fair to say, though, that there were opposing views from people who believe that wheat marketing should be deregulated. However, these were clearly minority opinions.

In a submission to the Wheat Export Marketing Consultation Committee, I made a few comments about the state of international markets and why growers overwhelmingly support the retention of the single desk. I will recap some of those comments, but I preface my remarks by saying that these are my own views. While allowing free market forces to prevail is almost always preferable in our mostly deregulated system of commerce and trade—and strong intellectual arguments can be mounted to support this from both an economic and social perspective—the fact is that Australia is not operating within an international trading environment that ensures perfect, near perfect or even semiperfect competition. When domestic wheat marketing was deregulated a few years ago—and the former Deputy Prime Minister made this point very eloquently recently because he had responsibility for this—Australia had, and continues to have, a competition watchdog to ensure that there was a reasonably level playing field for the sale of domestic wheat.

This is not the case in the international marketplace. We all know that growers in both the United States and the European Union are heavily subsidised by their respective governments, which give no indication that
they intend to remove the generous cash subsidies to wheat growers anytime soon. It is unrealistic to suggest that Australian growers should accept full deregulation of the export market under these particular circumstances. They are not competing on a level playing field. In addition to the direct cash subsidies, the United States and the European Union use a combination of aggressive export credit programs, food aid programs, government funded promotions, government funded marketing activities and direct government diplomatic intervention at a commercial level.

With a total lack of commitment by the EU and the United States to change their domestic agricultural policies as they affect the international market, it would be very unwise and very unfair to place additional burdens on the backs of our own growers at this time—particularly following one of the worst droughts in the country, and with alarming increases in the cost of fuel, fertiliser, bulk handling and transportation further squeezing profit margins. Our farmers are very efficient, notwithstanding that they operate in a very volatile sector and are subject to the vagaries of weather and fluctuations in interest rates and international money markets. Additionally, the traditional approach to domestic interest rate changes are often considered in the context of consumer activity and levels of indebtedness in our major capital cities, sometimes seemingly without sufficient thought of the impact on rural Australia. Notwithstanding these restraints, Australia’s success as one of the three largest exporters in the world is significant, and it can be strongly argued that this has largely been achieved by growers funding the strategic plans and the marketing success internationally of the single desk.

It is for all the aforementioned reasons that a high proportion of growers reject the case for the deregulation of wheat marketing. This is a time to consolidate, to consider important changes in the structure of the single desk, to provide greater transparency—no one can argue that greater transparency is not required—and greater contestability in the delivery of essential services to growers and to ensure that we contribute in a way that maximises returns to growers and ensures a market for wheat in the increasingly competitive global marketplace. In these deliberations, growers’ interests should be central to the future shape of export wheat marketing in this country.

Pearce has just over 600 growers, and although they do not grow the bulk of Western Australia’s wheat they operate in a fairly predictable rainfall area and grow high-yield crops and high-quality wheat for export. In a survey I did of Pearce growers, I found that they are predominantly of the view that there is great value in maintaining the single-desk system. In fact, 92 per cent of respondents were in favour of retaining the single-desk national pool, 72 per cent of respondents wanted AWBI demerged from AWB Ltd, 94 per cent wanted a grower owned and controlled single-desk marketing organisation and 77 per cent wanted the Wheat Export Authority to be retained. Many made the comment that they thought the Wheat Export Authority needed greater investigative strength and ability, and that is something that the government is incorporating in this bill. Many in the industry believe that the interests of growers would be best served by a grower owned and controlled entity with a real opportunity to maximise returns to growers without the obvious conflicts that have arisen through the existing corporate structure.

There have been some concerns raised about aspects of these amendments; however, I believe that, with goodwill between the government and the grower representative organisations, these minor issues can be addressed. There are issues around the make-
up of the new Wheat Export Authority and there are other minor issues, but I understand that talks are taking place to try to make sure that those issues are worked through in a sensible manner. This bill makes it possible for a demerger to take place, and that is what is currently needed. It allows us to put in place a mechanism to ensure a marketing organisation that is grower owned and controlled and which does retain the full integrity of the single desk.

Splitting the bill, as I heard proposed by the member for Hotham, and supported by the member for Wills, would be a disaster for growers. It would create greater uncertainty and would jeopardise any possibility of the development and establishment of a new grower owned and controlled single-desk marketing operation into the very near future. This work needs to be done now. It cannot be done without the certainty of the passage of this bill in its current form. So it is enormously important that we put our full support behind this bill today without splitting the bill and causing greater anxiety and greater concern to the wheat growers of Australia.

The time frame to come up with a new entity is tight, given the task ahead. It is a mammoth task to establish a new entity, but I believe that those in the industry working towards this outcome are very determined. They have been working behind the scenes for some time now to try to achieve this. I believe that they will be doing everything humanly possible to achieve that new entity within the time frame that is given. I support this bill.

Mr Gavan O’Connor (Corio) (8.02 pm)—The Wheat Marketing Amendment Bill 2007 represents the Howard government’s response to the wheat industry crisis generated by the involvement of Australia’s single-desk marketer, AWB, in the wheat for weapons scandal. Like its recent initiatives on climate change and broadband, the Howard government has been forced into this legislative action because of its own incompetence and neglect. The Wheat Marketing Amendment Bill 2007 proposes six key changes to the Wheat Marketing Act 1989. It extends the Minister for Agriculture, Fisheries and Forestry temporary veto powers over non-AWB International Ltd bulk exports until 30 June 2008; it includes powers for the regulator to obtain information, particularly from other wheat exporters and their associates; it includes the power for the minister to direct the regulator to investigate matters relating to its function and pass this information on to other law enforcement and regulatory bodies as necessary; it introduces the Uhrig reforms to the industry regulator; and it deregulates wheat exports in bags and containers, but with the addition of a quality assurance requirement to safeguard the reputation of Australian wheat.

The Labor Party’s position on this legislation is that we support the bill in principle. I wish to place on the public record my personal support for the second reading amendment proposed by the member for Hotham—a person on this side of the House still held in very high regard by wheat farmers and wheat industry representatives throughout Australia. That amendment states:

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

“the House:

(1) notes:

(a) the proposed legislative measures in the Wheat Marketing Amendment Bill arise directly from the Australian Wheat Board’s role in the now infamous ‘Wheat for Weapons Scandal’;
(b) the Government should be held accountable for the fact that it:

(i) failed to act on at least 34 substantial warnings about the role of the AWB in the scandal;

(ii) failed to utilise the clear mechanism available to insist that the AWB reveal all information in its possession regarding its role in the AWB scandal;

(iii) failed to adopt practical and sensible measures to oversee the role of the AWB during the period of the ‘Wheat for Weapons Scandal’;

(c) the Government limited the terms of reference of the Cole Inquiry to such an extent that it was unable to meaningfully evaluate the culpability of the Government in the ‘Wheat for Weapons Scandal’; and

(2) calls on the Government to split the bill so as to separate:

(a) the provisions relating to the extension of the temporary veto power of the Minister for Agriculture, Fisheries and Forestry over non-AWB (International) Ltd bulk exports, from

(b) the remaining provisions of the bill, which should be referred to the House of Representatives Standing Committee on Agriculture, Fisheries and Forestry for inquiry and report”.

I commend the contributions of the members for Hotham and Wills—the members from this side of the House who preceded me in this debate.

Nobody in this parliament ought to be under any illusion as to the importance of the matters that we are debating in this bill here today. Thousands of wheat farmers and wheat-farming families across the length and breadth of this great nation depend for their living on this great Australian agricultural industry. The very existence of many rural communities depends on the economic viability of the farms and farm enterprises that make up this great Australian industry. Their economic viability depends heavily on the efficiency of the marketing arrangements for wheat and the prices that they are able to extract from a global marketplace that all acknowledge is, in many instances, corrupted by European and American producers who are heavily dependent on government subsidies and support for their existence.

It is in this context and against the backdrop of this government’s negligence and incompetence throughout the AWB wheat for weapons scandal that this parliament is now considering new legislation relating to marketing arrangements for wheat. There is a very good reason why Labor is proposing to split the legislation and to refer the details of the proposed marketing arrangements to a committee of this parliament for further consideration and scrutiny. It is simply because the government has not adequately consulted the industry about its plans. We all know the history of this. On 22 May, the Prime Minister announced the government’s plans for future wheat export marketing arrangements. This particular bill was introduced into the House on 14 June, without any consultation with growers or traders—with the government knowing that there is a wide divergence of views within the producer and marketing communities on how arrangements ought to be structured for this industry’s future. Until last Thursday, grower groups had not seen the detailed legislation, and they have not had a proper opportunity to consider the impact and the details of the changes that are inherent in this legislation.

In Labor’s second reading amendment, we are providing—and we will do the same in the Senate—the opportunity for the industry to consider in detail this legislation and its impact. We on this side of the House believe in consultation with the industry on these matters. I am pleased that Labor’s proposal to split the bill has been welcomed by key
players in the grain industry, including the Grains Council of Australia and the PGA in Western Australia. It is simply not enough for the government to argue that it has already undertaken sufficient consultation with industry players through the Ralph Wheat Export Marketing Consultation Committee. The fact is that nobody has yet seen the report on the deliberations and recommendations of that committee. Furthermore, there has been no formal opportunity for industry players, who hold quite divergent views on the future of wheat marketing, to comment in detail on significant elements of the government’s legislation; hence our proposal to split the bill.

A cursory scan of the Minister for Agriculture, Fisheries and Forestry’s second reading speech provides ample clues to the quite decrepit state this government is in after 11 long years in office. In his second reading speech to this House, the minister demonstrates the paralysis of government that inevitably comes from being duplicitous, incompetent and in power too long. I notice that my coalition colleague from South Australia is here—a wheat farmer from the Eyre Peninsula—

Mr Secker—No, from the south-east.

Mr GAVAN O’CONNOR—Oh, from the south-east. He has joined us in the House tonight for this debate. He would appreciate this comment: there is no point in feeding the minister wheat. He has been running around in policy terms like a chook with his head cut off ever since the wheat for weapons scandal. I ask: where in the minister’s second reading speech is the acceptance by this minister and this government of their responsibility to growers and to the industry? I note in the gallery tonight a visitor from Geelong—a local legend, Mick Robinson. Mick served for some 10 years on the Bellarine Council. He served with distinction on that council as a local legislator who accepted his responsibility to his constituency and to his community. He umpired some 300 games in the local leagues in the Geelong and Western District regions, and he accepted responsibility for the decisions that he made in all of those games. He now serves on the tribunal in the Geelong area, and he accepts responsibility for the decisions that he makes on the future of others. But we do not get any sense of responsibility when we look at the minister’s second reading speech on this piece of legislation. I am going to take you through this speech, because it is a classic example of how this government avoids being accountable and avoids its responsibility to key constituencies in this nation. In his opening remarks, the minister states:

It has been an immensely difficult 18 months for Australia’s wheat growers.

We on this side certainly agree with him. He goes on to say:

Last year they faced a devastating growing season as winter and spring rains failed and the drought continued to tighten its grip across the country.

This is from a government that only recently conceded that global warming is a problem. He goes on:

Growers have also had to deal with continued pressure to dismantle their wheat single desk due to strong, but justified, criticism of the corporate behaviour of AWB Ltd stemming from the findings of the Cole commission of inquiry.

What the minister failed to mention was that this industry and those growers have had to deal with the incompetence of National Party ministers in dealing with the AWB scandal that has cost them hundreds of millions of dollars in lost market—and it is about to cost them many hundreds of millions more as the international wheat community starts looking at the prospect of suing the pants off AWB for its actions in the wheat for weapons scandal.
What he fails to mention is that the Howard government became Saddam Hussein’s bagman. It all happened under the watchful eye of Howard government agriculture, trade and foreign affairs ministers. The cost to growers is in the hundreds of millions, yet not one minister has paid any political price for their incompetence in those portfolios. The minister then goes on with the speech, giving the detail of the legislation and coming to this point:

The government has decided to give growers until 1 March 2008 to establish a new entity to manage the single desk.

What happened to the government’s responsibility to govern? Isn’t that what you were elected to do? Talk about giving a hospital handpass to somebody in a difficult position. The industry is on its knees from drought, is reeling from the wheat for weapons scandal, has had to put up with incompetent ministers whose negligence has almost brought it down, has to put up with a government that has until recently denied the existence of climate change, and, when the going gets tough, the National Party ministers handball the problem to growers and deliver them an ultimatum: it has decided to give growers until 1 March 2008 to establish a new entity. The minister goes on to say:

The government acknowledges that the challenge it has set the industry is a significant one. No-one should be under any illusions as to the difficulty of the task that lies ahead for the industry. It will require strong leadership and unity within the industry to reach a satisfactory outcome in the time allowed. It is now time for the industry to act. The government is giving industry the opportunity to set up what it has asked for; it is now the responsibility of industry to deliver.

Have you ever heard a greater cop-out than that? I have been in this parliament a considerable time and I do not think that I have ever heard a greater cop-out in terms of ministerial and governmental responsibility than that. Of course the challenges are significant and it is a difficult time for the industry. But where is the leadership from and the unity of the government?

Every member of this House—both sides of it—knows exactly the contempt in which these National Party ministers are held in this place. I hear it from members opposite. The senior members of the coalition grizzle in my ear and complain about National Party ministers and their incompetence. We get stuck into them, and it is our right to do so. But when it comes from members opposite, I simply say to them that they should get up in their own party room and wield the axe on them. You should have done it long ago, because they are absolutely incompetent and have betrayed the industry that they pledged themselves to protect. I will go to one more line of the minister’s speech, if I might. He had this to say:

The wheat industry is a major Australian export earner of great social and economic significance. Growers must be given the opportunity to get it right.

It is not the growers but the government who should have got this right. It is the government that should have prevented the wheat for weapons scandal. The only reason that this legislation is in this House tonight is the incompetence of government ministers.

Why do I say that the government is duplicitous? Because one after the other they get up here on the floor of this parliament and beat their breast about defending the single desk. We on this side of the House, the Americans and the whole international community know that they have already sold the single desk in the US FTA and the WTO—they have sold it out to the Americans. As part of the US FTA, the government agreed to work with the United States in the current round for the dismantling of all state trading enterprises, such as the wheat single
Everybody knows that when the Americans talk about state trading enterprises they are talking about Australia’s single desk. Article 3.1.1 of the US FTA commits the parties to work together to ‘reach an agreement on agriculture in the WTO that eliminates restrictions on a person’s right to export’. In its report on the FTA to the President and congress, the US Technical Advisory Committee on Grains, Feeds and Oil Seeds made it clear that it expects the administration to hold the Australian government to this commitment—the commitment in relation to the export monopoly single desk here in Australia. The summary of the US-Australia Free Trade Agreement on the website of the US special trade representative contains the following statement, which is dated 2 August 2004:

In response to U.S. concerns about Australia’s agricultural state trading enterprises, Australia committed to working with the U.S. in the ongoing WTO negotiations on agriculture to develop export competition disciplines that eliminate restrictions on the right of entities to export.

There can only be one conclusion from those statements, and that is that the Howard Liberal government agreed in the US FTA in 2004 to work with the United States entities to dismantle the single desk. Pure and simple, this is a duplicitous and incompetent government. Wheat growers have paid a heavy price for that incompetence. The reason we are having this debate tonight is that this government failed to be accountable to the wheat growers, to this nation and to the great governance principles that govern all enterprises in this nation. (Time expired)

Mr SECKER (Barker) (8.22 pm)—I have listened with interest to speakers from the other side and I acknowledge that the member for Corio probably has some understanding of agriculture and the wheat industry. Unfortunately, I cannot say the same for any of his 90 other colleagues. It is very interesting to see who from the other side has spoken: the member for Hotham is a city Labor member; the member for Wills is another Labor member from the city; and the Labor member for Barton, another city Labor member of parliament, is about to speak. They have no idea about the wheat industry—no understanding, no feeling and no soul for the wheat industry or any agricultural industry. It is always very interesting to hear these people get up and try to bluff their way through speaking about an industry that they have no idea about or feeling for.

The member for Corio suggested I was a wheat grower. Yes, I have been a wheat grower occasionally, although I tend to grow other crops because of the area I live in. He questioned whether I came from the Eyre Peninsula. My family does come from the Eyre Peninsula. I have two brothers, and my father and mother started there, so I am bred from the Eyre Peninsula. There is a lot of wheat grown on the Eyre Peninsula, and my family have grown a lot of wheat, so I have some experience and feeling for the wheat-growing industry. Of course, my electorate of Barker has huge amounts of wheat in a normal year, although I would estimate that last year was probably the smallest wheat crop in my electorate ever, certainly in my living memory. Because of the drought there was hardly a grain of wheat delivered to silos anywhere in my electorate in comparison with normal years, so we probably did not have some of the problems that other areas with large amounts of wheat to export faced last year. We all know that in the past the Australian Wheat Board has had a monopoly on export wheat sales. In fact, at one stage they had a monopoly on all wheat sales, whether they were for export or for the home market—but the home market was removed. I remember a lot of people saying that when that happened the sky would fall in. Of course, it has not.
Looking at the problems we face in the wheat industry, I think we all acknowledge that the AWB could not fulfil its duty as a monopoly wheat exporter because they could not sell into one of our largest markets—I think our third largest market—Iraq. It is pretty understandable that Iraq did not want to deal with AWB. I do not need to go through the reasons; we all know the reasons. We really only had three choices as a government and as a wheat industry about where to go. We could have gone for total deregulation. I failed to see any member of the Labor Party promote that idea; they certainly have not had the guts to take that first choice. The second choice was to keep the status quo. No-one from the Labor Party has suggested that we keep the status quo for our wheat-marketing exports in Australia. The only other choice was a mixture or derivation of what we have done. If somebody can point out another direction that we could have taken other than those three choices, I would be glad to hear it. We had the choice of total deregulation, no deregulation at all—the status quo—or the path that we have taken. We have taken that path after very close consultation with the wheat industry. I hear Labor member after Labor member say we have not consulted the wheat industry. Hello! What was the Ralph report about? It was about consultation with the wheat industry and the wheat growers.

About two-thirds of the wheat growers in Australia told us that they wanted to keep a single desk, but only 20 per cent of those growers wanted AWB to keep the monopoly export status, so we took a path where we said, ‘We will no longer accept AWB Ltd in the future having monopoly status on wheat exports.’ We took that stance, after consulting with the wheat industry, because of fears that they could not fulfil the conditions of being a monopoly wheat exporter by exporting to Iraq, which is one of our larger markets. We said to the industry in the interim, because it is going to take a fair while to set up a new body: ‘We will give you until 1 March next year to come up with a new body, a new single desk, to manage exports in Australia with a few changes. For example, bags and bulk exports can now go without the veto power of AWB on the basis that we make sure that we have quality control.’ We have given the industry its choice. The Australian Wheat Board says they will be looking at a demerger proposal. I have my doubts about whether that will happen. We have given the industry nine months to come up with another model for next year’s wheat marketing, but in the interim we have to use what we have already got because you cannot make an international wheat exporter out of nothing.

So we have given it to industry to come up with a choice for the future. If they do not come up with that choice then, of course, all bets are off. If, by 1 March next year, they do not come up with something that is going to work then obviously we will look at different options. In the meantime, it will be the Minister for Agriculture, Fisheries and Forestry who decides who gets the bulk of the export licences. Certainly, in the foreseeable future, the Australian Wheat Board, with its corporate knowledge and its industry know-how, will be a large player in the wheat market. But the Australian Wheat Board will no longer be able to veto exports from other companies. That will be a decision for the minister until 30 June 2008.

I rise to speak on the Wheat Marketing Amendment Bill 2007 after a very long 18 months. The wheat-marketing issue has indeed been an extremely difficult one to work through because of the strong and differing views held by wheat farmers at an electorate level, from my own electorate to right across Australia. Much time in my electorate of Barker has been spent discussing the state of
the industry and its marketing future with wheat growers, who supported anything from the status quo to complete deregulation because of the behaviour of AWB both in Iraq and at a local level to keeping AWB monopoly status for the single desk. I have gone through this process until we have made the decision that we have.

It is typical of Labor to respond that it is the government that should have the answer. That is a very socialist, big government view. I do not hold to it. I believe that individuals in the industry should decide where they are going, not government. Individuals in the industry know better than governments ever will how to run their industry. This whole process over the last 18 months has certainly made determining the direction that the wheat industry wanted us to take no easy challenge for me and my esteemed colleagues, including the federal Minister for Agriculture, Fisheries and Forestry. But we acknowledge that it was a process that had to take its full and proper course, although I am fully aware of the toll it took on growers who were contemplating the future of wheat marketing and the future of their enterprises as drought took its toll in many areas.

Our inquiries indicated that a good two-thirds of growers preferred the single-desk option, but only 20 per cent wanted the AWB to remain the manager with the monopoly status and the veto powers. So the government has listened and followed this course of action in preparing the Wheat Marketing Amendment Bill. That is something I wish to highlight: the coalition government has listened to the country’s wheat growers affected by this complex issue so as to make the best decision possible. And I will be first to admit that not every wheat grower in my electorate is going to agree with this action. I have had wheat growers ring me up and say, ‘I think you should go on a total deregulation basis.’ I have had wheat growers say to me, ‘We should just keep it as it is with the monopoly status,’ and suggesting ‘wink-wink, nudge-nudge’ that the AWB in Iraq was only doing what other wheat industries from around the world have done.

I cannot hold to that view. I cannot condone the actions of the AWB, and I could not possibly go with any action that would reward the actions of the AWB. Growers have told us they want to take control of their industry. Growers have told us overwhelmingly that they want a single desk and that they want the single desk to be managed by an entity separate from AWB Ltd. Today the growers have their answer. In this legislation a combination of their requests are answered. It gives the opportunity for the industry to take the bull by the horns, so to speak, and drive this change. It must be noted—and, hopefully, growers will appreciate it—that the government has allowed significant time for the establishment of a grower owned entity, as it is not possible that it can be formed immediately. It will take time. It is as simple as that. You cannot create a single desk overnight. It takes time.

Growers need the certainty that there will be a body—whether it is the AWB and whether they like it or not—that will at least be there to manage the export of the vast majority of Australian wheat and that it will be open to other competitors on the basis that it brings the best price to the growers. I think some of the argument has been lost on this, in that we need to look at what gives the best returns to wheat growers in Australia. That has to be our ultimate aim. No matter whether you are on the Labor side, are on our side or are anyone in the industry, the ultimate aim has to be the best returns to the growers. That is the No. 1 aim—and probably the only one.

This bill also proposes to deregulate the export of wheat in bags and containers, but
with the addition of a quality assurance requirement to safeguard the reputation of Australian wheat. And Australian wheat is well recognised all over the world. The Iraqi people love our wheat, and they want it. But they were not prepared to deal with AWB Ltd. That is why we had to have the three sisters operation for exports last year. In providing greater certainty and opportunity to those seeking to develop niche and new market opportunities, bag and container exports make up but a small proportion of Australia’s wheat exports—roughly three per cent to five per cent—but can often deliver a higher return to growers than the bulk export market can. One person in my electorate whom I call a friend does that. I did not make this decision based on him being a friend; he has become a friend through my dealings with him and the fact that he has been able to get better returns for my crops, whether they be wheat, lupins, barley or whatever.

Previously, wheat exported in bags and containers was required to have valid consent from the Wheat Export Authority. This amendment removes that requirement. In its place, the exporter will be required to comply with the conditions of a quality assurance scheme to be developed by the WEA. This will not dictate the quality of the wheat that can be exported but will make sure that exporters are meeting the specification of their contracts with customers so as to protect the good reputation of Australian wheat from the errant behaviour of rogue traders.

Exports in bags and containers are at a competitive disadvantage to bulk exports because of the higher freight costs in comparison to bulk. They face the added capacity of constraint due to a limited number of available containers. As such, there is a structural limitation to the total volume of wheat that could be exported in bags and containers. Growers also very clearly see exports in bags and containers differently to bulk exports. What this means is that this amendment in the bill will not undermine the single desk. The single desk will still account for 95 to 97 per cent of the Australian wheat market for export.

An important part of this bill that I need to highlight today is the extension of the temporary veto power of the Minister for Agriculture, Fisheries and Forestry over non-AWB (International) Ltd bulk exports until 30 June 2008. It must be reiterated that the minister will continue to exercise this duty in the public interest of all Australian wheat growers and in a way that treats any application for a licence on its merits. The minister’s role will be to direct the industry regulator, the Wheat Export Authority, to approve or reject bulk wheat export applications. This has been, and will continue to be, on a case-by-case basis. Importantly, this extension ensures that the power of veto over bulk exports does not revert to AWB (International) Ltd on 30 June this year. While we acknowledge that AWBI is the only entity that could realistically manage the 2007-08 harvest, it will not hold the power of veto over bulk exports.

From 1 March 2008, this bill will grant the minister the power to designate a company as the holder of the single-desk export privilege. This ability did exist once but was removed from the act in previous amendments. As part of this, the government will require that the new entity is completely legally separate from AWB Ltd and has a strategy developed to allow the company to take over the single-desk management before the 2008-09 harvest. Exactly when the minister may exercise his power after 1 March will depend on a number of factors; taking into account the progress growers make in developing and establishing a new entity, the capabilities of the new entity at a given point in time, the need for AWBI to finalise sales from 2007-08 pools and obvious transition arrangements involved in the handover of the
single-desk entitlement to a new entity. I take this opportunity to stress that the government must be satisfied with the financial viability and capacity of any new entity proposed to take over as the manager of the single desk.

Australian wheat growers, including many from my own electorate, have had a few tough knocks this past 18 months. But I am confident that this bill will offer direction and guidance to pick this industry up and get it going in the right direction once again. Our wheat growers have a fair bit ahead of them to meet the 1 March deadline, but there is no doubt we are looking at a change for the better.

Mr McCLELLAND (Barton) (8.41 pm)—The member for Barker, whom I have considerable time for in the House, indicated that wheat growers in his electorate had in recent times suffered some hard knocks. They should be aware that these hard knocks, and indeed the bill that we are considering, arise directly from the activities of the Australian Wheat Board during the now infamous wheat for weapons scandal that was the subject of the Cole commission of inquiry.

In my remarks I wish to address in particular the second reading amendment that was moved by the member for Hotham earlier in this debate. I will be focusing on the clauses of that proposed amendment. The first clause of the amendment notes that the bill that we are considering, the Wheat Marketing Amendment Bill 2007, arises directly from the Australian Wheat Board’s role in the now infamous wheat for weapons scandal, as I have indicated. Members would be aware that the scandal involved illicit payments of approximately $300 million to the regime of Saddam Hussein. The wheat for weapons scandal is a national disgrace. The AWB were in fact world-champion bribers. No other company paid more to the regime of Saddam Hussein than the Australian Wheat Board.

The second clause of the member for Hotham’s amendment calls for the government to be held accountable for its role in the Australian Wheat Board scandal. In particular, the member for Hotham’s amendment refers to the fact that the government failed to act on at least 34 substantial warnings about the role of the Australian Wheat Board in the scandal. Those warnings have been documented partly in the text of the report of the Cole commission of inquiry, but I would also refer interested listeners and readers to the work of Caroline Overington, in her book titled Kickback, which documents those warnings.

Evidence before the Cole commission of inquiry established that the Australian intelligence community, for instance, knew as far back as 1998 that Alia, the Jordanian trucking company at the heart of the AWB scandal, was part owned by the Iraqi government—indeed, by a member of Saddam Hussein’s family. They were also aware that Alia was involved in circumventing United Nations sanctions.

Cables documenting the knowledge of our intelligence community were sent to the Department of Foreign Affairs and Trade, the Department of Defence and the Department of the Prime Minister and Cabinet. There is no suggestion that our intelligence officers did not do the work that was required of them nor communicate appropriately to the government of the day, as was their duty.

The evidence indicates that many public servants also had access to and were aware of information on the activities of AWB in the oil for food scandal. As early as 1999, Australian diplomats in Amman knew that AWB was getting favoured treatment for undisclosed help to the Iraq regime. In 2000, Austrade representatives in Washington re-
ported continuing concerns about ‘irregular’ payments between AWB and the Iraq Grains Board. In 2003, an Australian representative on the coalition provincial authority in Iraq received a memorandum of instructions requiring him to investigate potential kickbacks to the regime of Saddam Hussein—in other words, there was certainly, at that stage, at the very least lukewarm knowledge. As a result of those investigations, intelligence and other information, it became generally known in the coalition provincial authority that AWB was rorting the weapons for food program. In 2004, another Australian representative on the coalition provincial authority, Colonel Mike Kelly, informed the Australian Embassy in Baghdad:

… the jig is up on AWB …

Specifically, Colonel Kelly told the Iraq task force:

… AWB were ‘up to their eyeballs’ in the illicit payments …

Colonel Kelly referred to the fact that AWB had an understanding of where the money was going—and that was to the regime of Saddam Hussein.

Last week in the Main Committee, the Minister for Foreign Affairs regrettably misrepresented the nature of Colonel Kelly’s warnings. If repeated outside the parliament, I dare say there is a possibility that he would be impugning the motives and character of Colonel Kelly, and in respect of that would be regarded with grave concern. The foreign minister claimed that Colonel Kelly was not called before the Cole commission of inquiry because other evidence contradicted his. The minister also, unfortunately, as I have indicated, impugned the motivations of Colonel Kelly. In fact, an examination of the report of the Cole commission expressly contradicts the minister’s account of the actual situation. I refer listeners and readers to page 75 of volume 4 of the report by the Cole commission, where it clearly establishes that Colonel Kelly was not called because:

… officers of both DFAT and Attorney General’s Department were well aware of the allegations relating to the manipulation of the Oil-for-Food Programme …

We are talking about 2004 here and it was therefore unnecessary in Commissioner Cole’s view to resolve:

… marginally differing recollections about what Colonel Kelly said …

If a senior military officer provides advice about the activities of AWB—advice provided in the clearest of terms—why didn’t the minister’s department act at the highest level? According to any standard of basic ministerial administrative competence, it should have done so. Time does not permit me to detail the numerous other warnings from the United Nations, including several from Bronte Moules, an Australian representative with the Australian Permanent Mission to the United Nations. In addition, the Department of Foreign Affairs was put on notice numerous times. In 2000, the Iraq task force within DFAT wrote to the United Nations noting that phase VIII, for instance, of the oil for food program had been ‘identified by the coalition provincial authority as the phase when the so-called 10 per cent kickback came in’.

Also in 2004, DFAT prepared a ministerial submission for the Minister for Foreign Affairs and also the Minister for Trade warning of the impending United Nations inquiry and that AWB was likely to face scrutiny. In fact, the memo said: ‘AWB concedes, however, that the Jordanian company handling local transport might, of its own volition, have provided kickbacks to the regime.’ The fact that no action was taken in the light of such specific advice is nothing short of a national disgrace. More outrageous is the fact that no
The amendment moved by my colleague the member for Hotham also states the government:

(ii) failed to utilise the clear mechanism available to insist that the AWB reveal all information in its possession regarding its role in the AWB scandal...

As Commissioner Cole noted in his report, the minister had clear power under the Customs (Prohibited Exports) Regulations. Commissioner Cole said:

Although DFAT did not have any specific investigatory powers conferred on it, one avenue open to it in the event that it received information suggesting a breach or potential breach of sanctions was to request specific information from the relevant exporting company. If the information was not forthcoming, it would be open to the Minister to refuse to grant permission to export or to revoke an existing permission on the basis that, without the information, he could not be satisfied that the exportation would not infringe Australia’s international obligations. This was potentially a powerful threat that could have been effectively used by DFAT in order to investigate allegations had its suspicions been aroused that AWB was acting in breach of United Nations sanctions.

Again, for the reasons I have given, clearly suspicions should have been more than aroused. On any reasonable analysis of the facts, that was the case. Clearly, the minister had power under regulation 13CA to require not only the provision of oral information but also access to documentation in order to find out precisely what AWB was up to.

Any competent decision maker is required to make a decision based on ‘findings or inferences of fact which are supported by some probative material or logical grounds’. Despite ample evidence that would have evoked any reasonable person’s suspicion, the minister failed in this very basic of responsibilities. In the face of overwhelming and direct evidence of AWB’s involvement in the wheat for weapons scandal, the simple denial that the minister received from AWB was totally inadequate. Clearly he should have exercised the powers that were available to him under the Customs (Prohibited Exports) Regulations. It constitutes gross neglect of duty, which enabled the greatest bribery scandal in Australia’s history to continue to unfold.

The next issue raised in the motion from the member for Hotham is that the government failed to adopt practical and sensible measures to oversee the role of AWB during the period of the wheat for weapons scandal. Commissioner Cole noted at paragraph 12.41 of his report that a December 1996 pamphlet issued by DFAT provided that DFAT would submit the notification and contract documentation to the United Nations overseeing committee ‘once satisfied’—this is a quote from the 1996 pamphlet—‘that the form has been properly completed and that the transaction does not infringe the sanctions regime’. The commissioner indicated the impression gained from that documentation. He said:

DFAT would form a view that the contract did not infringe the sanctions.

Commissioner Cole indicated:

… one would expect that this would require, at the very least, an examination of the contract terms.

Commissioner Cole noted, further, that in fact there was no such examination of the contract documentation undertaken by DFAT as a matter of practice and that in January 2001 a new version of the pamphlet was issued to, if you like, justify their inaction in examining the terms of the contracts. Commissioner Cole noted that the new pamphlet ‘stated that DFAT would submit the documentation to the United Nations once it was satisfied that the form had been properly completed and that the transaction did not appear to infringe the UN sanctions regime’.

CHAMBER
In noting that, the commissioner himself highlighted the word ‘appear’. He said in his report that the change in wording gave a new impression. He said:

… DFAT’s scrutiny of the transaction was limited to seeing if anything in the documentation obviously suggested that the transaction was in breach of the sanctions. The instruction suggests that it was unnecessary for DFAT to positively satisfy itself that the transaction did not infringe the sanctions, only that it did not appear to do so.

In that context it is quite remarkable that there has been no explanation by the minister or his department for the change in wording in those pamphlets. Clearly, if the terms of the original 1996 pamphlet had been complied with by the minister’s department there is every likelihood that the wheat for weapons scandal would not have unfolded as it regrettably did.

The next clause of the member for Hotham’s motion that I wish to discuss is the notation that the government limited the terms of reference of the Cole inquiry to such an extent that it was unable to meaningfully evaluate the culpability of the government in the wheat for weapons scandal. In fact, all government ministers including the Prime Minister rely on the findings of the Cole royal commission as exonerating or vindicating the position they took during the wheat for weapons scandal. In fact, an examination of the report shows that nothing could be further from the truth. It is simply the case that, under its terms of reference, the Cole royal commission was not charged with the responsibility for examining misconduct, neglect of duty or worse on the part of public servants and ministers of the Crown.

Again the report of Commissioner Cole makes this point very clear. At paragraph 30.7 on page 22 of volume 4 of the report, Commissioner Cole states:

It is immaterial—

under the terms of reference—

that the Commonwealth may have had the means or ability to find out that the information was misleading, or that it ought reasonably to have known that the information was misleading.

That is, the information provided by AWB. He continued:

It is also immaterial that the Commonwealth, at the time it conferred the benefit or advantage, suspected but did not know that the information was misleading … accordingly, the question whether the Commonwealth may have had constructive knowledge (in the sense that it ought reasonably to have known the truth or that it have the means and ability to find out the truth) is immaterial.

The reference by Commissioner Cole to the concept of constructive knowledge is significant. In the 1992 case of Baden it was determined:

Constructive knowledge may be imputed where a person wilfully shuts his or her eyes to the obvious, wilfully and recklessly fails to make such inquiries as an honest and reasonable person would make, has knowledge of circumstances that would indicate the facts to an honest and reasonable person, or has knowledge of the circumstances which would put an honest and reasonable person on inquiry.

I will leave it to others to judge whether the Commonwealth, through its departments and its ministers, had such constructive knowledge. I would have thought that the case was compelling.

Before concluding I would like to underline the seriousness of the conduct and the failure of senior public servants and ministers to take the necessary action to shut down the wheat for weapons scandal. I refer in particular to section 11(2) of the Commonwealth Criminal Code, which provides:

A person who aids, abets, counsels or procures the commission of an offence by another person is taken to have committed that offence and is punishable accordingly.
In fact, a recent criminal text says:
Where a person has a duty to act and fails to do so, the omission may make them liable as an accessory. A person may be liable for a failure to act where he or she is in a position of power or control, is aware that an offence is about to be committed or is being committed, has reasonable opportunity to intervene, and fails to take reasonable steps to prevent the offence being committed.

Again, I will leave it to others to draw their own conclusions regarding the inaction of senior public servants, and indeed ministers, in the face of what I have said is a very strong case of constructive knowledge of the activities of AWB.

At the end of the day, despite technical responsibility and despite neglect of duty, we have seen principles that we would expect to be held not being held by the government. Indeed, in the book to which I have referred, The Foundations of Governance in the Australian Public Service, produced by the Public Service Commission, Caroline Overington states:

Under the Australian system of responsible government, ministers are responsible to Parliament for the overall administration of their portfolios …

She goes on:
Under normal, or at least, the historical rules of ministerial accountability, Downer—

I apologise for the quote—(Time expired)

ADJOURNMENT

The SPEAKER—Order! It being 9 pm, I propose the question:

That the House do now adjourn.

Broadband

Mr KERR (Denison) (9.00 pm)—I rise with a sense of considerable indignation, representing the electorate of Denison and, I suppose more broadly, the people of Hobart, the capital city of Tasmania. To give you some sense of the reason for my outrage, I will read an email which I received today with respect to the repeated comments by the government that they are providing a fibre-to-the-node network to the five capital cities. My constituent sent me the note, which is copied to every other Tasmanian senator and member, saying:

As Tasmania’s representatives in the Federal Government—
that should be the federal parliament, of course—
could you please advise the Prime Minister that there are 6 capital cities in Australia, not 5.

15km out of Hobart we are unable to access broadband, ADSN, ISDN and wireless broadband!

This is a disgrace. In Tasmania we are being treated as if we are rubes with straw behind our ears who cannot understand any of the basics of communications, economics or politics.

I will tell you something that Tasmanians do understand: they have 12 senators, and five members from the Labor Party in the House of Representatives will be elected in the forthcoming election if the government does not have better sense than to treat Tasmania as if it is not a state of the Commonwealth and as if Hobart is not the capital of a state. It cannot get away with this nonsense.

There is a map of the state of Tasmania, with my electorate, showing where the so-called high-speed broadband network will be delivered—every locality where it will be delivered at high speeds. They actually tried to draw circles. I think a little nub at one point stretches across the boundary of the electorate of Denison accidentally. The city of Hobart, on both sides of the river, the metropolitan centre of a state capital, is going to be provided with the least available service—that is, six megabytes per second at implementation and 12 megabytes per sec-
ond by 30 June 2009. Tasmania was left off the map. More particularly, we suffer the nonsense whereby the government keeps talking about services to metropolitan areas, to the five capital cities, with high-speed fibre optic to the node networks—and in a state capital, in Tasmania, we have the situation whereby we are being provided with nothing that is at all comparable to the kinds of services that other capital cities acquire. I have nothing but contempt for that.

The federal Labor Party’s position is that all major centres capable of being reached by high-speed fibre to the node will be reached. About two per cent of Australians live in such remote localities that their service will have to be provided wirelessly, but 98 per cent of Australians can be provided with the high-quality, first-class, fibre-to-the-node network, not only those in the metropolitan centres of Sydney, Melbourne, Perth, Brisbane and Adelaide—leaving out major metropolitan centres Hobart, a capital city of a state; Launceston, the second city of Tasmania; and Burnie, the other major metropolitan centre. They were all ignored in this government’s second-rate solution for the balance of Australia. So we have a first-rate fibre-to-the-node rollout to five capital cities, excluding one of the foundation states in the Commonwealth of Australia.

The parliamentarians who represent this state are being treated by this government as if they are some kind of hillbilly hicks who will not notice what is going on or the crudity of politics like this. The centre of a major metropolitan area in a state of Australia is excluded from access to high-speed fibre-to-the-node cable, notwithstanding the fact that there are sunk investments in fibre-optic cable already in Tasmania that could be prevailed upon. This is a dopey, short-sighted, short-term political fix that deserves to be condemned. (Time expired)

Wing Commander Robert Henry Maxwell Gibbes

Mr BRUCE SCOTT (Maranoa) (9.05 pm)—I rise tonight in this adjournment debate to pay tribute to arguably one of the most distinguished fighter pilots this country has ever seen: Wing Commander Robert Henry Maxwell Gibbes DSO, DFC and bar, OAM. Sadly, on 11 April this year, Australia lost another veteran from that very special generation of veterans of the Second World War in Commander Gibbes, but his military aviation legacy will live on forever. Bobby, as he was known, did not live in my electorate of Maranoa but did visit it regularly. However, tonight I want to outline for the permanent record of Hansard his extraordinary life and the lasting and indelible impact that he leaves behind in both Australia’s history and the history of Papua New Guinea.

In early 1940, Bobby enlisted in the air cadets where he learnt to fly and, during his short military career, he went on to become one of Australia’s most highly decorated aviators. He was awarded the Distinguished Flying Cross on 28 July 1942 and a bar to the Distinguished Flying Cross on 25 May 1943. He was also awarded the Distinguished Service Order on 15 January 1943. Then, in mid-2004, Bobby’s service to Australia was recognised with an Order of Australia medal.

After Bobby completed his pilot training, he was posted to the 3rd Squadron in North Africa where, in his two years of service, he flew some 274 operational sorties and was credited with shooting down some 12 enemy aircraft. There were two events during this time which distinguished Bobby Gibbes as a courageous and dedicated pilot. On 21 December 1942, in a sheer act of heroism, Bobby landed his aircraft in very rough terrain behind enemy lines to rescue a downed fellow pilot. Bobby discarded the belly tank
of the aircraft to lighten the load for takeoff and then his parachute to make room for his rescued mate in the cockpit. On takeoff, the aircraft wheels clipped the wadi trees and one wheel was subsequently lost. Despite the loss of the wheel, Bobby successfully landed the aircraft on one wheel. Less than one month later, Bobby was shot down in enemy territory. Two hundred and twenty kilometres from safety, he walked west, away from his airbase, for three days to outwit Rommel’s Africa Corps patrols. He was finally found by a British patrol and brought back to safety.

From North Africa Bobby returned to Australia and was posted to the 2nd Operational Training Unit. Here he flew operational training on P40s, Spitfires, Boomerangs and Wirraways. During a training flight his Spitfire crashed and Bobby received severe injuries and burns to his hands. The brighter side of this accident was his Red Cross volunteer, Jeannie, who helped care for Bobby in hospital. Jeannie later became his wife.

After World War II, Bobby went back to the land for a short period of time before heading to New Guinea in 1946, where he remained for many years. Bobby made a big impression on the people of New Guinea at that time, helping them to develop their country. He started by establishing an airline called Speik Airways, which he later sold in 1958 to an airline company which was eventually acquired by Ansett. It was time for another major change in Bobby’s life, so he decided to build a coffee plantation business followed by a hotel business in the Western Highlands of New Guinea. The people of New Guinea are forever grateful for Bobby’s pioneering efforts in the development of their country and the prosperity that flowed from his work.

On returning to Australia in his 60s, Bobby continued to fly planes until, at the age of 85, the civil aviation authority revoked his licence. He also built a licensed aerobatic Cri Cri aeroplane and sailed a 12.8-metre catamaran called Billabong from Southampton to Sydney. It was on that long journey home in that catamaran that Bobby was forced to make his first mayday call when he began to take on water.

Bobby is survived by his wife of 62 years, Jeannie, his two daughters, Julie and Robyn, and five grandchildren. On behalf of the Australian government and the people of Australia, I would like to offer my condolences, albeit belatedly, for their loss. Australia too has lost one of its finest fighter pilots, a passionate leader and above all a true blue Australian larrikin. Bobby Gibbes, you certainly lived once, but to the absolute fullest, and we salute you. *(Time expired)*

**Broadband**

**Mr WILKIE** (Swan) *(9.10 pm)—*The government has failed on all counts to deliver what it should have delivered 11 years ago to the Australian people. Now that the government is staring down the barrel of an election gun, it has announced a belated broadband plan. Will the Prime Minister ever come clean and admit to the Australian people that his inability to grasp the importance of broadband has led this country into a telecommunications abyss? Of course not.

This is simply a two-tiered, two-class mishmash of a plan he calls Australia Connected, which has already condemned people in regional and rural Australia to a distinctly second-class service delivered by a hopelessly outdated wireless system. I have my own name for this government’s plan. I call it ‘Fraudband’, because what is being proposed by the government is a complete con.

John Howard has again failed the Australian people. He has again tried to hoodwink
them by promising a substandard broadband plan that will do little to improve current levels of telecommunications infrastructure in Australia, in particular in my electorate of Swan. By doing so, he has yet again demonstrated his lack of vision for our future with the continual bandaid, quick-fix solutions he needs to get him through to the next election. Mr Howard has had 10 years—

The SPEAKER—Order! The member for Swan will refer to the Prime Minister by his title.

Mr WILKIE—The Prime Minister has had 10 years to fix broadband speed and access. During that time, all Australians—our children, our students, our businesses and our families—have gone backwards compared with the rest of the world. It is embarrassing to visit other parts of the world and see how advanced their broadband systems are compared with ours. Ours is nothing short of a disgrace. If Labor had not announced its comprehensive broadband plan for the future two months ago, you can bet your bottom dollar that this lot opposite would not even have come up with these rehashed, recycled and underdone measures that were announced yesterday.

The Prime Minister’s plan is a sham which is simply designed to safeguard against Liberal marginal seats falling to Labor at the upcoming federal election. The Minister for Communications, Information Technology and the Arts has been caught in the act already when she requested information packs which talk up the government’s broadband plan tailored specifically for marginal seats. Do not forget that this is also the minister who only recently said there was not even a problem with broadband speeds and access across Australia.

Last week I addressed the House on the issue of broadband and its importance to this country’s long-term economic growth and prosperity. Australia finds itself in an economic race with our global competitors which, if we lose, threatens to consign us to an economic black hole. As I have stated on numerous occasions, broadband will transport this country into the knowledge business and align us with global telecommunications giants like Europe, Japan and South Korea. Our future productivity relies upon a broadband infrastructure that will open new markets for Australian business and drive our economic productivity and growth into the future as our population ages. A world-class fibre-to-the-node future is the torch by which Australia’s economy will be guided.

I would like to remind the House of these glaring statistics with regard to our current broadband performance. Australia has a current OECD ranking of 17 out of 30 for the take-up of entry-level broadband. We are ranked 25th by the World Economic Forum on relative broadband speeds. Telstra rejects over 100,000 broadband applications a year simply because it cannot provide a connection. Even Telstra has pointed out the flaws in the government’s new plan, stating that the bulk of the taxpayer money was going not to the network extension but on duplicating infrastructure and services that are largely unavailable and using technology that is unproven.

I have people in my electorate of Swan who live no more than five minutes from the city but who cannot have access to broadband despite several applications to their internet service providers. These are hard-working people who are dependent upon broadband access to provide for their families while trying to sustain their own businesses and livelihoods. Yet they have been told again and again that they do not live in areas which can access broadband, in some cases despite living only 900 metres away from their local exchange.
These are the people the government has failed. My office continually receives complaints from constituents who are fed up with and tired of being bounced around from pillar to post with respect to this access. Labor are proud that we are contributing to the wellbeing and long-term economic prosperity of Australians everywhere. Only Labor's broadband policy for the future will deliver us out of the telecommunications quagmire we have wallowed in for the past 10 years, and only Labor will deliver the broadband infrastructure required to drag us out of it.

When the government announced their catch-up 'fraudband' plan, they exposed the fact that their only real intention is to be re-elected. It is not a long-term vision that serves our country. It is another hoax. It is an illusion designed specifically as a second-rate con job to hoodwink the Australian people yet again. Australia deserves better.

**Blair Electorate: Ipswich Motorway**

Mr CAMERON THOMPSON (Blair) (9.15 pm)—It was an incredible day on the Ipswich Motorway today for residents of the electorate of Blair who rely on the motorway as their route for getting to and from the city of Brisbane. I heard of one person this morning, confronted by the huge pile-up on the road today, who had left for the airport at six o'clock in the morning to pick up their parents and still had not arrived at the airport by 10 o'clock. This situation was brought about by a collision between two trucks which left one B-double dangling over the edge of the Woogaroo Creek Bridge in the area of Goodna just across from the member for Oxley's office.

This is an incredible vision for the people of Ipswich of the future that awaits them if the Labor Party is allowed to get into office and proceeds with its crazy plan to dig up the Ipswich Motorway and conduct roadworks along the full length of the motorway for the next four years, plus a year and a half of planning. That means that the solution that the Labor Party offer, to dig up the motorway and try to upgrade it, could not be delivered until 2013 at the earliest. But the vision that we see today, following the accident with the B-double this morning, is of motorists on the motorway being left with a speed limit of 60 kilometres an hour now, with only one lane to travel in, and the speed in that lane is going to be reduced to 40 kilometres an hour overnight. What is going to happen is that we will have this one lane of traffic moving at 40 kilometres an hour for an indeterminate period while we wait for the poor workers of the Department of Main Roads to repair the abutments on Woogaroo Creek Bridge.

This is what awaits people in my electorate if the Labor Party are allowed to get in and scrap the fully funded Goodna bypass for which the Commonwealth has provided the funding and embarked upon the purchase of properties for resumptions to make way for it. What will happen if the Labor Party get in is that they will kill off the Goodna bypass and they will set about digging up the Ipswich Motorway. So we will have a full length of roadworks happening through to 2013 if the Labor Party gets in. That means that they are going to be digging up the most heavily congested section of the Ipswich Motorway between Dinmore and the Goodna merge, should they get in at the end of this year, through to 2013. The alternative, which is funded by the Commonwealth government already, is to build the Goodna bypass, an alternative road on a greenfield site where it would not be necessary to disrupt traffic during construction.

When will the Labor Party get the message from the electors of Oxley and Blair? The people in this area are crying out for the construction of the Goodna bypass. I have been listening to them on this and the Commonwealth has their 100 per cent support,
very strong support, not only in the seat of Blair but in the seat of Oxley as well. But the Labor Party are thumbing their noses at them and saying, ‘We’re determined to dig up the only road you have to travel on.’ This is a road carrying 100,000 vehicles a day at this most heavily congested spot. The coalition government is already committed to building a bypass around it on a greenfield site so as not to disrupt the traffic but to provide for quick construction and a solution to last through to 2032.

What are the electors getting from the Leader of the Opposition and the Labor Party? They are getting this frustrating proposal to dig up this road, to turn it into a traffic shemozzle for this 5½-year period, a situation that will get much worse under Labor and can only return, at best, to the hopeless situation it is already in today. This is an appalling situation. The Labor Party deserve to be condemned. People in my electorate strongly endorse the Goodna bypass. This is going to be a big issue in the seat of Blair and it is going to be a big issue in the seat of Oxley, and the Labor candidates in those seats need to actively get out there and represent the people of their electorates and stop holding two fingers up to them, which is what they are doing at present. (Time expired)

Oxley Electorate: Ipswich Motorway Fuel Prices

Mr RIPOLL (Oxley) (9.20 pm)—After the member for Blair’s ranting it would be wrong of me not to respond in some way and correct some of the mistruths that he has put onto the record, but there are so many I will not have time in this short five minutes. I want to say this before I talk about the issue that I was going to raise tonight: the member for Blair is wrong again. Three roads are actually better than two. What we need is a full upgrade of the Ipswich Motorway no matter what other roads are built. What we also need is the full extension of the Centenary Highway through Springfield, through the Ripley Valley, connecting back up with Ipswich. That is currently underway and will be done within the next 18 months.

What we also need is a full bypass, not the half bypass which is being promoted by the federal government and the member for Blair. We need a full bypass, a real one, which does not just skirt around the suburb of Goodna but takes all of the traffic and is a full-length bypass. Three roads are better than two; a full bypass is better than a half bypass. All this government has done on this for the last 11 years is nothing. They have done nothing on the Ipswich Motorway; it is their federally funded road and they have not spent one cent on it. Just to correct the record, stage 1 of the Ipswich Motorway to upgrade the Gailes-Logan interchange is actually currently under construction, under full traffic conditions, but of course the member for Blair will never admit that.

Tonight I also want to raise a very serious issue for many of my constituents, and those of the member for Blair as well, and that is the price of petrol. For 11 years we have had a government that has refused to do anything about that. But, with a change of heart and a change of mood when you are desperate just short of an election, you might get something. The reality is that a Rudd Labor government will do something because we are committed and we will do something real that can make a difference to people at the bowser. We have announced that we will appoint a national petrol commissioner whose sole responsibility will be to formally monitor and investigate price gouging and collusion. The ACCC has a lot on its plate and it is way too busy to do all the things that it is tasked to do. This government will not even allow it the power to properly investigate collusion and gouging in the fuel indus-
try, so what we need is a petrol commissioner. That is what people deserve and need. The commissioner will be charged with ensuring motorists get a serious fair go. Petrol is expensive, so it is important that we ensure that there is no price gouging at any point in the supply chain. I am sure it is nothing new to anybody listening to this or reading this later that just before Christmas, before Easter, before public holidays and before school holidays a mysterious jump in the petrol price occurs, and it jumps quite high. There is something wrong with the way that petrol pricing works in this country. We need to do something serious about it, and that can be done through the appointment of a national petrol commissioner.

The Labor Party has been committed to this task for some time. We have been committed to giving power to the ACCC to monitor this and to the ACCC having the investigative power to do something about the price of petrol in this country. It is not good enough for this government to always carry on that it is global prices and that nothing needs to be done by the government. We need a petrol cop on the beat to make sure that petrol prices are fair at the bowsers. Maybe this government thinks it is fair and that it does not need to do any of those things because, in its view, a spike in the price of petrol just before Easter is fair. There is discrepancy from pump to pump and from state to state, but this government will not do anything about it.

Government members interjecting—

Mr RIPOLL.—There are government members in here arguing with me. They think it is okay for people to pay too much! After 11 years of no action, 11 years of sitting on their hands, 11 years of running out of ideas and 11 years of people growing tired of the government, they have finally decided that they are going to do a little bit of something. We have the Treasurer making a statement that he now thinks it may be necessary to have a one-off investigation by the ACCC.

We say that is not good enough. How about permanent powers for the ACCC? How about a petrol cop on the petrol beat? How about doing something real for people who are suffering because the cost of living and the cost of housing under this government are unaffordable? Add to that the cost of interest rate payments, and the cost of petrol for most families is simply unaffordable. You do not have to take my word; take the word of Mr Graeme Samuel, the ACCC chairman, who said:

I call on the petrol retailers to immediately give Australian motorists a fair go and drop their pump prices in line with recent international price movements.

Even he thinks that petrol consumers should get a fair go. Why doesn’t this government think they should get a fair go? If that is not enough, De-Anne Kelly, a government member, also thinks that that is the case. (Time expired)

Fuel Prices

Broadband

Mr BARTLETT (Macquarie) (9.25 pm)—Let me begin by reminding the member for Oxley that, if we were still running Labor’s excise system on fuel, petrol would now be substantially more expensive—that is, 17.2c a litre more expensive—than it currently is. Let me remind the member for Oxley that this government reduced the excise on fuel in 2000 and again in 2001. More significantly, we removed the iniquitous automatic indexation of fuel excise that was introduced by the Hawke Labor government. Enough of this rubbish from the other side—if their system of excise was operating today, petrol would be 17.2c a litre more expensive than it is.
We have also heard a lot of humbug in the last couple of days from the members opposite about the government’s broadband proposal. I will come to that and point out the comparisons in a moment. Let me say at the outset that I am delighted by the improvements that the government’s initiative will bring to my electorate. Seven exchanges in my electorate—Bathurst, Blackheath, Hazelbrook, two sites at Katoomba, Lawson and Wentworth Falls—will be upgraded to ADSL2+ with speeds of at least 12 megabits per second and up to 20 megabits per second within the next two years. In addition to that, another 15 sites in my electorate will have access to WiMAX wireless technology with speeds of initially six but, within two years, up to 12 megabits per second. Those are two sites at Bathurst and sites at Blayney, Essington, Hampton, Lawson, Lithgow, Mount Marsden, Mount Ryan, Mount Victoria, Oberon, Palmers Oaky, Portland, Newnes and Shooters Hill. Within two years all of these sites will have speeds of at least 12 megabits per second. For many of those areas that currently have very slow speeds, we will have an increase in speed of 24 times what it currently is. Every area in my electorate will have access to high-speed broadband. The few remote areas will have access to heavily subsidised satellite service broadband.

We have heard a lot of nonsense from the other side and sadly we have also seen some media that is not really conversant with the facts on this. Let me point out the facts. Firstly, this government’s proposal for high-speed broadband will cover 99 per cent of the country. Labor’s proposal tried to pretend it would cover 98 per cent but in reality will only cover about 75 per cent of Australia. Labor’s proposal is a city-centric, metropolitan-centric proposal that totally ignores the needs of rural and regional Australia. This government’s proposal will cover 99 per cent of Australia with high-speed broadband. Secondly, Labor’s proposal was for a maximum speed of 12 megabits per second and the government’s proposal is a minimum of 12 megabits per second and even more than that. Thirdly, Labor’s proposal would only cover up to four kilometres from the exchange, whereas the government’s proposal would cover at least 20 kilometres from the base station. The government’s proposal for coverage is far superior to Labor’s proposal. Labor’s costly proposal was going to raid the Communications Fund and the Future Fund of $4.7 billion. The government’s proposal, by contrast, will cost less than $1 billion and will be matched by funding from the private sector, so again there is far less burden on taxpayers to achieve a superior outcome. Labor’s proposal was to come online by 2013—pie in the sky. That is six years away. The government’s proposal will start immediately and will be completed within two years.

The SPEAKER—Order! It being 9.30 pm, the debate is interrupted.

House adjourned at 9.30 pm

NOTICES

The following notices were given:

Mr Costello to present a Bill for an Act to amend the Trade Practices Act 1974, and for related purposes. (Trade Practices Legislation Amendment Bill (No. 1) 2007)

Mr Abbott to present a Bill for an Act to amend the National Health Act 1953, and for related purposes. (National Health Amendment (National HPV Vaccination Program Register) Bill 2007)

Dr Stone to present a Bill for an Act to amend the Social Security Act 1991, and for related purposes. (Social Security Amendment (2007 Measures No. 1) Bill 2007)

Mr Billson to present a Bill for an Act to amend the law relating to communications,
and for related purposes. (Communications Legislation Amendment (Information Sharing and Datacasting) Bill 2007)

Mr Billson to present a Bill for an Act to amend the law in relation to social security, veterans’ affairs and family assistance, and for related purposes. (Families, Community Services and Indigenous Affairs Legislation Amendment (Further 2007 Budget Measures) Bill 2007)

Mr Robb to present a Bill for an Act to amend the Australian Technical Colleges (Flexibility in Achieving Australia’s Skills Needs) Act 2005, and for related purposes. (Australian Technical Colleges (Flexibility in Achieving Australia’s Skills Needs) Amendment Bill (No. 2) 2007)

Mr Lloyd to 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 19 June 2007, namely: National Gallery of Australia southern extension.
QUESTIONS IN WRITING

Media Monitoring and Clipping Services
(Question No. 4125)

Mr Bowen asked the Minister representing the Minister for Communications, Information Technology and the Arts, in writing, on 7 September 2006:

What sum was spent on media monitoring and clipping services engaged by the Minister’s office in 2005-06.

What was the name and postal address of each media monitoring company engaged by the Minister’s office.

Mr McGauran—The Minister for Communications, Information Technology and the Arts has provided the following answer to the honourable member’s question:

1. $5,020.45
2. Media Monitors Australia Pty Ltd
   PO Box 2110
   Strawberry Hills    NSW 2010

   Rehame Australia Monitoring Service Pty Ltd
   PO Box 537
   Port Melbourne VIC 3207

Freedom of Information
(Question No. 4357)

Mr Kelvin Thomson asked the Minister representing the Minister for Communications, Information Technology and the Arts, in writing, on 14 September 2006:

(1) How many freedom of information applications have the Minister’s department and agencies received in each financial year since 1 July 2000.

(2) In respect of the applications identified in Part (1), how many resulted in documents being released (a) in full, (b) in part and (c) not at all.

(3) Has the Minister’s department issued any conclusive certificates since 1 July 1996; if so, what are those details.

(4) In respect of each of the conclusive certificates identified in Part (3), will the Minister provide (a) the sections of the Freedom of Information Act 1982 to which the certificate relates and (b) the details of any appeal against the certificate lodged with the Administrative Appeals Tribunal, including the outcome of the appeal.

Mr McGauran—The Minister for Communications, Information Technology and the Arts has provided the following answer to the honourable member’s question:

Department of Communication, Information Technology and the Arts

(1) Information is publicly available in annual reports made under the Freedom of Information Act 1982 (the FOI Act).

(2) Information about the outcome of FOI applications finalised each financial year by each department and agency is publicly available in annual reports made under the FOI Act.
(3) No.
(4) N/A.

**Australian Sports Anti-Doping Authority (ASADA)**
(1) Information is publicly available in annual reports made under the FOI Act 1982.
(2) Information about the outcome of FOI applications finalised each financial year by each department and agency is publicly available in annual reports made under the FOI Act 1982.
(3) No conclusive certificates have been issued in relation to applications received by the Australian Sports Anti-Doping Authority.
(4) N/A.

**Australian Sports Commission (ASC)**
(1) Information is publicly available in annual reports made under the FOI Act.
(2) Information about the outcome of FOI applications finalised each financial year by each department and agency is publicly available in annual reports made under the FOI Act.
(3) No conclusive certificates have been issued in relation to applications received by the Australian Sports Commission.
(4) N/A.

**National Museum of Australia**
(1) Information is publicly available in annual reports made under the FOI Act.
(2) Information about the outcome of FOI applications finalised each financial year by each department and agency is publicly available in annual reports made under the FOI Act.
(3) No.
(4) N/A.

**National Library of Australia**
(1) Information is publicly available in annual reports made under the FOI Act.
(2) Information about the outcome of FOI applications finalised each financial year by each department and agency is publicly available in annual reports made under the FOI Act.
(3) No.
(4) N/A.

**National Gallery of Australia**
(1) Information is publicly available in annual reports made under the FOI Act.
(2) Information about the outcome of FOI applications finalised each financial year by each department and agency is publicly available in annual reports made under the FOI Act.
(3) No.
(4) N/A.

**National Archives of Australia**
(1) Information is publicly available in annual reports made under the FOI Act.
Bundanon Trust
(1) Nil. Bundanon Trust is not subject to the FOI Act as its decisions are not made “under an enactment” within the meaning of the FOI Act.
(2) N/A.
(3) N/A.
(4) N/A.

Australian National Maritime Museum
(1) Information is publicly available in annual reports made under the FOI Act.
(2) Information about the outcome of FOI applications finalised each financial year by each department and agency is publicly available in annual reports made under the FOI Act.
(3) No.
(4) N/A.

Australia Council
(1) Information is publicly available in annual reports made under the FOI Act.
(2) Information about the outcome of FOI applications finalised each financial year by each department and agency is publicly available in annual reports made under the FOI Act.
(3) No.
(4) N/A.

Australian Film, Television and Radio School
(1) Information is publicly available in annual reports made under the FOI Act.
(2) Information about the outcome of FOI applications finalised each financial year by each department and agency is publicly available in annual reports made under the FOI Act.
(3) No.
(4) N/A.

Film Finance Corporation Australia
(1) Nil. The FFC is not subject to the FOI Act as its decisions are not made “under an enactment” within the meaning of the FOI Act.
(2) N/A.
(3) N/A.
(4) N/A.

Film Australia Ltd
(1) Nil. FAL is not subject to the FOI Act as its decisions are not made “under an enactment” within the meaning of the FOI Act.
(2) N/A.
(3) N/A.
(4) N/A.

Australian Film Commission
(1) Information is publicly available in the AFC’s annual report.
(2) Information about the outcome of FOI applications finalised each financial year by the AFC is publicly available in the AFC’s annual report.
(3) No.
(4) N/A.

**Australia Business Arts Foundation**

(1) Nil. AbaF is not subject to the Freedom of Information Act as its decisions are not made “under an enactment” within the meaning of the FOI Act.
(2) N/A.
(3) N/A.
(4) N/A.

**Australian Broadcasting Corporation (ABC)**

(1) Information is publicly available in the ABC annual reports made under the FOI Act.
(2) Please refer to (1).
(3) N/A.
(4) N/A.

**Special Broadcasting Service (SBS)**

(1) Information is publicly available in the SBS annual reports made under the FOI Act.
(2) Please refer to (1).
(3) N/A.
(4) N/A.

**Net Alert**

(1) Nil.
(2) N/A, please refer to (1).
(3) Nil.
(4) N/A, please refer to (3).

**Australia Post**

(1) Information is publicly available in the Corporation’s Annual Reports.
(2) N/A, please refer to (1).
(3) Australia Post has not requested any conclusive certificates in these financial years.
(4) N/A.

**Australian Communications and Media Authority (ACMA)**

(1) Information is publicly available in annual reports made under the FOI Act.
(2) Please refer to (1).
(3) N/A.
(4) N/A.

**Australian Communications Authority (ACA)**

(1) Information is publicly available in annual reports made under the FOI Act.
(2) Please refer to (1).
(3) N/A.
(4) N/A.
Australian Broadcasting Authority (ABA)

(1) Information is publicly available in annual reports made under the FOI Act.

(2) Please refer to (1).

(3) N/A.

(4) N/A.

Iraq
(Question No. 4967)

Mr McClelland asked the Minister for Defence, in writing, on 7 December 2006:

(1) In respect of the comments made at a Senate Estimates hearing of 1 November 2006 by the Chief of Defence Force (CDF) that “anybody in the Iraqi security forces who is involved in …sectarian violence does need to be removed from their duties”, what procedures does the Australian Defence Force (ADF) have in place for vetting the Iraqi personnel it trains in order to identify people engaged in such violence.

(2) Does the government accept the validity of comments made at the Senate Estimates hearing of 1 November 2006 by the CDF that “we need to develop a more comprehensive strategy against the militias, or the Iraqi Government needs to develop a more comprehensive strategy”; if so, what steps is the Government taking to ensure such strategy development in Australia and with the Iraqi Government.

(3) Does the Government accept the validity of comments made at a recent Senate Estimates hearing of 1 November 2006 by the CDF that “the Iraqi Government needs to confront the issue of militias, probably in a more robust way”; if so, what representations is the Australian Government making to the Iraqi Government to ensure that this occurs.

(4) Does the government accept the validity of CDF comments that sectarian violence is the prime, major and critical challenge facing the Iraq Government; if so, what initiatives is the Government undertaking to deal specifically with this challenge.

(5) Can the Government provide details of intimidation and violence conducted by militia members within the Australian areas of responsibility in Iraq, as alluded to by the CDF at a Senate Estimates hearing of 1 November 2006; if so, (a) how widespread is the intimidation and violence and (b) what measures is the Australian Government taking to combat it.

(6) Which militias are active in the Australian area of responsibility in the south of Iraq and do they have affiliations with any members or groups within the Iraqi Government; if so, which members and which groups.

(7) Is there a risk that Australian troops will be called out to assist Iraqi policing authorities, who may themselves be perpetrators of sectarian violence.

(8) Can the Government confirm a report made on the Dateline program of 25 October 2006 that Iraqi security forces declined to assist members of the Australian contingent during an attack by insurgents; if so, (a) what are the details of the engagement and the actions of the Iraqi security forces; (b) what representations has the Government made to Iraqi authorities about the issue and (c) has this occurred in other situations; if so, what are those details.

(9) Has the Government sought any involvement in the activities of the Iraq Study Group; if not, why not; if so, what involvement has been sought.

(10) What are the procedures in respect of detention and delivery, by Australian military personnel in Iraq, of persons apprehended whilst breaking the law, particularly with regard to (a) handing over of such persons to the Iraqi civilian authorities and (b) any subsequent follow-up procedure to ensure that those persons are not subject to abuse by Iraqi authorities.
(11) What is the legal status of Australian military personnel in Iraq when exercising violent or coercive force in the discharge of their overwatch function; in particular, do they have immunity from prosecution under Iraqi law; if so, what is the basis for that immunity.

(12) What information does the Government have about the following concerns raised by the United States Department of Defense in its report to Congress of August 2006 titled Measuring Stability and Security in Iraq: (a) the condoning, or maintenance of support, by certain Iraqi politicians of violence as a source of political leverage; (b) the impeding of defence capabilities by corruption within the ministries and the purging or replacement of experienced or talented employees with party elements/cronies; (c) the emergence of an increasing number of death squads, including those formed from rogue elements of the Iraqi security forces; (d) the attribution of unprofessional and criminal behaviour to certain units in the Iraqi national police force; and (e) the constraint placed upon the development of the Iraqi security forces by corruption, illegal activity and sectarian bias.

(13) What is the Government’s policy on encouraging the governments of surrounding countries, such as Saudi Arabia, Iran and Syria, to become involved in achieving a solution to the violence in Iraq.

Dr Nelson—The answer to the honourable member’s question is as follows:

(1) The selection and vetting process for Iraqi Security Forces is the remit of the sovereign Iraqi Government, in consultation with the Coalition. The Australian Defence Force (ADF) does not play a role in vetting members of the Iraqi Security Forces.

(2) and (3) The Government agrees that, in taking responsibility for its country’s security, the Iraqi Government must develop a comprehensive strategy and take robust action to combat militia activity. The Australian Government has had ongoing discussions with, and has made representations to, the Iraqi Government on a range of matters, including security.

(4) The Australian Government is concerned by the violence being perpetrated against the Iraqi people. Australia does not have a direct role in combating sectarian violence in Iraq. Australia’s contribution is supporting the Iraqi Government and Coalition by providing training and mentoring for the Iraqi Army and supporting the Iraqi authorities in Al Muthanna and Dhi Qar, where responsibility for security has transferred to Iraqi control.

(5) and (6) The Iraqi authorities have responsibility for security within Australia’s area of operations. Australia provides support to the Iraqi Security Forces in the area through the provision of training and mentoring. I am not in a position to provide details of militia activities within the Australian area of responsibility in southern Iraq.

(7) Any Australian participation in security operations in southern Iraq would require Australian Government approval, following a request from the Iraqi Prime Minister.

(8) During a meeting with Iraqi officials in Al Muthanna province in September 2006 an attack occurred on elements of the Overwatch Battle Group (West) by elements of the anti-coalition forces. Australian forces did not request assistance from Iraqi Security Forces. (a), (b) and (c) Not applicable.

(9) It was a matter for the Iraq Study Group as to who it wished to make submissions. The Australian Government has regular and ongoing close discussions about Iraq with the United States Government and key Coalition partners. The United States administration has made clear that the Iraq Study Group report was one of a number of inputs that fed into the Administration’s review of strategy in Iraq.

(10) Australia has a detailed detention policy for the handling of any detainees, including any subsequent transfer, to ensure that detainees are treated in accordance with Australian standards and international law.

Nations Security Council resolutions 1546 and 1723 authorise the Multi-National Force–Iraq to take all necessary measures to contribute to the maintenance of security and stability in Iraq. ADF members have immunity from Iraqi civil and criminal courts pursuant to Coalition Provisional Authority Order 17. However, they remain subject to Australian domestic law, including the Defence Force Discipline Act 1982.

Australia does not maintain any independent, unclassified, reporting on the issues detailed in this question.

A stable and secure Iraq is in the interests of its neighbours and the region.

Finance and Administration: Missing Property

(Question No. 5135)

Mr Kelvin Thomson asked the Minister representing the Minister for Finance and Administration, in writing, on 7 December 2006:

(1) For each financial year from 1 July 2004, what was the total cost the Minister’s department of departmental property reported missing.

(2) For the financial year 2005-06, what items of property were reported missing and what was the cost of each.

Mr Costello—The Minister for Finance and Administration has supplied the following answer to the honourable member’s question:

(1) 2004-2005 – $6,200.00
    2005-2006 - $7,290.00
    2006-2007 – $1,760.00

(2) For the financial year 2005-2006, three laptop computers and three Personal Digital Assistants (PDA) were reported missing. The replacement cost of a laptop computer is $1,760.00 (including GST). The replacement cost of a PDA is $670.00 (including GST).

Departmental laptops are protected by DSD approved security software to ensure that no data can be accessed from stolen laptops by unauthorised persons.

Australian Defence Force

(Question No. 5297)

Mr Fitzgibbon asked the Minister for Defence, in writing, on 6 February 2007:

On what date was the most recent stock-take of stored Australian Defence Force weapons undertaken.

Dr Nelson—The answer to the honourable member’s question is as follows:

Stocktaking of Australian Defence Force weapons occurs in accordance with the Defence Security Manual. Stocktakes are conducted on a fortnightly basis except for major base logistics weapons storage and repair facilities. These facilities undergo a complete 100 per cent stocktake on a three month cycle.

At the Defence National Storage and Distribution Centre, Joint Logistic Unit (South Queensland) and Joint Logistic Unit (West) a 100 per cent weapons stocktake is conducted every three months. The last completed Defence National Storage and Distribution Centre weapon stocktake cycle was completed on 31 March 2007.

A National Weapon Census is undertaken annually in the May-June period by the Armaments Systems Programme Office within the Defence Materiel Organisation. The annual census is conducted in order to confirm the registered serial number of all small arms in the Defence inventory and ensures the integ-
rity of data in the Standard Defence Supply System. The most recent National Weapon Census was completed on 31 May 2007.

Maritime Security
(Question No. 5306)

Mr McClelland asked the Minister for Defence, in writing, on 6 February 2007:

Has the Australian Government entered into an agreement with the Indonesian Government to undertake joint naval patrols; if so, where will the joint patrols operate and what authorisation and powers will vessels of the respective navies have.

Dr Nelson—The answer to the honourable member’s question is as follows:

No, not at this stage. Australia and Indonesia do share a common interest in addressing maritime threats, including terrorism, piracy and illegal fishing. The Australian and Indonesian Governments are continuing to explore maritime cooperation between a number of agencies, including Defence.

Australia has proposed conducting coordinated patrols with the Indonesian Navy. A coordinated patrol would see both navies exchanging information on patrol times and operating areas in order to maximise coverage. Coordinated patrols would seek to enhance our maritime surveillance efforts with Indonesia through effective scheduling of patrols and exchange of surveillance information.

Royal Australian Navy: Adelaide Class Frigates
(Question No. 5541)

Mr Fitzgibbon asked the Minister for Defence, in writing, on 20 March 2007:

(1) On what previous occasion, if any, has there been a fire in the gas turbine engine of an Australian warship during peacetime and for each occasion identified, what was the (a) date and (b) nature of the incident.

(2) Does the incident that took place on 6 March 2007 aboard the HMAS Adelaide fall within the normal operation parameters of the vessel.

(3) In respect of the 6 March incident, (a) what was the duration of the fire, (b) what are the preliminary indications of the cause of the fire and (c) how long did the fire continue before the fire suppression system was activated and the fire successfully suppressed.

(4) Since the first vessel of this class was commissioned, what malfunctions in the fire suppression system have been recorded.

(5) When was the fire suppression system of the HMAS Adelaide most recently checked.

(6) What emergency procedures are executed by the crew of an Adelaide Class Guided Missile Frigate (FFG) in the event of a gas turbine engine suppression system malfunction during a fire.

(7) Does a fire in the gas turbine engine of an FFG frigate create a risk of explosion; if so, is the risk present in the case of a fire of short duration.

Dr Nelson—The answer to the honourable member’s question is as follows:

(1) The Royal Australian Navy has operated gas turbine engines in the Adelaide Class Frigates (FFG) since 1980 and in the Anzac Class Frigates (FFH) since 1996. During this time records indicate that there have been two previous instances of a fire in the gas turbine module.

(a) The first occurred in HMAS Darwin in July 1991 and the second incident occurred in HMAS Melbourne in July 2003.

(b) Darwin: The Flame Detection Alarm activated and smoke was observed within the gas turbine module. The fire suppression system was activated. The fire was contained within the module and extinguished by the fire suppression system. Subsequent investigation identified the cause
of fire to be a crack in the fuel manifold that had developed while the ship was underway, which allowed fuel to escape and accumulate on the module floor. The fuel subsequently ignited. Modification to all Royal Australian Navy gas turbine fuel manifolds and module drains has reduced the risk of a reoccurrence of this type of incident.

Melbourne: The Flame Detection Alarm activated and smoke was observed within the gas turbine module. The fire suppression system was then activated. The fire was contained within the module and extinguished by the fire suppression system. An investigation identified the cause of the fire as fuel weeping from a joint in the engine’s power turbine casing. The fuel subsequently ignited. On conclusion of the investigation, the weeping joint was repaired. No modifications to any system were necessary.

(2) No, it is not normal to experience a fire in a naval vessel. However, both engine and ship constructions are designed to deal with this type of incident. Additionally, crew members routinely practice proven standard operating procedures in order to handle these incidents.

(3) (a) The fire’s duration was less than three minutes. (b) A full investigation of the cause of the fire has not yet been completed. However, preliminary indications suggest the fire was caused by a very small quantity of undetected fuel in the right rear corner of the gas turbine module. The source of ignition is believed to have been the high ambient temperature in this rear ‘exhaust’ section of the gas turbine module. (c) The fire burnt for approximately two minutes prior to the activation of the fire suppression system. The Flame Detection Alarm was activated after the High Temperature Alarm was triggered. Release of fire suppressant occurred approximately one minute after activation of the Flame Detection Alarm and visual confirmation that no fire remained occurred approximately one minute later.

(4) There has never been a recorded failure during operation of a fire suppression system in this class of vessel in the Royal Australian Navy. That is, they have performed successfully when called upon. Time based maintenance is conducted on the systems to ensure operability. This maintenance has occasionally uncovered defects in fire suppression systems, which have then been rectified.

(5) Adelaide’s fire suppression systems were most recently checked during the period January – February 2007.

(6) The gas turbine enclosure is serviced by two halon fire suppression systems, primary and reserve. In the event of the primary system failing, the reserve system would be activated. Both systems are identical in fire suppression capability. In the event of the halon system failing in total, the fire would be contained within the enclosure that is specifically designed to contain a fire of 2000 degrees Fahrenheit for a period of greater than 15 minutes. The module design allows for all services (fuel, air, lubricants, drains, and electricity) to be isolated and the enclosure to be boundary cooled until the fire has been starved. This procedure is practised regularly by crew members.

(7) Wherever there is abundant fuel, air (oxygen) and heat, there is a residual risk of fire and explosion. In none of the reported cases of fire in Royal Australian Navy FFG gas turbine engine modules, however, has there been an explosion. Royal Australian Navy regulations strictly prohibit the use of high volatility fuels in marine propulsion systems in order to reduce the risk of fire and explosion. The Royal Australian Navy FFG gas turbine engines use diesel and diesel derivative fuels of low volatility. The FFG gas turbine engine and module systems are designed to reduce the probability of fire and explosion to a very low level. Further, the engine and modules are designed to contain fire should it occur. The likelihood of explosion damage beyond the module internals is also very low because any pressure build up would be released up through the engine and module exhaust system. Continuous monitoring and fire detection and suppression systems (with dual redundancy) are fitted to enable rapid identification and suppression of any fire. The Royal Australian Navy has never recorded an instance of an explosion in a gas turbine engine module.
Tuesday, 19 June 2007  HOUSE OF REPRESENTATIVES

**F22 Raptor**

(Question No. 5543)

Mr Bevis asked the Minister for Defence, in writing, on 20 March 2007:

Has the Government officially sought approval or clarification from the US as to whether the US would approve the sale of the F-22 Raptor to Australia; if so, when and by whom was the request or inquiry made; if not, why not.

Dr Nelson—The answer to the honourable member’s question is as follows:

Defence has never made a formal request to acquire the F-22 Raptor as Defence analysis shows that the F-22 is not the preferred air combat solution for Australia. US Deputy Secretary of Defense, Mr Gordon England recently wrote to me reaffirming that the F-22 was not available for export at this time. Mr England’s letter was in response to my letter advising the US Government that Australia had decided to join the Production, Sustainment and Follow-on Development phase of the Joint Strike Fighter Program.

**Defence Projects**

(Question No. 5581)

Mr Fitzgibbon asked the Minister for Defence, in writing, on 22 March 2007:

For each financial year from 2004 to 2014, what is the estimated expenditure for each of the following projects:

(a) AIR 5276 Phase 5 P-3C Orion EO Enhancement (partial approval Phase 5A; a new Phase 5B was created that has since been subsumed into the Capability Assurance Program, which is in this Defence Capability Plan (DCP)),
(b) AIR 5376 Phase 2.3 F/A-18 EWSP (less Jammers Element, new phase 2.3C is in this DCP),
(c) AIR 5376 Phase 2.4 F/A-18 Forward Looking Infra-red Capability,
(d) AIR 5409 Phase 1 Bomb Improvement Program,
(e) AIR 5416 Phase 3 Enhanced EWSP for F-111 (RWR),
(f) AIR 5416 Phase 4 C-130J EWSP (Partial Approval Phase 4A, new Phase 4B is in this DCP),
(g) AIR 5418 Phase 1 Follow-on Stand-off Weapon Capability,
(h) AIR 9000 Phase 2 Additional Trooplift Helicopters,
(i) AIR 9000 Phase 4 Black Hawk Mid-Life Upgrade (together with Sea King Replacement),
(j) AIR 9000 Phase 5A Chinook Upgrade—Early Engine Replacement,
(k) DEF 224 Phase 2B BUNYIP—Acquisition,
(l) JP 1 Phase R Harpoon Missiles Upgrade,
(m) JP 129 Phase 2 Airborne Surveillance for Land Operations,
(n) JP 2025 Phase 5 JORN Upgrade,
(o) JP 2047 Phase 2A Defence Wide Area Communications Network,
(p) JP 2048 Phase 2 Amphibious and Afloat Support Study,
(q) JP 2060 Phase 2B Enhanced Deployable Medical Capability,
(r) JP 2080 Phase 2A Defence Management Systems Improvement,
(s) JP 2085 Phase 1B Explosive Ordnance Warstock,
(t) JP 2090 Phase 1B Combined Information Environment (Study Phase 1B approved, new Phase 1C is in this DCP),

QUESTIONS IN WRITING
(u) JP 2095 Phase 1 Aviation Fire Trucks,
(v) JP 5408 Phase 2B ADF GPS Enhancement,
(w) JP 8001 Phase 2B HQAST Collocation,
(x) LAND 125 Phase 2B Soldier Combat System—Preliminary Design,
(y) LAND 146 Phase 1 Combat Identification for Land Forces (Study Phase and initial capability approved, new Phase 2 and 3 are in this DCP),
(z) LAND 907 Phase 1 Main Battle Tank Replacement,
(aa) SEA 1390 Phase 4B FFG SM-1 Missile Replacement,
(bb) SEA 1439 Phase 5B Collins Continuous Improvement Program (partial approval Phase 5B.1, new Phases 5B.2A and 5B.2B are in this DCP),
(cc) SEA 1442 Phase 3 Maritime Communication and Information Management,
(dd) Architecture Modernisation—Initial Capability,
(ee) SEA 1448 Phase 2B ANZAC ASMD Upgrade—Fire Control Radar SEA 1654 Phase 2A Maritime Operational Support Capability—WESTRALIA Replacement,
(ff) SEA 4000 Phase 1C Air Warfare Destroyer Study; and
(gg) SEA 4000 Phase 2 Air Warfare Destroyer—Design Activity.

Dr Nelson—The answer to the honourable member’s question is as follows:

Please refer to the following table, “Expenditure by Financial Year 2004/05 to 2014/15”. The amounts shown in 2004/05 and 2005/06 are actual expenditures incurred in those financial years. The amounts shown in all other years represent latest approved estimates of expenditure that will occur in those financial years.
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Notes:
1. All values in 2004/05 and 2005/06 represent actual expenditure incurred in those financial years. The values in all other years represent the latest approved plan of expenditure in those financial years.
2. AIR 5376 Phase 2.3 is a sub-element of AIR 5376 Phase 2 shown above and not reported independently.
3. AIR 5416 Phase 4A is approved - Phase 4B is unapproved.
4. AIR 9000 Phase 2 shown above includes Phases 2, 4 and 6 in the one project.
Taxation
(Question No. 5607)

Mr Murphy asked the Minister for Revenue and Assistant Treasurer, in writing, on 27 March 2007:
What is his response to the article titled ‘Crime gangs rort $5 billion in tax office refunds’, which was published in *The Age* newspaper on 26 March 2007.

Mr Dutton—The answer to the honourable member’s question is as follows:
This is a matter for the Commissioner of Taxation.
The ATO has wide ranging controls in place to detect and stop fraudulent activity statement and income tax refunds. These controls are continually monitored and enhanced.
In particular, before anyone can register for an Australian business number (ABN), they must satisfy strict identity rules which include providing a physical business address, postal address, contact details and details of the person/s behind the business. The existence and registration status of companies applying for an ABN is checked against the Australian Securities and Investment Commission’s company register.

C17 Aircraft
(Question No. 5683)

Mr Fitzgibbon asked the Minister for Defence, in writing, on 8 May 2007:
How many M1A1 Abrams Tanks can a C-17 aircraft transport without reducing the structural life of the airframe.

Dr Nelson—The answer to the honourable member’s question is as follows:
The C-17 aircraft can carry one M1A1 Abrams tank at a time. In its airlift configuration the Australian Abrams tank’s weight does not exceed the 61,235 kilogram ramp/toe hinge limit of the C-17, so there is no effect on the structural life of the airframe.

United Nations International Declaration on the Rights of Indigenous People
(Question No. 5891)

Mr McClelland asked the Minister for Foreign Affairs, in writing, on 31 May 2007:
Will the General Assembly of the United Nations (UN) consider the UN Declaration of Indigenous Rights when it meets in September 2007; if so, will the Australian Government support the declaration.

Mr Downer—The answer to the honourable member’s question is as follows:
It is a matter for the United Nations General Assembly (UNGA) whether it considers the draft Declaration on the Rights of Indigenous Peoples at its 62nd session, commencing in September 2007.
The Australian Government will consider its position closer to the time, depending on the text before the UNGA for consideration.