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SITTING DAYS—2007

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RADIO BROADCASTS
Broadcasts of proceedings of the Parliament can be heard on the following Parliamentary and News Network radio stations, in the areas identified.

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FORTY-FIRST PARLIAMENT
FIRST SESSION—TENTH 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

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

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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**

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<td>Minister for Trade</td>
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<td>Minister for Defence</td>
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<td>Minister for Industry, Tourism and Resources</td>
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<tr>
<td>Minister for Communications, Information Technology</td>
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<tr>
<td>Minister for the Environment and Water Resources</td>
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<tr>
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*(The above ministers constitute the cabinet)*
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Senator the Hon. Eric Abetz

Minister for Small Business and Tourism

The Hon. Frances Esther Bailey MP

Minister for Local Government, Territories and Roads

The Hon. James Eric Lloyd MP

Minister for Revenue and Assistant Treasurer

The Hon. Peter Craig Dutton MP

Minister for Workforce Participation

The Hon. Dr Sharman Nancy Stone MP

Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence

The Hon. Bruce Frederick Billson MP

Special Minister of State

The Hon. Gary Roy Nairn MP

Minister for Ageing

The Hon. Christopher Maurice Pyne MP

Minister for Vocational and Further Education

The Hon. Andrew John Robb MP

Minister for the Arts and Sport

Senator the Hon. George Henry Brandis SC

Minister for Community Services

Senator the Hon. Nigel Gregory Scullion

Minister for Justice and Customs

Senator the Hon. David Albert Lloyd Johnston

Assistant Minister for Immigration and Citizenship

The Hon. Teresa Gambaro MP

Assistant Minister for the Environment and Water Resources

The Hon. John Kenneth Cobb MP

Parliamentary Secretary to the Prime Minister

The Hon. Anthony David Hawthorn Smith MP

Parliamentary Secretary to the Minister for Transport and Regional Services

The Hon. De-Anne Margaret Kelly MP

Parliamentary Secretary to the Treasurer

The Hon. Christopher John Pearce MP

Parliamentary Secretary to the Minister for Finance and Administration

Senator the Hon. Richard Mansell Colbeck

Parliamentary Secretary to the Minister for Industry, Tourism and Resources

The Hon. Robert Charles Baldwin MP

Parliamentary Secretary to the Minister for Foreign Affairs

The Hon. Gregory Andrew Hunt MP

Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry

The Hon. Sussan Penelope Ley MP

Parliamentary Secretary to the Minister for Education, Science and Training

The Hon. Patrick Francis Farmer MP

Parliamentary Secretary to the Minister for Defence

The Hon. Peter John Lindsay MP

Parliamentary Secretary to the Minister for Health and Ageing

Senator the Hon. Brett John Mason
SHADOW MINISTRY

Leader of the Opposition
Kevin Michael Rudd MP
Deputy Leader of the Opposition, Shadow Minister for Employment and Industrial Relations and Shadow Minister for Social Inclusion
Julia Eileen Gillard MP
Leader of the Opposition in the Senate and Shadow Minister for National Development, Resources and Energy
Senator Christopher Vaughan Evans
Deputy Leader of the Opposition in the Senate and Shadow Minister for Communications and Information Technology
Senator Stephen Michael Conroy
Shadow Minister for Infrastructure and Water and Manager of Opposition Business in the House
Anthony Norman Albanese MP
Shadow Minister for Homeland Security, Shadow Minister for Justice and Customs and Shadow Minister for Territories
The Hon. Archibald Ronald Bevis MP
Shadow Assistant Treasurer and Shadow Minister for Revenue and Competition Policy
Christopher Eyles Bowen MP
Shadow Minister for Immigration, Integration and Citizenship
Anthony Stephen Burke MP
Shadow Minister for Industry and Shadow Minister for Innovation, Science and Research
Senator Kim John Carr
Shadow Minister for Trade and Shadow Minister for Regional Development
The Hon. Simon Findlay Crean MP
Shadow Minister for Service Economy, Small Business and Independent Contractors
Craig Anthony Emerson MP
Shadow Minister for Multicultural Affairs, Shadow Minister for Urban Development and Shadow Minister for Consumer Affairs
Laurence Donald Thomas Ferguson MP
Shadow Minister for Transport, Roads and Tourism
Martin John Ferguson MP
Shadow Minister for Defence
Joel Andrew Fitzgibbon MP
Shadow Minister for Climate Change, Environment and Heritage and Shadow Minister for the Arts
Peter Robert Garrett MP
Shadow Minister for Veterans’ Affairs, Shadow Minister for Defence Science and Personnel and Shadow Special Minister of State
Alan Peter Griffin MP
Shadow Attorney-General and Manager of Opposition Business in the Senate
Senator Joseph William Ludwig
Shadow Minister for Sport and Recreation, Shadow Minister for Health Promotion and Shadow Minister for Local Government
Senator Kate Alexandra Lundy
Shadow Minister for Families and Community Services and Shadow Minister for Indigenous Affairs and Reconciliation
Jennifer Louise Macklin MP
Shadow Minister for Foreign Affairs
Robert Bruce McClelland MP
Shadow Minister for Ageing, Disabilities and Carers
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
Robert Francis McMullan MP

Shadow Minister for Primary Industries, Fisheries and Forestry
Senator Kerry Williams Kelso O’Brien

Shadow Minister for Human Services, Shadow Minister for Housing, Shadow Minister for Youth and Shadow Minister for Women
Tanya Joan Plibersek MP

Shadow Minister for Health
Nicola Louise Roxon MP

Shadow Minister for Superannuation and Intergenerational Finance and Shadow Minister for Banking and Financial Services
Senator the Hon. Nicholas John Sherry

Shadow Minister for Education and Training
Stephen Francis Smith MP

Shadow Treasurer
Wayne Maxwell Swan MP

Shadow Minister for Finance
Lindsay James Tanner MP

Shadow Minister for Public Administration and Accountability, Shadow Minister for Corporate Governance and Responsibility and Shadow Minister for Workforce Participation
Senator Penelope Ying Yen Wong

Shadow Parliamentary Secretary for Foreign Affairs
Anthony Michael Byrne MP

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

Shadow Parliamentary Secretary for Environment and Heritage
Jennie George MP

Shadow Parliamentary Secretary for Treasury
Catherine Fiona King MP

Shadow Parliamentary Secretary for Education
Kirsten Fiona Livermore MP

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

Shadow Parliamentary Secretary for Industrial Relations
Brendan Patrick John O’Connor MP

Shadow Parliamentary Secretary for Industry and Innovation
Bernard Fernando Ripoll MP

Shadow Parliamentary Secretary for Northern Australia and Indigenous Affairs
The Hon. Warren Edward Snowdon MP

Shadow Parliamentary Secretary to the Leader of the Opposition (Social and Community Affairs)
Senator Ursula Mary Stephens
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The SPEAKER (Hon. David Hawker) took the chair at 9 am and read prayers.

QUARANTINE AMENDMENT
(COMMISSION OF INQUIRY) BILL 2007

First Reading

Bill and explanatory memorandum presented by Mr McGauran.

Bill read a first time.

Second Reading

Mr McGauran (Gippsland—Minister for Agriculture, Fisheries and Forestry) (9.01 am)—I move:

That this bill be now read a second time.

As members of the House well know, there has been an outbreak of equine influenza in Australia for the first time in our history. The devastating effects of this outbreak are being felt across horse related industries. In addition to providing assistance to those people and businesses directly affected by the outbreak, the Australian government is committed to determine how it occurred.

The purpose of the Quarantine Amendment (Commission of Inquiry) Bill 2007 is to amend the Quarantine Act 1908 to allow for a comprehensive, independent inquiry into matters relating to the outbreak of equine influenza in Australia.

In summary, the amendments allow the Minister for Agriculture, Fisheries and Forestry to appoint a commissioner to undertake a commission of inquiry into matters relating to the outbreak of equine influenza. This includes quarantine related practices and requirements relating to the outbreak, and any other matters that are incidental to these lines of inquiry.

The amendments also provide the commissioner with all the necessary powers of a royal commission, within the quarantine specific context of the Quarantine Act.

The specific terms of reference for the inquiry, including the time frame, will be specified in an instrument of appointment, which will be made public by gazettal.

It is vital that we get to the bottom of this matter and it is the government’s intention to commence this inquiry as soon as possible. The government has asked the Hon. Ian Callinan QC, former Justice of the High Court, to commence the inquiry as soon as the necessary legislation has been enacted. Mr Callinan is a distinguished jurist of the highest order, with a good working knowledge of the horse industry, meaning he is ideally placed to conduct a thorough inquiry into this outbreak.

Once appointed, the commissioner and his assistants will have access both to the necessary quarantine specific powers, and to all the relevant powers and protections of a royal commission.

Importantly, the commissioner will have express permission to hold public hearings and to summon witnesses and take evidence. As provided in the Royal Commissions Act 1902, the amendments allow for certain types of evidence to be taken in private.

The commissioner’s powers under the bill will be underpinned by the replication of offences from the Royal Commissions Act. This means that an action could be brought for obstructing the commission of inquiry in a number of circumstances, including providing false or misleading evidence, destroying documents or contempt.

The commissioner will not be bound by the rules of evidence in seeking information to inform the inquiry. This provision gives the commissioner the flexibility that he will need to effectively seek out and consider all information that he believes to be relevant to his inquiries.
Importantly, the amendments also include provision for the Director of Quarantine to assign quarantine officers to the commissioner for the duration of the inquiry. Once assigned, these officers will be solely subject to the direction of the commissioner in the exercise of any of their Quarantine Act powers that are reasonably necessary for the purposes of the inquiry.

This means that the inquiry can utilise the expertise of the assigned quarantine officers with no possibility of conflicting directions.

The Director of Quarantine will make a decision in relation to this matter as soon as the needs of the commissioner are known. However, it is quite likely that officers who have already been working on internal investigations into the outbreak will be assigned to the commission of inquiry, to avoid delays and unnecessary duplication of work.

The bill also allows for independent people engaged by the Commonwealth to assist the inquiry to be vested with relevant powers under the Quarantine Act. For instance, the Director of Quarantine could determine that an independent investigator assisting the commissioner could exercise search powers usually reserved for quarantine officers under the Quarantine Act. This will further provide the complete independence of the commission of inquiry.

As the commission of inquiry will be able to access these quarantine specific powers, replication of the search powers from the Royal Commissions Act is not necessary and they are not included in the proposed amendments.

The bill also extends the High Court style protections currently contained in the Royal Commissions Act to the commissioner. Witnesses appearing before the inquiry, and their legal representatives, will also receive similar protections.

Finally, the bill also includes consequential amendments to the Freedom of Information Act 1982, the Archives Act 1982 and the Privacy Act 1988. These amendments ensure that the records of this commission of inquiry are managed in accordance with existing procedures for royal commissions.

The outbreak of equine influenza has had, and continues to have, serious consequences for Australian horse related industries. The government is committed to act quickly to ensure that the cause of this outbreak is identified, along with the need for any strengthened requirements and practices to ensure the highest standards of biosecurity are maintained for the importation of horses.

These amendments will enable a comprehensive, independent and quarantine specific inquiry to be conducted. As well as providing the commissioner with all the necessary powers of a royal commission, it makes available the unfettered expertise of experienced quarantine officers and other quarantine specific powers under the Quarantine Act.

The government is fully and completely committed to conducting a thorough investigation into the cause of this outbreak. This bill will allow such an inquiry to commence as soon as possible. I commend the bill to the House.

Debate (on motion by Mr Crean) adjourned.

HIGHER EDUCATION ENDOWMENT FUND BILL 2007

Cognate bill:
HIGHER EDUCATION ENDOWMENT FUND (CONSEQUENTIAL AMENDMENTS) BILL 2007

Second Reading

Debate resumed from 16 August, on motion by Ms Julie Bishop:

That this bill be now read a second time.
upon which Mr Stephen Smith moved by way of amendment:

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

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

(1) welcomes the fact that the Higher Education Endowment Fund, like the Future Fund, is for investment in Australia’s long-term national interests;

(2) notes that:

(a) by the Government’s own analysis there exists a significant backlog of deferred infrastructure maintenance, estimated at $1.5 billion for the university sector;

(b) the Group of Eight Universities estimated that total deferred maintenance liabilities were $1.53 billion in 2006 across Go8 universities alone;

(c) the principal reason behind this backlog is the fact that since it came to power more than 11 years ago the Government has undermined the higher education sector by cutting university operating grants, starting with its 1996 Federal Budget; and

(d) as a proportion of total revenue, Commonwealth grants to universities have decreased from 57% of their revenue in 1996 to 41% in 2004, while university revenue derived from fees and charges has increased from 13% in 1996 to 24% in 2004; and

(3) condemns the Government for the adverse impact these factors have had on Australia’s universities, including that:

(a) since 1995 student-staff ratios have increased from 14.6 to 20.4 today, with adverse implications for the quality of teaching and learning;

(b) Australia’s education system now relies more on private financing than all other OECD countries except for the United States, Japan and South Korea;

(c) university revenue derived from fees and charges has increased from 13% in 1996 to 25% in 2004, with the result that more than half of the cost of tertiary education today is met from private sources—with dependence on private sources increasing to 52% in 2004 from 35% in 1995;

(d) the average amount of Commonwealth funding per student in real terms has declined by nearly $1,500, while student HECS contributions have increased by nearly $2,000, and fees and charges have increased by over $3,000; and

(e) the deferment of essential expenditure on the maintenance of University buildings and facilities will have long term consequences for the quality of essential infrastructure; and

(4) notes widespread concerns that:

(a) over time, the HEEF could be used to replace existing capital and infrastructure programs in higher education, notably the Capital Development Pool, the Institutional Grants Scheme, the Research Infrastructure (Block Grants) Scheme and the National Collaborative Research Infrastructure Scheme; and

(b) the Government’s actions in this package highlight the inadequacy of its approach to national infrastructure needs, whether in the education sector or in services which impact on the sector, such as a national broadband network”.

Ms LIVERMORE (Capricornia) (9.08 am)—I am pleased to have this opportunity to contribute to the debate on the Higher Education Endowment Fund Bill 2007 and the Higher Education Endowment Fund (Consequential Amendments) Bill 2007. There is no doubt that initiatives to secure the long-term viability of our education system are long overdue. This government has neglected education year after year and budget after budget. It is the Labor Party that brought education to the forefront of the political debate by emphasising education’s fundamental importance to Australia’s future economic security—and of course we have
done that throughout this year with the advocacy of our education revolution. Thus, this initiative has only come about as a result of the ALP’s education revolution policy and leadership forcing the government to act.

The Higher Education Endowment Fund Bill gives effect to the centrepiece of the government’s 2007-08 budget promise to create a permanent fund for the provision of capital works and research facilities to higher education institutions. The Higher Education Endowment Fund (Consequential Amendments) Bill provides for the implementation of the HEEF within the framework of the Future Fund Act 2006 and the Income Tax Assessment Act 1997. There are a couple of other changes to the management of the Higher Education Endowment Fund and the Future Fund, which I will return to later.

The ALP support these bills because we are dedicated to improving Australia’s education system and because we have long argued in this place for increased expenditure on higher education. The benefits of a perpetual fund with adequate assets to provide an estimated $308 million for needy projects each year must be supported. At first glance, these bills provide a strong commitment by the government to higher education funding; however, when considered in the context of 11 long years of Howard government cuts, this initiative is too little too late. The provision of a $6 billion fund will not adequately make up for the significant cuts to higher education funding during the Howard government years. In fact, one Howard government minister even confided in the *Sydney Morning Herald* on 12 May this year, prior to the budget, that if Rudd and Labor won the election: ‘My one consolation is that he would at least salvage the universities.’ Professor Richard Larkins, the Chair-elect of Universities Australia, said on behalf of Universities Australia and the Group of Eight universities that the sector was very grateful for the initiative. Professor Larkins said this to the Senate Standing Committee on Employment, Workplace Relations and Education during its discussion on the proposed funds. The words ‘very grateful’ indicate the extent to which years of neglect have brought our higher education institutions to their knees and what a shameful record this government has.

Australian universities have suffered a cumulative cut of six per cent in the years 1997 to 2000, which was valued by the Group of Eight as having cost the industry $850 million in funding shortfalls over that period. Obviously, this public expenditure hole has had serious long-term consequences for the sector. In fact, the Department of Education, Science and Training made a submission to the report of the Productivity Commission on science and innovation in 2006 that the backlog of deferred maintenance expenditure had reached an estimated $1.5 billion for the university sector—and this is the sector that we need to be driving innovation to keep us competitive and prosperous into the future. The Group of Eight extended that cost in their submission to the Senate inquiry into this bill, valuing their members’ maintenance liabilities alone at $1.53 billion. This fund will provide future assistance, but the shortfalls of the last 11 years will take some years to correct and we can never truly make up for lost opportunities during that period. The emergence of the Higher Education Endowment Fund does nothing to allay fears that the Howard government are determined to destroy our proud tradition of publicly funded universities. The spending on capital works and research facilities was proposed only after terrible polling results for the government and Labor’s constructive approach to educating our nation. So it is not a genuine commitment to the higher education sector; it is the usual Howard government response to bad polls,
which seem to be the only things that motivate them these days.

In the past few years the government has repeatedly told us that working families in Australia have never been better off, yet higher education and training are becoming more and more difficult for the average Australia family to afford. That is not an idle statement. In August this year, the Centre for the Study of Higher Education at the University of Melbourne released a report into Australian university student finances in 2006. The report was commissioned by the Australian Vice-Chancellors Committee, which is now Universities Australia. It found that 71 per cent of full-time undergraduate students work an average of 14.8 hours per week throughout the semester and 40 per cent of those students believe that paid work adversely impacts on their studies. Students are not working those kinds of hours because they want to but because they have no choice, even when they know that it is impacting on their results and on their future opportunities. The report also showed that one in eight tertiary students regularly go without food or other necessities and, for Indigenous students, this figure rises to one in four.

On the basis of those hardships faced by students and documented in this report, it is no wonder that they are turning away from higher education. In 1997 the proportion of the year 12 cohort that enrolled in higher education was 40 per cent. By 2004, the throughput from schools was down to 32 per cent. This is in an age of acknowledged skills shortages. It is time to increase the participation of young people in education. When you look at the ratio of students to staff, you see that that ratio has risen considerably over the last 11 years, in tandem with the cost of HECS increasing by an average of 100 per cent over the last 10 years. So it does seem as though students are getting far less value for their money. There are HECS increases and the optional fee top-ups on the HECS rate—and of course we know that there is nothing optional about those fee top-ups. Just about every university in Australia has taken the opportunity given to them by the government to increase HECS fees; of course, they have had no other choice because of the government’s underfunding of the sector. So students are getting slugged with those fee top-ups on their HECS rates. Student poverty is becoming the norm and there is an enormous disincentive for young people and potential mature age students to take up higher education.

The percentage of public investment in higher education has fallen. It is now so low in Australia that, amongst the OECD countries, only the United States, Japan and South Korea contribute less. Meanwhile, many of our international competitors have been increasing their commitment to providing world-class higher education institutions. Surely that is sending a message to the government about where their priorities should be when they are looking out for the future of this country.

It is a terrible indictment of the Howard government that, in this era of so-called economic prosperity, so little has been committed to improving education infrastructure, including broadband. The Labor Party and the higher education sector have been raising this with government for 10 years. Glyn Davis, the Vice-Chancellor of the University of Melbourne, summed up the feeling after this year’s budget announcement. He said:

I was genuinely shocked. One of the reasons I was so pleasantly surprised is higher education has not featured in national policy for some time. What an extraordinary situation that is, when we see the kind of spending and commitment that competing nations have shown towards higher education. It is plain that over the last
Over the past 11 years this government has not been investing in higher education. It is not investing in our people and it is not investing in our future.

Going to the technical side of how this endowment fund is to operate, the Treasurer has assured us that it will not replace existing Commonwealth schemes which directly and indirectly support capital and research investment. It is absolutely incumbent upon us in the Labor Party to hold the government to this commitment. Any future Labor government will ensure that this remains the case. We do not want this endowment fund to be the cover for simply taking more money from other sources out of the higher education sector.

The Minister for Education, Science and Training, in her second reading speech, said that the endowment fund investment is in addition to existing programs. However, in media comments following the budget, the minister stated that she would like to see the funding streamlined and that the endowment fund would have much broader guidelines and much greater flexibility than existing mechanisms, such as the Capital Development Pool. When we hear the minister using the word ‘streamlined’ it raises alarm bells for us. We believe that questions remain about the relationship between the endowment fund and other sources of funding for universities. So we will be watching all of that very carefully to make sure that this is not cover for taking money away from universities in some other form.

The Higher Education Endowment Fund (Consequential Amendments) Bill 2007 allows for the implementation of the Higher Education Endowment Fund through the amendment of the existing Future Fund Act 2006. Proposed section 49 of this bill provides that in the event of a poor year where the fund returns little or no income the fund will release no money. The Department of Education, Science and Training reiterated in their submission to the Senate inquiry into these bills that this will be the case. Their submissions states:

... only accumulated returns are made available each year for payment to higher education institutions.

The returns available for distribution to the sector will be linked to the performance of the HEEF—that is, the endowment fund—and in turn the market ... in the short-term there may be some volatility.

Therefore, it is vital that multiple avenues for capital works and research infrastructure funding remain available to universities, as the projected income from the endowment fund is reliant on strong market returns. Thus it will be difficult for tertiary institutions to depend on this pool alone for infrastructure development. That is especially the case given the shortfall over the last 11 years. We really are coming from behind when it comes to the maintenance and development of infrastructure at universities.

The Future Fund Board of Guardians will have statutory responsibility for the management of the investments of the endowment fund, and the Treasurer and the Minister for Finance and Administration will be the responsible ministers. These ministers will also determine the maximum amount payable from the endowment fund. The minister for education, however, will have control over how the money is spent due to the different purpose of the endowment fund in comparison with the objectives of the Future Fund.

A number of groups raised concerns in their submissions to the Senate inquiry into these bills about the lack of direction on how the funding is to be distributed. Proposed sections 42 and 43 allow the minister to appoint the advisory board and proposed sec-
tion 45 gives the minister the power to authorise grants. It is crucial that the composition of the advisory board is based on merit and expertise, and it would be better if its functions and responsibilities were incorporated into the body of this bill.

In contrast to the situation with the amendments in this bill regarding the Future Fund itself, the minister will control where the returns on the endowment fund are allocated. It is this aspect of the bill which the Group of Eight has warned could see strategic consideration of the sector’s infrastructure needs traded for political point scoring. I guess there is good reason for the Group of Eight to have those kinds of concerns, given the government’s track record in other programs. Just a couple of examples that come to mind are things to do with roads and the Regional Partnerships program, where the government allowed good programs to degenerate into pork-barrelling exercises. We need to make sure that the returns from this endowment fund are wisely spent for good, strategic reasons. The Federation of Australian Scientific and Technological Societies went a step further, labelling the system for grants ‘a significant slush fund for ministerial pork-barrelling’. It is crucial to the success of our universities that political considerations remain outside the allocation of these funds.

Turning briefly to my own electorate, I note that there are some concerns about regional and smaller campuses being able to gain any of the funds allocated by the advisory board. It would be difficult for universities such as Central Queensland University to compete with the Group of Eight for funds. For example, Ian Chubb, the Vice-Chancellor of the Australian National University, has indicated that the elite universities will lobby to ensure that the returns on the endowment fund are not smeared across the sector. I will be making sure that Central Queensland University, which is an important regional university and a very important contributor to our local community, will be getting its fair share—not just for the sake of it but to meet the aims of the university and to develop projects that are important for the university and for the future development of our region.

Moving away from the endowment fund itself, proposed sections 18(a) and 8(1)(a) amend the Future Fund Act to legislate that the responsible ministers cannot direct the Future Fund Board of Guardians to invest in a particular asset. This is intended, according to the Minister for Finance and Administration, to:

... stop the Labor Party robbing future generations by raiding the Future Fund, taking its annual earnings and dictating to the board that it should invest its money in advancing Labor’s political interests.

This brand of negative politics is merely scaremongering. Labor has been committed to the objectives of the Future Fund and has assured the public that it will meet public sector superannuation liabilities as well as provide an investment for the future through its national broadband network.

I would like to record my support for the amendment moved by my colleague the shadow minister for education and training condemning the lack of investment in higher education and the shocking range of consequences this starvation of funds has brought upon students, staff and facilities at our institutions. It is also important to note that the Labor Party holds grave concerns about the lack of transparency in the allocation of funds, which I have outlined previously.

In addition, it is clear that the Labor plan for a national broadband network is far superior to the 18 piecemeal broadband proposals we have had from the Howard government over the last 11 years. It is an important piece
of infrastructure for the future success of our higher education sector. The government has been caught out trying to provide a marginal electorate targeted upgrade, which has embroiled the government in legal action.

It is clear that the Australian higher education sector and institutions need this money desperately, following more than a decade of miserly government contributions to the skilling of this nation. Our universities have suffered under this government, through underfunding and neglect. Universities are paying the price for that neglect; so are researchers and students, as they pay higher and higher costs for their degrees. Ultimately, it is Australia that loses out. Without a skilled population and the innovation that universities foster, our country cannot keep up with the rest of the world. Labor recognises this and we are committed to putting education at the centre of our vision for a fair and prosperous Australia.

Mr HENRY (Hasluck) (9.25 am)—I am delighted to rise in the House today to speak in support of this extremely important and visionary legislation for the higher education sector in Australia. By introducing the Higher Education Endowment Fund Bill 2007 and the Higher Education Endowment Fund (Consequential Amendments) Bill 2007, the Howard government is seeking to secure and guarantee a higher level of funding for the higher education university sector well into the future, for the benefit of all Australians seeking to develop their knowledge and effectively compete in an increasingly global labour market.

I would like to review exactly what the Howard government has achieved and has done for this sector since 2004—which somewhat contradicts much of what the previous speaker, the member for Capricornia, has had to say. We have implemented the Our Universities: Backing Australia’s Future reforms, through which the sector will be $11 billion better off over the next decade. We have passed voluntary student unionism legislation, which puts $160 million back into the pockets of students and, further, provides $90 million through the VSU transition fund to support recreational and sporting infrastructure and small businesses on regional campuses. We have provided for 50,000 new places in the higher education sector by 2011 as a result of the Backing Australia’s Future reforms and other initiatives. These places are targeted at areas of skills shortage. They include 605 medical places, 1,036 nursing places, 431 mental health nursing places and 210 clinical psychology places as part of the Council of Australian Governments action plan on mental health and Australia’s health workforce.

We have provided funding for 500 additional engineering places to commence in 2008. These places are part of Skills for the Future. We have provided funding for a new school of dentistry and oral health at Charles Sturt University, allocating 240 new places over five years for the school, along with an up-front capital investment of $58.5 million. We have provided $65.9 million in capital funding for Australian universities for new and continuing campus developments, particularly in regional centres and suburban growth corridors. This includes $12 million in capital funding for a global centre of excellence in transnational crime prevention at the University of Wollongong and capital funding for medical schools and other capital works at Deakin University, $18 million; Monash University, $5 million; the University of Western Sydney, $25 million; and Bond University, $4.5 million. We have provided $125 million for capital funding for the Australian National University, a world leader in medical research, and $8 million for a National Centre of Excellence for Islamic Studies, to be hosted by the University
of Melbourne, Griffith University and the University of Western Sydney. We have provided $1.9 billion under Realising our Potential, with funding for higher education and what has now become the $6 billion perpetual Higher Education Endowment Fund, which we are here to speak on today.

There is absolutely no doubt that the establishment of the Higher Education Endowment Fund represents an unprecedented and far-sighted investment by the Howard government in the university sector. The fund further supports a significant commitment by the Howard government for infrastructure for the university sector, including, over the past 11 years, approximately $607 million through the Capital Development Pool and some $1.5 billion for research infrastructure block grants. In addition, we have invested over $459 million in universities through the Major National Research Facilities Program. Further, up to 2010, some $240 million will be spent on the National Collaborative Research Infrastructure Strategy. The endowment fund is in addition to any of these existing programs.

The Higher Education Endowment Fund Bill proposes two separate processes which are required to bring the fund on stream. The first relates to the investment of $6 billion, already increased by the Howard government from budget surpluses from the initial $5 billion in capital to establish the Higher Education Endowment Fund. The second relates to making grants for financial assistance to build state-of-the-art facilities for research and learning.

The Higher Education Endowment Fund (Consequential Amendments) Bill 2007 amends the Future Fund Act 2006 and the Income Tax Assessment Act 1997 to support the introduction of the Higher Education Endowment Fund. These amendments to the Future Fund Act make it clear that the Future Fund Board of Guardians has two specific responsibilities: one is to take on the investment management role for the Higher Education Endowment Fund; the other is that each fund will have a separate investment mandate. The Minister for Finance and Administration will continue to be responsible for the administration of the Future Fund legislation plus the expanded functions of the Future Fund board for the investment of the Higher Education Endowment Fund. These amendments will ensure that investments made by the Future Fund Board of Guardians are determined by the board, not by ministerial direction, with the broad guidelines of the investment mandate. Both this bill and the Higher Education Endowment Fund Bill specify that the responsible ministers cannot direct the Future Fund board to use the assets of the fund to invest in a particular financial asset—for example, in shares in a particular company. It also prevents the responsible ministers from issuing a ministerial direction that has the effect of requiring the board to use the assets of the fund to support a particular business entity, a particular activity or a particular business. Put simply: the Higher Education Endowment Fund is being established to enhance the funds that are available to be invested for the benefit of the university sector.

The Minister for Finance and Administration and the Treasurer will carry the responsibility for the management of the endowment fund capital through the Future Fund board of directors and the Future Fund management agency. The key points are: the board of guardians will be guided in its activities by an investment mandate established by the Treasurer and the minister for finance; and the Higher Education Endowment Fund investment mandate will set out the level of returns expected by the responsible ministers. The endowment fund bill provides an initial amount of $5 billion—that is, it was
initially $5 billion—to be credited to the endowment fund, but that has now been increased by a further $1 billion, as announced by the Treasurer on 21 August. Following that announcement, Universities Australia were moved to issue a media release entitled ‘Additional $1 billion will boost benefits from HEEF’. That was a ringing endorsement from Universities Australia.

It is expected that the first round of funding to higher education institutions from the endowment fund will become available in the second half of 2008. The endowment fund will be a true endowment fund, with a requirement in the legislation to maintain the real value of the fund. In addition, the legislation requires that only accumulated returns are made available each year for payment to higher education institutions. The amount that can be made available to higher education institutions each year will be determined by the board of guardians in accordance with the endowment fund investment mandate. The Future Fund is yet another example of the Howard government’s strong economic management and of using the benefits arising from the strong economic management of the Howard government to bank billions of dollars for the future needs of Australians. It is worth noting the support for this initiative from the tertiary education sector. Professor Gerard Sutton, of the Australian Vice-Chancellors Committee, described it as:

... an important step towards ... ensuring Australia is internationally competitive, domestically strong and innovative.

The Vice-Chancellor of the University of Melbourne, Professor Glyn Davis, said the package was very welcome. He said:

It represents not only a new investment in Australia’s public universities but a new philosophy about their regulation.

He also described the package as ‘pretty astonishing’.

I support the minister’s comments that universities need to seriously consider ways of attracting more donations from graduates, corporates and individuals, as Australia is lagging well behind other nations, such as the United States, in philanthropic support. She is right when she says these reforms will allow more world-class universities to emerge in Australia, and we need this to happen. Let us look at the Shanghai Jiao Tong University ranking system, regarded as the most credible of all such ranking systems in the world. It ranks just two Australian universities in its top 100. They are the Australian National University, at 57th, and the University of Melbourne, at 79th. We need more Australian universities to aspire to and to achieve these rankings. The Higher Education Endowment Fund Bill seeks to provide certainty to Australia’s university sector, which is so important to keeping the country at the top of international competitiveness in so many important areas of our economy. Labor’s planned smash-and-grab raid on the Future Fund smacks of the same economic blundering it pursued when last in government, which left this country with a $96 billion debt. It has been the strong economic management of the Howard government that has wiped out that debt, allowing us to take the necessary measures to guarantee economic security into the future.

I would like to address some of the criticisms that have been falsely laid against this legislation. Firstly, how will this affect other higher education funding programs, such as the Capital Development Pool and the National Collaborative Research Infrastructure Strategy? As I mentioned previously, the Higher Education Endowment Fund is in addition to existing programs. Both the Capital Development Pool and the National Collaborative Research Infrastructure Strategy will continue in line with this policy. Will there be enough money available for distri-
bution from the endowment fund each year? The government estimate that about $300 million will be available each year, and it is our intention to treat this fund as a real endowment fund. The capital value will be maintained over time and payments from the endowment fund will only be made from earnings. Naturally, due to the variable nature of the markets and the consequential effects on investments, this may result in funding distributed to the sector varying from year to year. Indeed, I note comments from the Australian Vice-Chancellors Committee President, Professor Gerard Sutton, as reported in an article published on Wednesday, 9 May titled ‘Capital idea gives a warm inner glow’. His view was much less conservative on the potential value of the fund:

... the $5 billion Higher Education Endowment Fund was more than the sector had expected. “You’re talking to a smiling vice-chancellor,” Professor Sutton said.

“This is spectacular for the university sector, there’s no doubt about it.

“In the three areas the AVCC were asking for support, the student assistance we got; the dollars per student in many of the bands increased and in the case of the capital works and research facilities, they more than met what we were asking for with the endowment fund.

“That’s there forever and if they got a 10 per cent return that’s half a billion dollars a year coming into the sector.”

A further article, in the Australian of Wednesday, 22 August, titled ‘Boost for endowment fund’, stated:

The university sector would reap an extra $60 million a year in dividends after the federal Government yesterday added $1 billion to the $5 billion endowment fund it announced in the May budget.

Professor Sutton indicated that, by calculating what returns the universities made from their own investments, the extra $1 billion would return about $100 million, bringing the total return to $600 million. He said:

I think they’ve deliberately budgeted conservatively and I think that’s a responsible thing to do. The government will not be prescriptive about requiring matching funds. The advisory board will take into consideration whether universities have been able to raise co-funding—for example, from state or territory governments, industry, alumni or members of the public, when providing advice on the best strategic proposals. As for the question of how the endowment fund will manage funding over multiple years, the perpetual nature of the fund encourages longer term, strategic projects, and multiyear projects will be possible, as they are now, for example under the Capital Development Pool.

I now turn to the issue of philanthropic support for Australian universities, which unfortunately does not have a strong tradition at this time. Unlike the United States and, to a lesser extent, the United Kingdom, Australia lags badly in this area. In 2005, only 1.1 per cent of Australian university revenue came from donations and bequests. It was interesting to see an article in the Australian on 10 May headed ‘Funding to spark an outbreak of giving’. It stated:

The new higher education endowment fund is likely to encourage corporate donations to universities, as long as it is properly managed, according to a leading philanthropist.

The article also quoted Pratt Foundation chief executive Sam Lipski as saying:

If the government is creating this lead, it may well set off some interest in the corporate sector.

He warned, though, that it would be a mistake for universities to believe it would be a substitute for their own fundraising activities. Private funding for higher education in the USA is much higher than anywhere else in the world, with many American universi-
ties having established considerable endowment funds during the last 20 years.

In reinforcing the importance and value of endowment funds for the higher education university sector, I would like to refer to a very good article by Steven Schwartz, Vice-Chancellor of Macquarie University, published in the *Australian Financial Review* on 2 July and titled ‘HEEF must heed lesson of Harvard’. The article stated:

Endowment income makes it possible for a university to provide a margin of excellence without having to raise tuition fees or pile more students into classes. A strong endowment protects a university from fluctuations in government funding, while also providing a buffer against any downturns in international student fees.

Endowments are created from initial capital and from gifts of cash, securities and property from individuals, corporations and foundations.

The largest university endowments belong to private American universities. The legendary Harvard University endowment of $US30 billion ($36billion) leads the pack followed by Yale, which has about $US20 billion in its endowment. About 30 per cent of Harvard’s budget comes from endowment earnings.

In addition to Harvard University—and its closest competitor, Yale—Stanford, Texas and Princeton university endowment funds are valued at more than $US10 billion. While the USA does not have a centralised federal government run higher education endowment fund, 24 American states have created government matching fund programs. The average American university in 2003 had an endowment 14 times that of a comparable British university. The only British universities that compare with the best endowed American universities are Oxford and Cambridge. (Quorum formed) Interestingly, the British Labour government is implementing a policy right now to increase philanthropic support to English universities.

Under the Howard government, funding to universities has increased by 26 per cent in real terms since 1996. Let us look at the university populations in Australia over the past 10 years. The total number of students studying in Australian universities has grown significantly, from 604,176 students in 1995 to just under one million—957,176—students in 2005, an increase of 353,000 students, or 58 per cent.

The number of Australian students at universities has risen from 557,989 students in 1995 to 717,681 students in 2005, an increase of 29 per cent. The number of Commonwealth supported places—HECS places—has risen from 403,290 equivalent full-time student load in 1995 to 424,287 in 2007—up by 20,997. Postgraduate student numbers—coursework and research—have significantly increased, from 124,125 students in 1995 to 263,504 students in 2004, an increase of 139,379 students or a massive 112 per cent.

There is no doubt that the Howard government has a vision for the future and has been implementing that vision for the future as far as the university sector is concerned, as these figures quite clearly indicate. This is also clearly demonstrated by ensuring that Australians have the opportunity to have a higher education sector that is second to none, supported by this visionary legislation. I commend the bills to the House.

Mr WILKIE (Swan) (9.46 am)—I rise to speak on the Higher Education Endowment Fund Bill 2007 and the Higher Education Endowment Fund (Consequential Amendments) Bill 2007. These bills give effect to the government’s announcement in the 2007 budget to establish a perpetual endowment fund. The government announced in the budget that the intent of the fund is to generate earnings for capital expenditure and research facilities in higher education institu-
tions. The Higher Education Endowment Fund (Consequential Amendments) Bill 2007 amends the Future Fund Act 2006 and the Income Tax Assessment Act 1997 to support the implementation of the Higher Education Endowment Fund. The consequential amendments bill also provides that investments made by the Future Fund Board of Guardians will be determined by that board and not by ministerial direction. The two bills are linked and so I shall be dealing with them together.

Labor fully supports these bills. Any measure that seeks to repeal some of the damage that this tired and out-of-touch government has levelled upon the quality of education in this country will always meet with approval from this side of the parliament. Before I proceed, it is important that we recognise why we are all here today debating the future of education funding, 11 years into the Howard government’s tenure and only weeks from a looming federal election. It is true that this government is suffering from a highly advanced state of election jitters catch-up. The sad truth is that the neglect shown by the Howard government over the past 11 years has been nothing short of a total disgrace. Indeed, one only needs to glance over some of the findings from the recent *Australia Fair* report 2007 to get an idea of the degree of underinvestment that this government has made in education since coming to power. The report found that, of the English-speaking OECD countries and with the exception of Ireland, Australia spends the least on education, as a proportion of GDP. The report found that, out of the English-speaking OECD countries, only the UK has lower rates than Australia of people aged 25 to 34 and 45 to 54 with an upper secondary education. Also, literacy rates among Australian adults are below those of much of northern and western Europe, with one in six Australians lacking functional literacy skills.

Only 1.5 per cent of public investment in education in Australia goes to pre-primary education, compared to the OECD average of 7.2 per cent, with only Ireland investing less. Australia’s average rate of preschool enrolment falls in the bottom half of all of the OECD countries. Furthermore, as the most recent figures published by the OECD show, Australia ashamedly has the fourth lowest proportion of public expenditure on primary, secondary and postsecondary non-tertiary education, at 83.7 per cent, down from 85.5 per cent in 1995 and well below the OECD average. Australia has the fourth highest proportion of private expenditure on primary, secondary and postsecondary non-tertiary education, at 16.3 per cent, up from 14.5 per cent in 1995 and more than double the OECD average.

It has been our universities that have suffered the most under this government’s neglect. Over the past 11 years, this government has grossly underfunded the university sector, which is so vital to Australia’s future. In contrast, the great majority of OECD countries, and a great many non-OECD countries as well, recognise that the economy of tomorrow requires much greater investment in universities, while this tired and out-
of-touch government has slashed it. It took little time to get to task. In its first budget, in 1996, the Howard government saw fit to cut university operating grants by a cumulative six per cent over the forward estimates from 1997 to 2000. This resulted in a total of $850 million in cuts to the sector.

Overall, Australia has the fourth lowest proportion in the OECD of public expenditure on tertiary education, at 48 per cent. That is down from 64.8 per cent in 1995 and well below the current OECD average of 76.4 per cent. In all of the OECD, only the United States, Japan and South Korea make less significant investments in tertiary education, in proportional terms, than Australia.

As an article published in the *Australian* on 6 September reported, since the late 1990s Commonwealth funding for private schools has outstripped funding for universities. Let me repeat that: this article stated that Commonwealth funding for private schools has outstripped funding for our universities. Yet, in the light of these facts and figures, this arrogant government has had the audacity to claim that it has increased tertiary spending by 25 per cent since 1996. Yes, it is true that the amount of money spent on tertiary education has risen under the Howard government, but it has not done so in real terms. In fact, under the Howard government, the amount of Commonwealth funding per student in real terms has plunged by nearly $1,500. And, as public investment has progressively fallen, universities have had little choice but to increase their reliance on HECS and other fee increases.

While student HECS contributions have increased by nearly $2,000, fees and charges have risen by over $3,000. So, like some university students in the United States and the United Kingdom, many Australian students can now look forward to the prospect of a crippling burden of debt upon graduating. I was pleased to read in some articles printed this week that the Leader of the Opposition is looking to address those sorts of issues if he is elected Prime Minister. In fact, since 1996-97, the debt burden for Australian university students has nearly tripled, from $4.5 billion to nearly $13 billion in 2005-06.

While all of these figures may look bad on paper, their actual effects on the front line of university teaching have been disastrous and have compromised greatly the level of teaching quality that our students receive. One of the most poignant examples of how this government’s failure to invest in our universities compromises the level of teaching effectiveness is the deterioration of staff-to-student ratios. As Universities Australia has shown, in 1995 there were approximately 14.6 students at Australian universities for every member of staff. Today that figure stands at approximately 20.4 students for every member of staff. In fact, I have it on good advice that, down the road at the ANU, finding a political science, history or international relations tutorial with fewer than 20 students is becoming increasingly rare. While an additional six students may not sound like a lot, the effect on students’ quality of learning cannot be overstated. Most significantly, it means that teachers have less time to engage students one on one, which, as any uni student can tell you, plays a critical role in students acquiring a proper understanding of what they are being taught.

As this host of damning facts attests, our universities have been chronically underfunded by the Howard government, a fact backed up by the government’s own Department of Education, Science and Training figures which show that Australian universities were forced to defer approximately $1.5 billion in infrastructure development. These are pretty embarrassing figures for any government, but when you also take into account the debacle in vocational training that is the
government’s fabled Australian technical colleges, and the government’s failure to invest in broadband infrastructure, it is perhaps little wonder that those who sit opposite are in such frenetic haste to play catch-up on education funding before the election.

Put simply, if Australia is to make the long-term economic adjustments to sustain its growth and prosperity beyond the current resource boom, we must make significant and long-term investments in our education capabilities. When we look to where Australia is going to get its next great improvement in productivity, we see that there is a very strong argument to say that we should be looking towards improving the standards of our education facilities. It is a sad indictment on this government that it has taken the threat of electoral annihilation for it to recognise this simple fact. After 11 long years of wasted opportunity, Australia needs a change.

In order for Australia to secure its future, universities need to have modern and adequate infrastructure. They need state-of-the-art scientific laboratories and equipment, and they need to have staff-to-student ratios that enable students to get the very most out of their learning experiences.

I am proud to say that located in my electorate of Swan in Western Australia is the world-renowned Curtin University of Technology. With over 40,000 students, including nearly 2,000 research students, and offering over 850 undergraduate and postgraduate courses, Curtin is both the largest and most comprehensive university in Western Australia and, I believe, one of the best in Australia, if not the world.

Having developed a strong reputation for quality research and an established partnership with industry, Curtin university well deserves its international reputation. However, being the local member, I often hear firsthand how this government’s failure to adequately fund education is impacting upon students’ studies. From creeping staff-to-student ratios to infrastructure construction delays, the chronic lack of funding is negatively affecting students’ ability to learn. Not only that, being in one of the many broadband black spots that dot the suburbs of Perth means many students cannot get access to broadband internet services. This government has held back our students for long enough. If universities such as Curtin are to continue their proud history of achievement and excellence, Australia requires a government that recognises the true value of education investment, not one which starts back-tracking at the first sign of bad polling.

As I mentioned previously, Labor fully supports these bills. While we do hold some concerns regarding the transparency surrounding the funding decisions, and the scope available to the minister for education to make funding decisions for political reasons rather than on clearly defined criteria, the thrust of the legislation is both welcomed and desperately needed, and I commend the bills to the House.

Mrs MOYLAN (Pearce) (9.58 am)—It is a great pleasure to be able to speak on the Higher Education Endowment Fund Bill 2007 because there is no doubt that, given the ever-increasing importance of higher education in Australia, as Australians compete in all spheres on the global scale, this is a very welcome initiative that will ensure higher education that is relevant to all Australians who aspire to it. Countries such as the United States are considered to have the world’s best universities and, with emerging economies in our neighbourhood such as China’s and India’s, it is important that Australia aims to compete with the world’s finest universities and is at the forefront of tertiary education.
Our first priority should be ensuring that all young Australian school leavers who are capable of, and aspire to, higher education have that option available to them at the highest possible standards achievable. This bill ensures such a future for higher education in Australia. It is a very forward-looking piece of legislation. It looks to the future.

One of the main objectives of the government in announcing this policy initiative is to provide and conserve funds for future generations. With the only money spent coming from the earnings of the fund, this will ensure that there is a constant steady flow of money into tertiary education in perpetuity.

The endowment fund bill provides for an initial amount of $5 billion to be credited to the endowment fund, with the first round of funding to higher education institutions being available in the second half of next year. Subsequently, the Treasurer announced an additional $1 billion in the 2008 budget to boost initial higher education endowment funds by January 2008. The government estimated in the budget that this would generate approximately $300 million per annum, and perhaps we can anticipate this being a little higher due to the announcement of a further $1 billion being put into the fund.

The bill also increases the scope for philanthropic donations to be made to the tertiary sector, as the Future Fund Board of Guardians is able to accept gifts of money to be included as part of the endowment fund. This is a very welcome move. To encourage a culture of philanthropy in Australian universities, this bill will provide for the Australian public to be able to make unconditional tax deductible contributions to the endowment fund. Australian universities in the past have not been as successful as some of their overseas counterparts in attracting philanthropic donations. In fact, less than two per cent of the income of Australian universities comes from such donations. Comparable universities overseas attract philanthropic donations as high as 15 per cent to 20 per cent. So this is a splendid opportunity to add to the taxpayers’ investment through the government by allowing for individual donations. There is no doubt that more and more wealthy Australians are prepared to give generously to future research in education, and we have continued to see increasing numbers of people prepared to invest in diverse fields of study from medicine through to pharmaceuticals, history and technology. As Chair of the Parliamentary Diabetes Support Group, I am certainly aware of very generous private donations into research in that particular field. So we do have a great opportunity to boost this fund significantly.

The main purpose of the endowment fund is to make grants of financial assistance to eligible higher education institutions in relation to expenditure and research facilities. It will be used in a strategic way to promote excellence, quality, diversity and specialisation in Australian universities for years to come. The fund is clearly focused on driving universities forward, allowing them to keep up with the latest advances through excellent facilities.

Australia is a vast continent with diverse communities, and it is essential that we do not have a situation, such as that which has been proposed by the opposition, where the best education is concentrated simply in one small area, making it difficult for the wider public to access it. There needs to be attention given to ensuring a fair distribution across the states and within the regions. In determining where the money is to be invested we also need to know how decisions are made through the assessment process. This process should be made public and should be as transparent as possible.
I represent an electorate, the electorate of Pearce, which is diverse in its urban, rural and regional constituencies. I have been particularly grateful to our ministers, the former Minister for Education, Science and Training, the Hon. Brendan Nelson, and the current Minister for Education, Science and Training, the Hon. Julie Bishop, for the support they have given to locating a university campus in Midland, which is on the edge of the Pearce electorate, and for the recent announcement that an Australian technical college is to be located in Midland. I acknowledge the support given by the member for Hasluck in ensuring that one of the Australian technical college campuses will be located in the eastern corridor in Midland. Although Midland is not in the electorate of Pearce, many of the students who aspire to higher education, whether it be university education or technical education, come from the hinterland of Midland, much of which is in the Pearce electorate. Through having access in the eastern sector, many of those people who aspire to higher education, both younger and older people, now have that opportunity.

I was pleased to attend the opening day of the university campus—I think it was two or three years ago; how time passes—and I was thrilled to hear individually from the students that without the campus in Midland they would not have been able to access higher education. In the past, people in the eastern corridor have been thwarted in their ambitions because most of the universities in Western Australia are located in the western suburbs south and north of the city, making accessibility a considerable barrier to eastern area students.

My ambition for the region is to add to the university campus and the Australian technical college and to have a state-of-the-art agricultural college in the eastern sector. We now have two colleges. One is Muresk, a tertiary institution which is attached to Curtin University of Technology. I endorse the comments from the member for Swan about Curtin university. It is a university that all Western Australians can be proud of. It is the university that I studied at, so I am particularly proud of its achievements. In fact, if it had not been for the cooperation of Curtin university, it would have been difficult to have a structure for the places that our minister made available to Midland, because it was Curtin university that took up the role of managing those places. I am very grateful for the support that we had from Curtin university and, indeed, from Alan Robson of the University of Western Australia. Although he was not directly involved in the management of the places, he gave every assistance in their establishment and in recommending a structure for the development of those places. He recognised, as I did, that many of the people in the eastern corridor were people who had considerable social disadvantage and yet had the least opportunity and the most difficulties in attending universities based in the western north and south areas of the Perth metropolitan area. I welcome the support of Professor Toomey, who was then heading up Curtin university, and I acknowledge Alan Robson for his early support of the concept.

My electorate also has a very large number of Indigenous Australians, and I want to see those young people have the same educational opportunities as others in the community. In that respect I again pay tribute to the work of the former minister for education, the Hon. Brendan Nelson, who acknowledged the difficulties in retaining young Aboriginal students in schools in my area and agreed to fund some support facilities at Swan district high schools to make sure that these young people had every encouragement and support to remain in school till their final year and not drop out early. That
has been very welcome and it has been a very successful program.

I think we can be informed by this. There is no doubt that, for many people who come from less affluent areas, the travel and cost of living away from home is prohibitive. There was a study done in the rural area of my electorate through Muresk—the former head of Muresk was part of this committee—that looked at the barriers to young people from rural areas entering university. Of course, some of those barriers go back to folklore. For many farming families, there has been a view in the past that you do not need a university degree to succeed in farming. That is probably true in many ways. But in this day and age, and in the global environment and highly sophisticated agricultural sector in which we now operate, it seems to me that the best education in these areas would be of great advantage to anyone hoping to succeed in these occupations in the future.

My ambition and dream for the region is to improve the state of agricultural higher education. Both Muresk, which is attached to Curtin University of Technology, and the Narrogin agricultural college, a secondary college devoted to agriculture, do an outstanding job of providing education for those who wish to specialise in agriculture. These institutions play a vital role in the state of Western Australia and, more broadly, the nation because a high proportion of our country’s rural exports are produced in Western Australia. I would like to see a lot more attention paid to resourcing the Muresk Institute, which might benefit from this measure. I would also like to see improvements made to and continual upgrading of the Narrogin agricultural college. It is a secondary college and probably does not fall within the scope of these measures, but I am sure that there are other opportunities through the portfolio to assist that particular institution. I am a former student of Narrogin Agricultural High School—or Narrogin High School as it is now called—to which the Narrogin agricultural college is attached, so I know what a great institution the college is.

In the true sense of the word, Australia is a lucky country with its great diversity. The reality is that we live in an increasingly global environment where there are unparalleled opportunities for our young people. It is paramount that graduates are able to meet the high demands of the global and local workforce and to meet the very highest standard possible. While our priority should always be our citizens when it comes to places at university, we also have a vibrant export market in education, and more and more students want to come and study in Australia. If we are to capitalise on those opportunities, it is necessary that we continue to strive for the best possible tertiary education facilities. The attractions of students coming from diverse backgrounds and other countries are many. Apart from the obvious income stream, these students bring different experiences and perspectives and open up opportunities for the development of exchanges in research and trade both now and in the future.

Although the Minister for Finance and Administration and the Treasurer will have overarching responsibility for issuing the maximum grants rules, it will be the Board of Guardians who will determine the amounts to be made available on a year-by-year basis in accordance with the endowment fund investment mandate. This bill ensures that it will be the Board of Guardians and not the ministers that determine the payment amounts and where payments will be directed. It also limits ministerial directions on investments.

Altogether, 42 Australian universities will qualify, along with the Australian Maritime College, which is scheduled to merge with
the University of Tasmania next year; the Bachelor Institute of Indigenous Tertiary Education, which I particularly welcome; and the Melbourne College of Divinity. This means that Muresk, for example, as a formal campus of Curtin university, could potentially be one of the beneficiaries of the Higher Education Endowment Fund, and I certainly welcome and support any initiatives toward that end. I strongly support measures that maintain the real value of the endowment fund into the future and prevent future governments from making decisions to use these funds for other purposes. If tertiary education is to grow and improve, it is important that government creates the right environment, and a stable, reliable source of funding helps to create the optimum environment.

Credit must go to the Prime Minister and cabinet for the sound management of the economy that has created the budget surplus, which has provided the opportunity for these measures to be enshrined in legislation. It is with an eye to the future that our leaders have created such a fund. Here is a bill that focuses on driving our universities forward. This is not a fund to be used for refurbishment and general maintenance; there are other funds available for that. Rather, these funds are to provide universities with the resources they will need to establish themselves alongside the best in the world. The government’s investment alone will substantially enhance the funds that are available to be invested in the higher education sector. In fact, it will double all the existing financial investments and endowments currently held in the university sector, and I think that is very significant. It creates a legacy to be passed on to future generations.

This fund would have been difficult to establish if it had not been for the Howard government’s sound economic management. By retiring Labor’s $96 billion debt, we are no longer saddled with the huge interest bill associated with that debt. That money can now be applied to and invested back into the community in areas that secure the future of young Australians. Investing in education is critical to securing ongoing prosperity for all Australians. We need to make sure that our young people are equipped and resourced to meet the considerable challenges of the modern world. This builds on the government’s other measures in the education sector, including a $607 million Capital Development Pool and an estimated $1.5 billion over the same period for Research Infrastructure Block Grants. In addition, $59 million has been invested in universities through the Major National Research Facilities Program, with a further $540 million to be spent on the National Collaborative Research Infrastructure Strategy.

The minister reminded the House in her second reading speech—and I think it bears repeating:

We must aim for higher standards in education to support Australians in their quest to learn, to discover and to innovate. We must ensure that universities are well governed, are responsive to student and industry demand, and accountable to the taxpayers who continue to provide the majority of funding to the sector. This year the Australian government is providing a $9 billion investment in education, science and training, including the centrepiece of this year’s budget, the Higher Education Endowment Fund.

I have said it before in this place and I will say it again: one of the hallmarks of this government is that it has got the mix and balance right between university education and technical education. Under the former Labor government we had far too much emphasis on university education, and many young people felt defeated if there was nowhere for them to go if they were not capable of or did not aspire to a university education. The mix and balance is very important.
Of course, I always recommend and support young people if they want to go on to a university education—they certainly should have the opportunity; we should encourage our young people to develop themselves to the best of their ability in whatever areas they are interested in and capable of developing. But to deny young people the opportunity to undertake other areas of higher education and learning, such as at technical colleges and through other college courses, is a real travesty. It often makes our young people feel that they are not worth while unless they can attain a university education. So I applaud the work our ministers have done to make sure there is that proper mix and balance available to young people and that there are different options.

Again, I have made the point that the best brain surgeon in the country cannot do his job without the technology that other people provide—there are the people who craft the finely honed and calibrated instruments that must be used, the people who care for the electrical equipment required in any operating theatre and the nurses who assist the surgeon. All these people go to make those procedures to save lives possible, and there are many other examples where we need to bring together the considerable talents and abilities of young people in whatever field they aspire to so that they can reach their best and make their best endeavours. This is an excellent, forward-looking measure, and I fully support this bill and commend the minister for her work to bring it about.

Mr TANNER (Melbourne) (10.18 am)—The Higher Education Endowment Fund Bill 2007 and the Higher Education Endowment Fund (Consequential Amendments) Bill 2007 both go to the creation of the Higher Education Endowment Fund as an autonomous fund administered under the umbrella of the Future Fund—hence the need for two separate pieces of legislation, one of which focuses on the operations of the fund itself and the other of which seeks to make the structure of the fund and particularly its investment activity compatible with the wider Future Fund legislation that was passed some months ago by the parliament.

Labor support the legislation and we regard the establishment of the fund to provide for infrastructure grants to Australian universities as a long-overdue, belated gesture on the part of the Howard government to Australia’s higher education sector—after 11 long, hard years of neglect and indeed derision. Over the period of the Howard government, total government investment in higher education in Australia has slipped from 0.9 per cent of GDP to 0.6 per cent of GDP—notwithstanding the modest boost that will be provided by the revenue earned by the Higher Education Endowment Fund. It is interesting to note that the forward projections in the budget this year for government spending indicate that, even though there is an increase in spending on higher education, by the end of that four years government spending on higher education will actually be a lower proportion of total government spending than it is today. So, even though there is some increase occurring here, it is still a lower proportion of the projected trend of government spending generally.

I will concentrate my remarks on two specific provisions of the bill which are all about Labor’s national broadband proposal. These provisions apply with respect to the Future Fund legislation. They amend the Future Fund Act and they are designed to prevent a future Labor government instructing the Future Fund to dedicate a proportion of its Telstra shareholding to investment in the construction of a national broadband network. Some months ago Labor announced that, if elected, we would establish a national high-speed broadband network accessible to 98 per cent of Australians with a minimum
speed of 12 megs per second and capable of upscaling. The financing for the government part of the partnership with the private sector that would be involved in constructing this network would come from two sources. The first is the $2 billion Communications Fund established by the government with proceeds from the sale of the last remaining slice of government shares in Telstra and the second is the approximately $2.7 billion of the remaining Telstra shares that are currently held by the Future Fund and must be held by it until November of next year. Obviously, the value of those shares fluctuates from day to day, but that $2.7 billion of Telstra shares is approximately one-third of the total shareholding value of the Future Fund’s holding of Telstra. With these two amendments the government is seeking to ensure that, if Labor are elected to government in the election that is very shortly to be held, we will have to legislate in order to be able to make this investment.

A number of things need to be said about this initiative by the government. The first observation is the extraordinary arrogance of what they are doing. They are seeking to prevent an incoming government, if Labor is elected, from implementing one of its key policies, seeking to ensure that, in opposition, Labor will have some prospect of blocking Labor’s proposal to establish a national high-speed broadband network. This is a return to the outrageous ‘born to rule’ mentality of 1972 to 1975, where the vast bulk of Labor’s commitments were blocked by the Liberal and National parties in the Senate. And, of course, ultimately an election was forced—twice, in effect, the opposition Senate forced an election when it was not due upon the Whitlam government.

The critical thing here is that there are issues on which oppositions are entitled to oppose governments in the Senate. There are plenty of examples where parties of both persuasions have done that because they have made a clear, principled commitment on the issue well in advance. There is no question about which way Labor will vote on industrial relations proposals put forward by the Howard government—similarly with the GST. There are equivalent examples on the other side where big issues of principle are involved and where they are entitled to continue to vote in the way that they believe is right.

Leaving aside the outrageous arrogance of trying to set themselves up in advance, clearly anticipating the possibility of defeat, to cripple Labor’s plans from opposition if they can, the issues here that need to be considered are: first, is there some kind of big issue of principle involved in the debate about national broadband? Is there some longstanding matter of conservative principle that is involved which dictates that the Liberal Party and the National Party should oppose Labor’s proposal? The answer is no. Are they opposed to fibre to the node? Are they opposed to high-speed broadband? No, they are not. Are they opposed to substantial public sector involvement in the provision of telecommunications? No, they are not. Two billion dollars of our proposal is to come from their own Communications Fund, which finances public sector involvement in the provision of telecommunications infra-
structure. There is no fundamental issue of principle involved here.

Will the target of the Future Fund for financing long-term Public Service superannuation liabilities be jeopardised as a result of Labor’s policy? Several months ago, when we announced our broadband policy, we were told that this would be the end of the Future Fund. It would be the end of the ability of the fund to finance the long-term public sector superannuation liabilities by 2020, which, of course, is the mandate of the fund and which we supported. Within months of those florid statements being made by the Treasurer and the Prime Minister, we have reached a position where the Future Fund is now in the process of fulfilling that target, 13 years ahead of schedule. So much for all of the outrageous and ludicrous claims that Labor’s broadband proposal would effectively prevent the fund from achieving its objectives.

To illustrate that, you have nothing better than the legislation before the parliament today, which sets up with $5 billion, soon to be $6 billion, a new fund with money that otherwise was going to the Future Fund for financing higher education. So, within months of claiming that Labor’s plan for $2.7 billion worth of Telstra shares to be used to help construct a national broadband network would destroy the Future Fund and put Public Service superannuation at risk, we are now in a position already where that 2020 target is effectively being met and the debate is moving on to other uses for surpluses.

Is there any question now, if there ever was, that Labor’s broadband plan would in some way jeopardise the achievement of that 2020 target for fully financing the long-term Public Service superannuation liabilities? The answer clearly is no.

Finally comes the obvious question: if Labor are elected and we proceed to implement our national broadband plan, is there any suggestion that this will have been done by stealth—that in some way we have created a particular impression in the minds of the electorate about our policy on these issues and that, having been elected, we will then proceed to do something different? The answer clearly is no. So what the government is seeking to do here is to ensure that it is as well armed as it can be to frustrate an incoming Labor government, if we are elected, in implementing one of our key policy positions—one of the key issues that will undoubtedly have a significant role in the election campaign and, if Labor are elected to government, will rightly be seen as one of the key policies which has persuaded people to vote Labor into office.

This is a remarkable testament to the ‘born to rule’ arrogance that is never far below the surface in the Liberal Party. We have not even had the election, and already they are demonstrating that they will not be prepared to accept the result if Labor are elected—already they are demonstrating that, and we have not even gone to the polls.

A particularly exquisite irony in this regard is that the debate about the prospective use of surpluses has already been moved by the Prime Minister to the question of infrastructure. A couple of years ago Labor indicated that we intended to use some of the revenue earned by the Future Fund for the purpose of investing in infrastructure. At that time, of course, this was derided by the government, and, more recently, when we put forward our broadband proposal, which was a concrete manifestation of that commitment, equally it was derided by the government.

What is happening now? The Future Fund is on the verge of fulfilling its obligation to fully fund the Public Service superannuation
liabilities by 2020; we are in the process of establishing what will now be a $6 billion Higher Education Endowment Fund with money that would otherwise have gone to the Future Fund, and indeed will be managed by the Future Fund; the government has flagged a health and medical infrastructure fund equivalent to the Higher Education Endowment Fund, which no doubt it will seek to establish in due course—it too will be operated by the Future Fund along the same lines—and the Prime Minister has flagged the prospect of establishing some kind of infrastructure fund in the wake of these two additional funds. In other words, the government has finally got into a similar position, broadly, to the Labor Party, while still continuing to make ludicrous and outrageous accusations about the implications of Labor’s position and, in the instance of the legislation before the parliament today, seeking to do everything it can to prevent Labor from implementing its policy should it be elected to govern Australia.

The one message I can give the Howard government on this issue is that we will not be diverted and we will not be scared by its political posturing. We are committed to fixing the broadband shambles that we will inherit if we are elected to govern Australia. We are committed to implementing our high-speed national broadband plan. The plan recently cobbled together by the government, in a panic, for WiMAX wireless in regional Australia is a second-rate solution. It will ensure that people in regional and rural Australia have a second-tier quality and level of service compared with people in metropolitan Australia. The spectrum that is used for this proposal is subject to interference. The technology cannot properly project through buildings and geographical impediments, otherwise known as ‘hills’. Existing laptops are not compatible with the technology. It is notable that the government, when advertising the merits of its plan, changes its language quite a bit but most of the time says it will deliver up to 12 megs per second. Labor’s plan is for a minimum of 12 megs, and in most cases it will be a lot faster than that. The government is claiming up to 12 megs. That will only apply when there is not a congested network. This technology is very susceptible to congestion crowding out people’s speeds. It will only apply when the weather is good and there are no geographical obstacles. The government’s claim that this technology will provide up to 12 megs should be taken with a grain of salt.

It is worth noting that if you look at the website of the Department of Communications, Information Technology and the Arts you will see the maps that were distributed in a great flurry when this proposal was announced. You will also see a disclaimer on the website that essentially says: ‘The department makes no claims and takes no responsibility for the accuracy of any of these maps or for their meaning. The department does not rely on them and does not accept any liability or responsibility if anybody else does.’ In other words: ‘The maps are rubbish. Believe them at your peril.’ All the government is doing, in a panic after having allowed the issue to fester for years and having failed to tackle the problem, is setting up a second-rate system for people in rural and regional Australia, once again trying to look like it is doing something.

We will not be deterred on this issue. Broadband is fundamental to the future of this country. It is fundamental to young people’s ability to learn, to small businesses’ capacity to compete, to the Australian economy’s capacity to grow and to productivity’s capacity to grow. It is an absolute disgrace how the Howard government has handled this issue. It is extraordinary how it constantly comes up with new, supposed plans and announcements that are all mickey
mouse symbolic things designed to make it look like the government is doing something without addressing the underlying fundamental problem.

I will conclude with one observation. Having been shadow communications minister for three years from late 2001 to late 2004, I have naturally been interested in these developments and debates in recent times. One thing has struck me with a degree of irony. For all of those three years when I had responsibility on behalf of the Labor Party for advocating, amongst other things, the retention of Telstra in majority public ownership, I had a single mantra, a single statement, that preceded everything I said in public—at public meetings, on radio and television and in newspaper media. Everything I said in public on the issue of Telstra privatisation commenced with these words: ‘A privately owned Telstra will be a giant private monopoly too powerful for any government to effectively regulate.’ Guess what has happened. This is precisely the stalemate that the Howard government has found itself in, courtesy of its own obsession with privatisation. You now have Telstra—understandably, justifiably, acting in defence of its own interests—no longer answerable to the public interest, no longer answerable to the national interest through government ownership. It is there to defend its shareholders and it is doing that vigorously. Why should it do anything else?

Because Telstra still comprises roughly two-thirds of the entire telecommunications sector and still owns and controls the dominant monopoly telecommunications infrastructure in this country, and because it is very difficult for anything to occur, such as the establishment of a major national broadband network, without the involvement or acquiescence of Telstra, the government has created a shambles because of its obsession with privatisation. The government is now caught in a stalemate, a gridlock, on broadband because its only concern in telecommunications has been to sell Telstra—not to solve problems and to get Australia into the 21st century with a top-class, internationally competitive telecommunications network but to pursue its obscure ideological obsessions on privatisation. The end result is that it is very difficult to fix the problem. The government clearly has no idea what to do. It has been wallowing, working on endless small initiatives that are designed to look like it is solving the problem, but it does nothing to fix it.

This disaster is a creation of the Howard government’s making. That is why Labor is committed to fixing it. That is why we are committed to mobilising a very large sum of government capital, all of which is currently invested in telecommunications related assets, in order to invest in a national high-speed broadband network with a private partner to solve the problem. And the problem is that we have third-rate broadband in this country—too slow, too expensive and not accessible enough. That is the problem that we are going to tackle and no number of political stunts, like the amendments that have been tacked on to this legislation today, will deter us from that commitment. If we are elected to government, we will fight long and hard to ensure that all Australians have access to internationally competitive high-speed broadband. If the Liberal and National parties lose the election and they want to take that kind of obstructive position that they are clearly flagging in this legislation today, after having been defeated on issues like this, they will have to account to the Australian people for their behaviour.

Mr ADAMS (Lyons) (10.38 am)—The provisions of the Higher Education Endowment Fund Bill 2007 have been modelled on the provisions of the Future Fund Act 2006. The bill provides the Future Fund Board of
Guardians with statutory powers to manage the investments of the Higher Education Endowment Fund, the HEEF. The bill also provides that, as per the Future Fund Act, the Treasurer and the Minister for Finance and Administration are the responsible ministers. In this capacity they will issue directions to the board about the performance of its investment functions. The board is therefore accountable to the Treasurer and the finance minister for meeting its obligation to manage the HEEF in accordance with the requirements of the act and directions. The responsible ministers will make the determination to credit government contributions, initially $6 billion, to the Higher Education Endowment Fund and any future government contributions. The responsible ministers are also responsible for setting rules to determine the maximum amount available for payments from the HEEF. The HEEF advisory board will be established to provide advice to the education minister on grants. Because of the different nature and intent of the HEEF compared to the Future Fund, the education minister, not the responsible ministers, is responsible for authorising grants of financial assistance to eligible higher education institutions and for appointments to the HEEF advisory board.

Although the ALP welcomes the fact that the Future Fund and the Higher Education Endowment Fund are for investment in Australia’s long-term national interests, including the objective of meeting public sector superannuation liabilities, there are some serious concerns. Because of the government’s failure over 11 years to invest adequately in Australia’s higher education, on the government’s own analysis there exists a significant backlog of deferred infrastructure maintenance, estimated at $1.5 billion for the university sector—$1.5 billion in maintenance for our university sector is an enormous amount of money.

The Group of Eight universities estimated in 2006 that the total deferred maintenance liability was $1.53 billion across the Go8 universities alone. So we are probably looking at a lot more than $1.5 billion. The principal reason behind this backlog is the fact that, since it came to power more than 11 years ago, the government has undermined the higher education sector by cutting university operating grants, including in its 1996 federal budget cutting university operating grant funding by a cumulative six per cent over the forward estimates from 1997-2000, resulting in $850 million in cuts to the sector. As a proportion of total revenue, Commonwealth grants to universities have decreased from 57 per cent of their revenue in 1996 to 41 per cent in 2004, while university revenue derived from fees and charges has increased from 13 per cent in 1996 to 24 per cent in 2004.

There are also widespread concerns that, over time, the HEEF could be used to replace existing capital and infrastructure programs in higher education, notably the Capital Development Pool, the Institutional Grants Scheme, the Research Infrastructure (Block Grants) Scheme and the National Collaborative Research Infrastructure Scheme. Despite these belated measures, the government has not put in place a long-term plan for meeting Australia’s infrastructure needs, including a national broadband network. Instead, it has produced 18 piecemeal broadband proposals in the past 11 years.

The so-called radical plan announced recently imposed a two-tier broadband solution for Australia through the 17th and 18th broadband plans. This included an election stunt designed to delay the building of a high-speed fibre-to-the-node network in the major cities which, through the Broadband Connect Infrastructure Program, subjected millions of Australians living in regional and rural Australia to a second-class broadband
network that is based on an obsolete technology and is capable only of delivering average connection speeds at twice today’s average. To add insult to injury, this government has become embroiled in legal action involving preferential dealing in the Broadband Connect Infrastructure Program after moving the funding goalposts for the program while only informing one participant.

In contrast to the government, Labor is committed to building with the private sector a national broadband network that includes a fibre-to-the-node network that will deliver minimum connection speeds of 12 megabits per second to 98 per cent of the country. The remaining two per cent will receive a standard of service which, depending on the available technology, will be as close as possible to that delivered by the fibre-to-the-node network. Therefore, the opposition’s second reading amendment includes a condemnation of the Minister for Communications, Information Technology and the Arts for hastily signing a contract worth $958 million on the Sunday afternoon after APEC, subject to ongoing legal action and possibly against Commonwealth legal advice.

Our education system is in crisis and, although the funds are desperately needed, this government has failed to target the real needs in the system. It is now quite apparent to everyone that this country has failed to ensure that there are enough people training to take on professional and trade jobs in the future. The Australian economy needs an education revolution. There is a critical link between long-term prosperity, productivity growth and human capital investment which argues that we cannot take our current prosperity for granted. Not only is productivity growth beginning to slow; resource prices are likely to unwind over the coming years, the ageing of the population will place significant pressure on public finances and will reduce workforce participation, and the global marketplace is becoming increasingly competitive as China and India continue their transformation into economic superpowers.

Australia’s future economic prosperity is tied to the skills and productivity of our workforce. For Australia to compete successfully in the global economy, we must invest in the human capital of our nation and build a highly skilled workforce that can compete with the best of our neighbours. We do not want to end up becoming China’s quarry and Japan’s beach. This is important not just for our nation’s economic future but for the future prosperity and wellbeing of Australians.

An individual’s job prospects and the income they ultimately receive are closely linked to the level of education they have attained and the personal and professional skills they hold. In a time of acute skills demand, Australia needs highly skilled and educated workers with a commitment to lifelong learning and an ability to adapt to the future demands of technology, industry and the economy. If our goal is to have the best trained and best qualified workforce in the world, then clearly we must do more in the skills and training area.

The challenge therefore is twofold: Australia needs to lift the number of students who complete senior secondary school and to increase the number of people with vocational and skilled trade qualifications. To increase productivity for the nation and to improve the likelihood of maintaining meaningful, secure employment for individuals, Australia needs to ensure our skilled workers are highly educated, with strong literacy and numeracy skills. For too long, skills and training have been seen as an alternative to education. Broad economic and social trends are changing the structure of the economy, the size and structure of our workforce, the
skills needed by workers and what is required of our education and training system.

If we are to address the economic challenge of an increasing demand for skills, we must widen the range of opportunities available to students in our secondary school system. Demand for workers with vocational education and training and trade skills is rising. According to the Howard government's own statistics, Australia will need 240,000 more skilled workers by 2016.

I do not think this government has even considered these needs with this endowment fund legislation. So, while it is pleasing to see funds allocated to education, there needs to be a radical rewrite of how they should be allocated. The opposition makes some suggestions in the second reading amendment, but a lot more work will be needed to cope with the needs of the Australian workforce in the future. I believe we will need a change of government and a federal Labor minister to do that.

Ms JULIE BISHOP (Curtin—Minister for Education, Science and Training and Minister Assisting the Prime Minister for Women’s Issues) (10.50 am)—The House has before it two bills to support the establishment and operation of the Higher Education Endowment Fund. The fund is an unprecedented investment in higher education in Australia. By establishing this $6 billion perpetual fund, universities will have access to funds for future capital and research facility needs for decades into the future. Further contributions to the fund will depend on continued strong economic management and budget surpluses. The government has already demonstrated its commitment to the fund by recently adding an extra $1 billion to the $5 billion announced on budget night last May.

The Higher Education Endowment Fund is a true endowment fund, with the requirement in the legislation to maintain its real value over the medium to long term. The grants distributed from the endowment fund will be directed towards promoting excellence, diversity, quality and specialisation in Australian universities. This will build on the already significant reputation of our universities and further contribute to their capacity to compete on the world stage.

Underlying this is an appreciation of how important a well-run and responsive university system will be to Australia’s economic development over the coming decades. In an increasingly competitive global environment, universities will need to clearly identify their strengths and focus their resources. In keeping with this, grants from the endowment fund will be strategic in nature and will focus on achieving the long-term goals of the sector. Other higher education funding programs such as the Research Infrastructure Block Grants, the National Collaborative Research Infrastructure Strategy fund and the Capital Development Pool will continue, as they serve a very different purpose.

I will be advised on the distribution of funds by an independent Higher Education Endowment Fund Advisory Board. In making appointments to the board, I have drawn on suggestions from the sector, from the Business Industry Higher Education Collaboration Council and from the Academies Forum. I expect to announce the board in coming days. The role of the advisory board will be to advise me on the best way to implement and manage the endowment fund. This will include conducting stakeholder consultations, developing program guidelines, making recommendations in relation to grants for capital expenditure and research facilities and advising on philanthropic donations.

The Higher Education Endowment Fund Bill 2007 is the first step in the endowment
The main provisions of the bill allow for the movement of moneys into the endowment fund and for those moneys to be invested for the future. Responsibility for investment of the endowment fund rests with the Future Fund Board of Guardians. The bill also provides that, consistent with the Future Fund Act, the board of guardians will be guided in its activities by an investment mandate, a collection of ministerial directions issued by the responsible ministers—the Treasurer and the Minister for Finance and Administration. The investment mandate will set out the benchmark return expected by the responsible ministers. The returns available for distribution to the sector will be linked to the performance of the market. International experience suggests that, in using such a strategy over the medium term, around five years, the level of grants that can be made from the fund should become predictable. However, in the short term there may be some volatility.

The bill further provides for good, sound governance in the management of those moneys. It establishes appropriate safeguards around ministerial intervention and financial management. For example, the bill provides that ministers cannot direct the board of guardians to use the assets of the endowment fund to invest in a particular financial asset or support a particular business entity, activity or business. Such requirements provide assurance that Australian government funds are being appropriately managed as well as providing assurance to the Australian public that the endowment fund will be maintained in perpetuity.

Income from the endowment fund will be distributed as grants to support capital expenditure and research facilities. These grants will promote excellence, quality and specialisation in Australian universities for years to come and will allow more world-class institutions to emerge. The bill does not go to the detail of how the grant funding programs will operate. I want to ensure that the sector has a genuine opportunity to engage with this exciting new initiative and provide input. The guidelines outlining how the funding program will operate will take into account the outcomes of consultation with the sector. There is no requirement for this level of detail to be included in the legislation. It is important that, as the program evolves, specifics about the application process, for example, are able to evolve with it.

Higher education is not a static entity. Strategic priorities change over time, as knowledge and technology change. Allowing for the endowment fund program to also change over time is essential to meeting the needs of the sector and the objectives of the endowment fund. As to the eligible institutions, consistent with the government’s aim of encouraging diversity within the sector, all Australian universities, plus the Australian Maritime College, which is scheduled to merge with the University of Tasmania on 1 January 2008, the Batchelor Institute of Tertiary Education and the Melbourne College of Divinity will be eligible to apply for funding—that is, those institutions listed under table A and table B of the Higher Education Support Act 2003 which are currently eligible to receive capital funding from the Australian government.

On the issue of philanthropy, with the establishment of the endowment fund the government has created a new avenue for business and the general public to make philanthropic donations to the sector. In the first instance, the bill provides that tax deductible gifts of money to the endowment fund will only be able to be accepted on an unconditional basis. At the time the endowment fund was announced, the government indicated that contributions could be earmarked for particular universities and that universities could choose to have their own philanthropic
funds managed along with the endowment fund. These issues will be addressed following more detailed consultation with the higher education sector and the board of guardians. The government may then consider amendments to the legislation.

As to consequential amendments, in order to support the establishment and operation of the Higher Education Endowment Fund, amendments to the Future Fund Act 2006 and the Income Tax Assessment Act 1997 are required. As previously stated, I have been assisted in the preparation of this bill by the Treasurer and the Minister for Finance and Administration in their capacities as responsible ministers under the Future Fund Act. Broadly, the amendments to the Future Fund Act extend the functions of the board of guardians to include its functions under the endowment fund act. The bill also makes it clear that there are two investment mandates that the responsible ministers can issue to the board: one for the Future Fund and one for the endowment fund. Correspondingly, the bill clarifies that the board has two investment functions: one for the Future Fund and one for the endowment fund.

As is provided for in the endowment fund bill, this bill amends the Future Fund Act to set out the limitations of the Future Fund investment mandate. The amendments will ensure that the Future Fund is not invested in a way that is inconsistent with the Future Fund’s objectives. In line with responsible governance practice, the bill also specifies that the responsible ministers cannot direct the board to use the assets of the Future Fund to invest or support particular financial assets. The Income Tax Assessment Act is also being amended to allow deductible gifts of money to be made to the endowment fund. These bills represent the social dividend of strong economic management. I commend these bills to the House.

The DEPUTY SPEAKER (Hon. DJC Kerr)—The original question was that this bill be now read a second time. To this the honourable member for Perth 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 put:
That the words proposed to be omitted (Mr Stephen Smith’s amendment) stand part of the question.

The House divided. [11.03 am] (The Deputy Speaker—Hon. DJC Kerr)
Ayes……….. 86
Noes……….. 54
Majority……… 32

AYES
Third Reading

Ms JULIE BISHOP (Curtin—Minister for Education, Science and Training and Minister Assisting the Prime Minister for Women’s Issues) (11.10 am)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

HIGHER EDUCATION ENDOWMENT FUND (CONSEQUENTIAL AMENDMENTS) BILL 2007

Second Reading

Debate resumed from 16 August, on motion by Ms Julie Bishop:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Ms JULIE BISHOP (Curtin—Minister for Education, Science and Training and Minister Assisting the Prime Minister for Women’s Issues) (11.11 am)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

TAX LAWS AMENDMENT (2007 MEASURES No. 5) BILL 2007

Second Reading

Debate resumed from 16 August, on motion by Mr Dutton:

That this bill be now read a second time.

Mr BOWEN (Prospect) (11.12 am)—Finally, at last, the government has acted on the concerns of industry, state governments and those on this side of the House in relation to infrastructure financing. It has been a
long wait but finally we are here. Schedule 1 of the Tax Laws Amendment (2007 Measures No. 5) Bill 2007 at long last deals with section 51AD and division 16D of the Income Tax Assessment Act. I will be commenting on schedules 1, 6, 7, 8, 10, 11 and 12 of this bill. Schedules 2, 3, 4, 5 and 9 are all sensible and non-controversial matters that the opposition will support, and I will not be detaining the House by dealing with them.

As I said, I will deal with schedule 1 first. In 1999, the Ralph review said this about section 51AD and division 16D:

Section 51AD has a severe impact where it applies because all deductions are denied to the taxpayer but the associated income is still assessable. It has been continually criticised by State Governments and infrastructure providers for its severe impact where it applies and the uncertainty it creates. Section 51AD has become even more problematical in recent years because of increased levels of privatisation and outsourcing of government services which were not contemplated when it was first conceived.

The review went on to say:

The Review recommends that section 51AD be abolished, as part of a package of reforms relating to tax exempt leasing. The Review believes that the severe treatment of arrangements that are currently subject to section 51AD is unnecessary. The Review also believes that, providing appropriate structural measures are in place, leases in similar arrangements involving tax exempts should not be treated differently simply because they are financed using non-recourse finance.

It is not hard to see why the Ralph review came to that conclusion. The Australian Council for Infrastructure Development, AusCID, which has now been subsumed by Infrastructure Partnerships Australia, said this to the review in 1998:

For well over a decade, Section 51AD of the Australian Income Tax Assessment Act has been a source of considerable difficulty, delay, frustration and unnecessary cost to private infrastructure investment in Australia.

AusCID went on to give examples of infrastructure projects which have been delayed because of the operation of section 51AD: the New South Wales Southern Railway or the airport line, the Eastern Distributor and the Brisbane airport line—three examples 10 years ago which the peak body relating to infrastructure in this country pointed to as being substantially delayed and causing confusion as a result of the operation of section 51AD. What did the government do in response? The then Assistant Treasurer and Minister for Revenue, Senator Coonan, announced on 14 May 2002 that the government would implement changes to reform section 51AD and division 16D and the taxation of treatment of asset-financing arrangements with tax-exempt entities. Senator Coonan said on that date:

Further consultation on these issues will be undertaken through the course of 2002-03 and it is expected that legislation would be introduced in the Autumn 2003 sittings.

In 2003, draft exposure legislation was released for comment by interested stakeholders. On 26 June 2003 Senator Coonan stated:

These provisions are in urgent need of reform ... The Government ... is committed to its early introduction into Parliament in the spring sittings, 2003.

I would hate to see something that was not urgent. I would hate to see something that the government did not really care about. It said that it was urgent in 2003 and it would legislate for it in 2003. It is now 2007 and we are debating it today. I note that the explana-
tory memorandum for this bill under the heading ‘Background’ claims:
This measure was announced in the then Minister for Revenue and Assistant Treasurer’s Press Release No. 081 of 13 September 2005.
Not really. This measure was in fact announced by the former Assistant Treasurer, the one before the previous one—two Assistant Treasurers ago—in 2003. The explanatory memorandum is quite cute and is arguably inaccurate.

I do acknowledge that this is a complex area. I do acknowledge that the first draft legislation released by the government was unworkable and needed to be reworked. But there is simply no excuse for the length of delays that we have seen. We have both sides of the House agreeing that there is an infrastructure problem in this country, we have every industry and business group in this country pointing to the infrastructure bottlenecks as one of the biggest economic challenges facing this country; yet one of the obstacles to infrastructure formation in this country has been the operation of the Income Tax Assessment Act. The government admitted in 2003 that it was urgent and simply has not done anything about it for four years. It simply has refused to implement this change.

In Senate estimates, Labor senators at my request asked Treasury officials why this had taken so long. We were told that there were two answers. First, it was complex. We accept and agree with that: it is complex and we do not expect it to be done overnight. Second, it has not been given the requisite amount of resources. The government has simply not considered this to be an important reform—and there we differ. We regard this as a very urgent and necessary reform and we will support it today—in fact, we think it should have been done years ago. We think this reform is long overdue and the economy and infrastructure formation in this nation has suffered as a result. A number of those submissions to the Senate Standing Committee on Economics inquiry into this bill noted the delay. The Australian Chamber of Commerce and Industry—which is not always on a unity ticket with this side of the House—said:

- ACCI is disappointed that it has taken some time to develop new rules for PPPs. It is possible that some infrastructure projects may have been delayed because the old rules for PPPs were punitive.

It is simply not good enough, given the constraints in our economy and given that both sides agree that infrastructure has been a problem, for this legislation to have taken so long. The second reading amendment I will be moving at the end of my contribution notes that and condemns the government for the delay. It is better late than never and the Labor Party does support it.

The changes will reduce a significant hurdle to infrastructure projects which Australia desperately needs. This measure should speed up the operation of projects, reduce financing risks and increase infrastructure investment. I am not convinced that this bill is perfect, and I would not rule out amendments to it in the future, but because it has taken so long I am very reluctant to move substantive amendments at this time. In particular, I note the concerns expressed by some about the limit of 55 per cent on non-recourse debt for offshore investments. There is a balancing act to be done here. On the one hand, I do acknowledge that the main focus must be on encouraging infrastructure formation in Australia. On the other hand, we must do nothing to discourage the very successful real estate investment trust operations which have developed in Australia in which people from overseas and Australia invest, through Australian real estate trusts, predominantly in overseas real estate. This has been very successful. It is a key part of Labor’s policy
of creating a financial services hub for Asia in Australia.

The concerns of the property industry in relation to this bill are very serious and should be noted. Should Labor form government later this year, we will be re-examining this issue. We will need to be assured that changes in this field will be revenue neutral, positive or only a small cost. If we could be assured of that, then we would be favourably disposed to re-examining the limit on non-recourse debt for offshore investment.

I will now turn to schedule 6 of the bill, which removes the $100 million total income cap on the same business test. This, it needs to be noted, represents an extraordinary backflip from the government. When the government went down this road, Labor and the Australian Democrats opposed it. We opposed it in the Senate and it was voted down. Not only did we oppose it but also the Senate Economics Committee opposed it unanimously. Labor, Democrat and Liberal senators opposed this change; the government proceeded nonetheless. It was opposed by the Senate Economics Committee and by the Labor Party and by the Democrats because it was bad policy—bad for business and bad for infrastructure formation, once again. The report of the committee said:

... the Committee is not persuaded that there are sufficiently well established grounds for withdrawing the SBT [same business test] for companies with an income in excess of $100 million.

The report also stated:

The Committee is concerned that withdrawing the SBT may have adverse effects on important infrastructure and other projects, and on companies subject to takeovers and mergers.

The measure to remove the cap was strongly supported in submissions to the inquiry. They demonstrate that this cap should never have been introduced in the first place. The Minerals Council in their submission to the Senate inquiry stated:

This arbitrary cap was denying legitimate capital allowance business deductions—which ultimately were factored into rate of return assessments, and potentially, discouraging expansion. This at a time when there is a significant need for investment in infrastructure projects in Australia.

The Australian Chamber of Commerce and Industry stated in their submission:

... we consider that the cap was unnecessary and should not have been introduced in the first place.

Again we find ourselves in agreement with the Australian Chamber of Commerce and Industry. The CPA’s submission noted:

... CPA Australia along with other professional and industry bodies has been calling for the removal of this cap for some time ...

This government claims to be project-business but the cap brought in by this government, against the objections of this side of the House, is anti-business. Companies have been denied the ability to carry forward legitimate losses and claim a deduction for them which other businesses can claim. I am glad that the government has recognised the error of its ways and taken on Labor’s policy to remove the cap. Labor supports the measure to encourage investment in infrastructure by large private companies and to simplify the tax legislation.

I would like to turn briefly to schedule 7. Schedule 7 provides capital gains rollover relief for statutory licences. This has generally and rightly been welcomed. However, there has been some concern from irrigators in particular about the operation of the rollover in relation to the replacement of groundwater licences. These concerns were well made in the submission of the Gwydir Valley Irrigators Association to the Senate committee. They were also supported by the evidence of Mr Michael Murray, the CEO of the association. I have taken the opportunity
I do believe that the irrigators have a valid concern. Their concern is that the capital gains event is the extinguishment of the old licence and not the distribution of compensation. This also disadvantages irrigators in terms of access to the small business capital gains tax discount. Their point is well made; however, I also note the evidence of the Treasury to the committee. Mr McMahon told the committee:

If the legislation were amended in accordance with the wishes of the irrigators council, it would create a precedent for taxpayers in similar circumstances to seek a change in the timing of the CGT event so that they too could benefit where more generous tax arrangements were not available at the time that the event occurred. More generally, amending the legislation would not only represent a change in the timing of the CGT event C2 but also bring into question the timing of CGT events more generally. A more general change in the timing of the CGT events would be complex to legislate and difficult to comply with and administer—especially where the capital proceeds of a CGT event were spread over a number of years.

This is very sobering advice from Treasury, but I do think that the irrigators have a valid concern. In the face of the advice from the Treasury it would be irresponsible to proceed with a substantive amendment to the bill at this time; however, should we form a government shortly, I will sit down with the industry and Treasury and attempt to find a common-sense solution to this problem. I cannot guarantee that there will be a common-sense solution and that it will be possible, but I can indicate that we, together with the Treasury and the ATO, will use our best endeavours to meet those concerns of the irrigators council in a good faith manner. I have communicated that to the irrigators council and put that on the record in the House today.

Schedule 8 provides CGT rollover for investors in a stapled group where there has been an interposition of a unit trust between investors in the stapled group and the stapled entities. This will allow certain stapled entities, such as Australian listed property trusts or REITs, which I referred to earlier, to restructure with an interposed head trust without any capital gains tax consequences. This is a welcome but minor measure. These amendments go a very small part of the way that is required for reform of the taxation treatment of listed property trusts, real estate investment trusts and managed funds more generally in Australia.

We need to make sure that our tax system does not create unfair obstacles for this sector of the economy, which is very successful in terms of its competitiveness. The Property Council said in its submission to the Senate inquiry:

The Property Council views these reforms as the first stage of a now widely recognised need to comprehensively reform Division 6 of the Income Tax Assessment Act, particularly as it relates to real estate investment trusts (REITs).

We could not agree more. In fact, at the IFSA annual conference last month I announced that Labor are committed to reforming division 6C in particular and our first reference to the Board of Taxation will be to devise options for a new taxation regime for managed funds and listed property trusts to overcome the problems of division 6C. While the Board of Taxation examines the options, Labor would instruct the Treasury to immediately take steps to fix the more inefficient aspects of division 6C in the shorter term. Division 6C is an administrative nightmare for the financial services industry and particularly listed property trusts. Sweeping away the antiquated rules that harm the com-
petitiveness of the financial services industry is a priority for Labor.

The Labor leader has also announced that a Rudd Labor government will halve the withholding tax that applies to non-resident investors in Australian managed funds to a flat and final 15 per cent. These policies are part of Labor’s plan to make Australia the financial services hub of Asia. Increasing the competitiveness of our financial sector and taking away the government imposed constraints makes economic sense but requires foresight and innovative reform of the tax laws—something Labor is prepared to do but something this government for 11 years has shown no interest in doing. Labor does support this schedule as a small step in the right direction.

Schedule 10 perhaps is the most controversial part of this bill. The introduction of a refundable tax offset is included for Australian expenditure in making Australian films—the producer offset, an offset of 40 per cent for film and 20 per cent for other media. The schedule also enhances the existing refundable film tax offset for Australian production expenditure—the location offset. It is increased from 12.5 per cent to 15 per cent. It also introduces a 15 per cent refundable film offset for post, digital and visual effects production in Australia—the PDV offset. Finally, it phases out by 2009 existing tax incentives provided to investors in Australian films. The offsets are designed to support and develop the Australian screen media industry. They replace the current tax incentives which have not been effective in recent years.

The independent production sector have expressed some concerns about the new producer offset, because commercial broadcasters will be able to access the 20 per cent rebate. They argue that the availability of this new offset may encourage in-house production of Australian television programs rather than the outsourcing of those programs to independent producers who sell the programs to networks. They also argue that providing a rebate to the networks effectively provides them with a subsidy to fulfil their Australian content requirements.

I do note these concerns. I have had discussions with that sector of the industry; I have also, as you would expect, had discussions with those who disagree from the commercial television stations et cetera; and I have read with interest the submissions of all the groups and the transcript of evidence from the Senate inquiry. I do have to note that there are other policies in place which strongly support the independent production sector. The Film Finance Corporation will fund only independent productions, not those produced in-house by television stations, and independently produced programs qualify for higher points under the Australian content rules that TV stations must comply with. Perhaps most importantly, television stations will continue to choose their method of production based on who has the best ideas and who has the capability of creating the most commercial value, and it is not necessarily the role of the tax system to give an advantage to one form of production over another. It is the role of the tax system, both parties would agree, to encourage Australian production of television programs for important societal and cultural reasons as well as for economic reasons. However, the independent production sector does play an important role in Australian society and the economy, and the government does need to closely monitor its viability. The second reading amendment that I will move reflects this.

On a detail matter, the length of time of animations is dealt with in this bill in relation to the tax incentives. The Senate inquiry heard evidence that the requirement that an animation run for 30 minutes is onerous,
considering that many animations run for a shorter period of time. As a parent of young children, I spend a bit of time watching animations and I agree that there are few animations, particularly for children, that run for 30 minutes, because the attention span of children is considerably shorter than that. So it is of concern that the 30-minute rule will disadvantage the production of animation, and I will be moving a substantive amendment in the consideration in detail stage to deal with that.

I now turn to schedules 11 and 12. I will consider these schedules jointly, as they both deal with research and development and with innovation. Schedule 11 of this bill amends the Income Tax Assessment Act 1936 to extend the premium 175 per cent research and development concession to companies belonging to a multinational enterprise group for additional R&D expenditure carried out in Australia on behalf of a foreign company above a rolling three-year average of expenditure. The schedule also provides a specific 100 per cent base deduction for all expenditure that contributes to a company’s calculation of additional R&D expenditure in the income year. Until now, Australian companies who conduct R&D on behalf of a foreign company that chooses to hold resulting intellectual property offshore have been unable to claim the R&D tax concession.

Schedule 12 establishes a new board, Innovation Australia, combining the roles, responsibilities and functions of the Industry Research and Development Board and the Venture Capital Registration Board. I was interested in this because before I was elected to the Labor Party frontbench I was chairman of the Labor Party caucus economics committee. We released a discussion paper on innovation last year, and one of our recommendations was the creation of Innovation Australia. I am not sure that I can claim authorship; I am not sure that the government read the Labor Party’s caucus economics committee report. Although I would like to think that it was read widely on government benches, I am not sure that that is the case. But it is interesting to see the government taking up that idea. The legislation does not go as far as what the Labor Party’s caucus economics committee recommended in terms of the new body, Innovation Australia, and the roles and responsibilities that Innovation Australia should have; nevertheless, it is a step in the right direction which we support.

We support these amendments. These changes should encourage R&D to be undertaken by multinational firms in Australia. This should help Australian business to benefit from the skills gain and knowledge gain from R&D work undertaken by multinational enterprises. We have ongoing concern about the complexity already involved in the 175 per cent premium concession and we will continue to seek feedback from business about the effectiveness and efficiency of its operation and the efficiency of the application process. More than one business has said to me that the arrangements in place to apply not only for the premium concession but for the base rate concession are so complex and so onerous that companies are dissuaded from applying despite the benefits which may flow from it.

Innovation is a key driver of productivity. Labor understands this, and the government apparently does not. We have seen precious little on the innovation front from this government. The government’s major reform in R&D was to slash the R&D tax concession from 150 per cent to 125 per cent, and we saw the results immediately. Business R&D fell off a cliff when that so-called reform was instituted by the government back in 1996. R&D growth has stayed flat for a significant period and has returned only recently to 1996 levels. Recent ABS figures show that with
R&D expenditure at 1.04 per cent of gross domestic product Australia’s rate of business R&D expenditure remained below the OECD average of 1.53 per cent. Over the full 11 years of the Howard government, the real rate of annual growth in business R&D has only been 5.7 per cent compared with 14.5 per cent under Labor—5.7 versus 14.5. Labor understands that the only way we can compete in a global economy is to focus on innovation—new products and new processes—and R&D is a key driver of that.

Of course, a large proportion of R&D is undertaken by multinational enterprises which can conduct that work almost anywhere. They have operations in many countries, and we must compete with many countries around the world to conduct that R&D. Our whole economy benefits when multinational firms seek to conduct that activity in Australia. For example, we are competing against Singapore, which has a 200 per cent R&D concession. We are competing against other countries around the world, and so we welcome these reforms. In fact, the Leader of the Opposition and the shadow minister for industry released a paper entitled New directions for innovation, competitiveness and productivity on 24 April this year. This paper points out:

… the OECD recommends that Australia improve opportunities for venture capital investments.

You will no doubt recall, Mr Deputy Speaker Somlyay, that earlier this year I moved an amendment to Tax Laws Amendment (2007 Measures No. 2) Bill 2007 to remove the significant restrictions on venture capital limited partnerships, which would encourage further innovation—an amendment which the government failed to adopt. This government has failed miserably to promote the venture capital industry and R&D in particular. This is yet another example of why the government is not up to the task of preparing Australia for the inevitable, eventual downturn in commodity prices. It may be some time before that downturn comes, but the Australian people will justly ask what the government did to prepare us for that downturn when it comes.

As I said in my opening remarks, the remainder of the schedules in this bill enjoy Labor’s support. These changes make sensible amendments to improve the integrity of the tax system, reduce compliance costs for certain taxpayers and extend tax concessions to certain groups. I am pleased to extend Labor’s support to those schedules, as we support each of the measures with the caveats and qualifications that I have referred to in my remarks. I move:

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

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

(1) condemns the Government for the inexcusable delay in implementing the taxation of infrastructure financing reforms encompassed in this Bill;

(2) recognises the producer offset, incorporated within Division 376 of the bill, could potentially impact independent program producers;

(3) recognises the issues raised by the independent production sector in relation to Division 376 of the bill, and recognises the independent producers’ concern at the possibility that the bill may not allow producers to retain substantial equity in their productions and build stable and sustainable production companies;

(4) notes the contribution of the independent production sector as one source of innovative, diverse and culturally vibrant Australian content, and recognises that Australian independent producers should have every opportunity to retain substantial equity in their productions and build stable and sustainable production companies; and

(5) notes the need to monitor the operation of this Bill and the need to conduct a review of
the viability of the independent production industry to commence within 12 months”.

The DEPUTY SPEAKER (Hon. AM Somlyay)—Is the amendment seconded?

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

Mr WAKELIN (Grey) (11.39 am)—I am somewhat dismayed at the previous speaker’s comments about the lack of enterprise capital. The government’s record over the last 11½ years is this remarkable economy which is comparable with anything in the world. The Tax Laws Amendment (2007 Measures No. 5) Bill 2007 contains 12 measures that, as has been well discussed in the House, change the tax laws regarding the treatment of leasing, similar arrangements between taxpayers and tax-exempt entities, the definition of ‘excluded equity interest’ for the purposes of the thin capitalisation rules in the Income Tax Assessment Act 1997 and the authorised deposit-taking institutions, known as specialist credit card institutions, which may in certain circumstances be treated as financial entities and not ADIs. It also alters the capital gains tax, the marriage breakdown rollover and the tax treatment of the Prime Minister’s Prize for Australian History and the Prime Minister’s Prize for Science.

Schedule 7 concerns the capital gains provisions that apply to holders of statutory licences. Schedule 8 allows a stapled group of entities to restructure with an interposed head trust without triggering certain taxation consequences. Schedule 9 updates the list of deductible gift recipients, which I think will be very welcome. Schedule 10 introduces tax incentives to support the Australian film industry, which is very much part of our national culture and very important to our national view of ourselves. Schedule 11 extends the premium 175 per cent of R&D concession to Australian subsidiaries of multinationals abroad.

The government is to be congratulated on this, as the previous speaker acknowledged. It is a measure that will encourage our infrastructure and it is an incentive for innovation. The great irony of all of this is that to criticise this government for its lack of incentives for innovation, as the previous speaker did, is quite remarkable when you look at its many achievements over the last 11½ years.

Mr GARRETT (Kingsford Smith) (11.42 am)—I rise to speak on the Tax Laws Amendment (2007 Measures No. 5) Bill 2007, which seeks to implement a wide range of arrangements, including the government’s long overdue film package. This omnibus bill contains a number of critical amendments. However, it is the reform of the film production tax concessions associated with the government’s long overdue film package that I will specifically address in my remarks.

I note that schedule 1 of the bill, ‘Tax preferred entities (asset financing)’, is specifically designed to encourage further investment in infrastructure projects like transport infrastructure, telecommunications facilities, hospitals, educational facilities and public housing. These changes will no doubt facilitate an increase in infrastructure investment. However, it should be recorded in the House that we have actually had to wait eight long years for this government to act on the recommendations of the Ralph review. Frankly, that delay is inexcusable given the importance of the measures contained therein.
I note that schedule 5 seeks to exempt income from income tax for the Prime Minister’s Prize for Australian History and the Prime Minister’s Prize for Science. Labor certainly supports these amendments strongly and considers it entirely appropriate that an exemption of this kind ought to apply when prizes of this sort are conferred. Schedule 10 contains the government’s film production tax concessions, which I will address later.

As a matter of some importance and relevance, Labor has long argued that changes are needed to the R&D tax concessions that are identified in schedule 11 amendments. Here the amendment is to extend the premium 175 per cent research and development tax concessions to companies belonging to a multinational enterprise group for additional research and development expenditure carried out in Australia on behalf of a foreign company—in that case, above a rolling three-year average of expenditure—and we take the view that this should encourage further research and development by multinational firms in Australia.

More generally, the government’s track record on research and development is poor. During the 11½ years of the Howard government, the real average annual growth rate in business R&D has been 5.7 per cent—a miserable 5.7 per cent, it has to be said, given the amount of available access to capital and investment that is out and about. When Labor was last in office this figure by comparison was 14.5 per cent. Additionally, we note that Australia’s research and development expenditure is about 0.5 per cent below the OECD average. That certainly is a situation that needs to be addressed. It should not have been allowed to lag at those levels for this period of time.

Labor has a long and proud association with the arts in this country. In particular, Labor recognises the enormous contribution the film and television industry has made to the cultural life of the nation. Film and television are at the forefront of embracing new and emerging technologies. It is a contemporary medium of creative expression that impacts upon the lives of many Australians. I particularly had the pleasure recently of visiting Australian Centre for the Moving Image in Melbourne’s Federation Square. Some members will be aware of that very good institution. They have the Pixar exhibition on display there, and they are responsible for some of the best entertainment that we have seen on our screens in recent years. It impressed me very much. It confirmed that really significant and exciting opportunities are offered by developments in digital animation, and particularly how screen based art in this instance captures the imaginations of both young and old. We, of course, have our very own success story in the world of digital production—the Animal Logic company, which contributed to the inspiring success of Happy Feet. I think some visitors in the gallery may be aware of Happy Feet and may have seen the marvellous work and animation that Animal Logic contributed to there. Having visited the facility, it is very clear to me that here in Australia we do have the capacity and the ability in these innovative and cutting-edge technologies to produce digital productions that are in the same league as those that overseas producers like Pixar have done. With the right investment framework in place and the right support mechanisms for research and development, there is no reason why more Australian companies cannot compete with the world’s best. As the film and television industry provides employment to around 50,000 people in production, distribution, exhibition and retail, it is critically important that we encourage and support a healthy industry.
Labor has substantially driven film policy in the past in Australia. Under the Whitlam government, bills were introduced to, amongst other things, establish the Australian Film Television and Radio School, and in 1988 Labor formed Film Finance Corporation Australia. Further initiatives that were instituted by Labor governments include establishing Film Australia as a wholly Commonwealth owned corporation—entirely separate from the AFC—and redefining the role of the AFC to concentrate on development, innovation and marketing and development as well as providing advice to government on film matters. Our film and television industry is widely respected around the world for its innovative and original productions. Our actors, technicians and directors constantly perform well above the mark—punching well above their weight, as the expression goes—in the hugely competitive film market. Only last weekend, we saw Cate Blanchett recognised at the Venice film festival for her work in *I’m Not There*. Her portrayal of Bob Dylan left fans and critics astounded at her versatility and her capacity. It is a product in part of Cate’s great talent—and we in the House offer our congratulations to her—but no doubt also in part because of the training she received at the National Institute of Dramatic Art.

Sadly, the sustained individual success of Australian filmmakers masks an industry that has experienced some real difficulties. Schedule 10 of the amendments represents long overdue reform of the sector, which has not been able to fulfil its clear potential. On the Howard government’s watch, the Australian film and television industry has found itself in the doldrums. Production activity is at record lows, drama levels are falling to critical levels, Australia’s skilled actors, technicians and filmmakers are struggling to find consistent work and private sector investment is at perilously low levels. The latest industry figures that were compiled by the Australian Film Commission in its report *National survey of feature film and TV drama production 2005-06* paint a worrying scenario. A summary of the findings shows the value of production activity totalled $361 million but this represented a fall of 33 per cent on the previous year’s total, and it was substantially down on the five-year average of $533 million. Total budgets and value of television drama productions were also down on the five-year average—607 hours in 2005-06 compared to the five-year average of 667 hours—and private investment contributed just seven per cent to the Australian and co-production slate.

Labor has been critical of the government for its delay in reforming the taxation concessions for Australian film and television productions. The government stalled and announced review after review when it was plain to see that the industry was in dire need of financial reform. When in May 2006 the then Minister for the Arts and Sport announced a review of the full range of government support measures for funding films in Australia it was high time that we looked at the issue of the health of the film industry more generally and at the issue of reviewing other matters, including 10BA and 10B tax incentive schemes. Certainly, the current arrangements were not providing adequate levels of private sector finance and production was declining. There was also great concern about the inability to attract big budget feature productions to our shores.

We called for reform in the sector and for support. At last, as announced in the most recent budget, some of those matters have been addressed by this bill, which should go some way towards addressing the dearth of private investment in film and television. A number of principal changes were identified: the introduction of a refundable tax offset for Australian expenditure in making Australian
films, which certainly is an important and necessary reform; increasing the refundable film tax offset for Australian production expenditure from 12.5 per cent to 15 per cent; introducing a 15 per cent refundable film tax offset for post, digital and visual effects production in Australia, the PDV offset; and phasing out the existing tax incentives provided to investors in Australia.

The new offsets are, as a whole, good news for the industry. In particular, the 40 per cent rebate—that is the refundable tax offset I referred to earlier—has received widespread support, and it is hoped that it can generate significant levels of new production. Labor have been calling for reform of this kind for some time and support these moves, but it will be critical for us to assess the implementation of the reform package, especially to make sure it does not negatively impact on certain sections of the industry, including documentary filmmakers and independent producers.

The original intention of the producer rebate I have referred to was made clear in a press release by Ministers Brandis and Coonan on 8 May, which stated:

It provides a real opportunity for producers to retain substantial equity in their productions and build stable and sustainable production companies ...

And yet here there are some question marks, some of which are outlined in the amendment we are considering today, about whether the government’s proposed legislation will deliver what the ministers signalled.

There has been a high degree of anxiety and concern amongst the independent production sector because of the impacts of some of these changes, especially in relation to the opportunity of commercial broadcasters to access the other component of the refundable tax offset, namely a 20 per cent offset for documentary television series, telemovies, children’s television and animation. The recent report by the Senate Standing Committee on Economics highlighted a number of these concerns and heard evidence from industry representatives including the Screen Producers Association of Australia, the Media Entertainment and Arts Alliance and the Writers Guild. Of particular concern to them is the capacity of commercial producers to access the 20 per cent producer offset.

Each of the commercial free-to-air licensees must broadcast a minimum transmission quota of 55 per cent Australian programming between 6 am and midnight. Within this requirement there are minimum subquotas for Australian adult drama, documentary and children’s programming. Labor has noted the concerns raised, including the possibility of the 20 per cent producer offset being factored into the pricing of programs supplied by independent producers, and has moved a second reading amendment to address those concerns.

Concerns have also been raised that access to the offset for qualifying programming will create a strong incentive for television networks to move production in house. In-house production would provide broadcasters with direct access to the offset. Alternatively, they will certainly have strong opportunities to leverage their negotiations with independent production companies to access the offset in relation to the production of qualifying programming. This may well determine the price of those programs in time. These are particularly important issues to consider and Labor takes them very seriously.

Further, the Senate committee found an anomaly in the bill which related to the time an animation must run to qualify for the offset. The bill stipulates a minimum requirement of 30 minutes; most children’s animation programs run for less—usually 15 min-
utes. The committee recommendation that the bill ‘be amended to allow 10- or 15-minute animation episodes to be categorised as a series for the purposes of qualifying for the producer offset, provided that a total commercial hours threshold is met’ is necessary.

Labor’s second reading amendment addresses the concerns raised by independent producers as well as the delay in introducing other reforms to the taxation treatment of infrastructure financing. The second reading amendment moved by the member for Prospect in part provides that the House:

(2) recognises the producer offset, incorporated within Division 376 of the bill, could potentially impact independent program producers;

(3) recognises the issues raised by the independent production sector in relation to Division 376 of the bill, and recognises the independent producers’ concern at the possibility that the bill may not allow producers to retain substantial equity in their productions and build stable and sustainable production companies;

(4) notes the contribution of the independent production sector as one source of innovative, diverse and culturally vibrant Australian content, and recognises that Australian independent producers should have every opportunity to retain substantial equity in their productions and build stable and sustainable production companies; and—

critically—

(5) notes the need to monitor the operation of this Bill and the need to conduct a review of the viability of the independent production industry to commence within 12 months ...

It is unarguable that the independent sector plays and has played a critical role in the development and growth of the film and television sector in this country. It has been described as the ‘engine room’ of the industry, where new and emerging actors, writers and technicians can ply their craft and develop their skills.

But not only is the independent sector the engine room of the film and television industry; it is also the nursery for Australia’s talented actors, directors and technicians. The House would be well aware that many of today’s world-renowned filmmakers got their start in the independent sector. Actors like Russell Crowe and Geoffrey Rush, directors like Gillian Armstrong and George Miller, and technicians like Dean Semler, Don McAlpine and Russell Boyd—all now worldwide recognised artists of stature—honed their craft in Australia’s independent sector.

Without the training and mentoring provided by the independent sector, Australia’s film and television industry would not be the engine room for this future growth that it is today. The importance of its role as a training ground has only increased following the Howard government’s decade-long neglect of that other great film nursery, the ABC. We say to Australians: where would we be without shows like those produced by Kennedy Miller, such as Bangkok Hilton, or by Grundy Television, such as Neighbours? We would be in a different country and not as enriched, I think, by the experience. Therefore, a thorough review to assess the impacts of the new offset on the independent sector and the situation that the sector finds itself in as a consequence of these changes should be undertaken within 12 months.

I raise a further concern, which has been ignored by the minister and the government, relating to the government’s treatment of its Film—Licensed Investment Company scheme, or FLICs, which it introduced in 1999 and extended in the 2005-06 budget. FLICs was designed to increase the level of private investment in the film industry by allowing licensees to raise $10 million in
concessional capital per year, with investors receiving a 100 per cent income tax deduction on the funds invested. The sole FLIC licensee in 2006-07, which had raised $10 million, now finds itself lost in transition. The FLICs legislation states that it can only invest in films with a 10BA provisional certificate; however, the government announced the scrapping of 10BA in the last budget, initially as of the end of the last financial year.

While the minister has now changed his tune to allow access to 10BA up until the passage of the new bill, the lack of communication and transitional arrangements from the government has left the FLIC scheme as dead as a dodo, with a number of prospective film projects languishing on the drawing board. This is not satisfactory. The government has abandoned this scheme. It seems to be trying to wash its hands of any responsibility. While there have been transitional arrangements for the government’s film bodies, the sole FLIC licensee now has nowhere to go. And the film industry misses out on $10 million of vital private investment. This is a clear oversight that I hope the government can address—and it should. If the government is serious about film investment in this country it needs to look at this oversight.

Labor support this bill because we are committed to backing the Australian film and television industry. Film is one of the most powerful contemporary creative mediums. It is capital and talent intensive. Australian creativity and stories are more often experienced through film than through many other art forms. Whilst we support the new tax offset regime and believe it should encourage greater private investment in the industry, there are a number of unaddressed issues which this government has ignored and which we have referred to hitherto in the second reading amendment.

The minister has not properly or adequately addressed the independent sector’s concerns. Labor has considered them closely. A Labor government would review the impact of the legislation within 12 months, should we prevail at the upcoming election. It is of some concern that the government also seems to have completely ignored the plight of the sole FLIC licensee, thereby condemning $10 million of vital private investment to the scrapheap. This is clearly not the position of a government that has an eye on the future. Our talented film and television production industry deserves much more. The measures proposed in the government’s film reform package are long overdue. They were called for on numerous occasions by the many diverse components of the film and production sector and with a strong sense that Australia’s culture in the future is very much at stake. (Time expired)

Mr WINDSOR (New England) (12.02 pm)—I support the Tax Laws Amendment (2007 Measures No. 5) Bill 2007 and restrict my comments to the implications of schedule 7, ‘Partial capital gains tax roll-over for statutory licences’. I quote:

This schedule amends the ... Income Tax (Transitional Provisions) Act 1997, so that the existing CGT—

capital gains tax—
exemption (or roll-over) for the granting of a proposed statutory licence on the ending of the previous licence extends to situations where one or more licences ends and consequently one or more licences are issued. Further, these amendments provide for a partial CGT roll-over in the above situations where ‘non-licence capital proceeds’ (such as money) are also received.

There is no doubt when you read that that those who are not accountants have some difficulty with the tax act. I have probably spoken on this issue more than I have on any other—with the exception of Telstra perhaps. The very important issue of capital gains tax
rollovers has been around for years now. I would like to spell out some of the background, because it is very important to future natural resource management decisions and policies that governments of either persuasion make. I would not like to see the same mistakes occur that have been made over the last two or three years, and particularly in the last decade, on the removal of entitlements—in this case from irrigators but it may apply to other natural resource areas—and the way in which those entitlement holders have been treated not only at the Commonwealth level but at the state level in particular.

The issue, which goes back a number of years, is that the New South Wales state government removed entitlements from irrigators—specifically groundwater licence holders—across a number of valleys in New South Wales. Over a period a $150 million package was developed with the state and the Commonwealth putting in $50 million each to structurally adjust/compensate. The word ‘compensate’ has led to some of the difficulties that Treasury and Tax have had with the interpretation of whether the removal of an entitlement and the payment of a sum of money should be treated as income or capital. The legislation before us today was introduced to resolve that question. Up until a few months ago, the $50 million from the state, the $50 million from the Commonwealth and the like contribution from the irrigators was to be treated as income, in which case the Commonwealth would have been able to reclaim up to 85 per cent of its contribution through the Income Tax Assessment Act. That was seen as a double play by many in the irrigation sector, particularly those who were viewing this as a precedent in natural resource management and in the payment of structural adjustment/compensation for the loss of entitlement. Schedule 7 of the legislation deals with that issue. The proceeds from the Commonwealth and the state government for the loss of water entitlement for those groundwater licence holders in those six valleys in New South Wales will now be treated as capital under the assessment processes. That will make a significant difference to the amount of money that the groundwater users receive in their pockets.

A number of issues are still outstanding. I was pleased to hear the member for Prospect raising one of these issues this morning. It gets to the fine detail of how this will be interpreted on the ground. There are two things: one is that the deeming of the rollover provisions and the trigger mechanisms for the capital gains tax event have, as I understand it, been triggered by the acceptance of what I would call water-sharing plants. In five of those six valleys those water-sharing plants came into place in 2006. So it was deemed that the trigger mechanism for the application of schedule 7 of this bill would occur as of 2006. The water-sharing plant in the Lachlan Valley has not been approved as yet. I am told it will most likely be approved in 2007. I am open to correction from the members of the government that are here to listen today.

In a sense, the application of schedule 7 means two things to two different groups who are getting compensated for essentially the same event—the loss of groundwater entitlement as part of their licence. The 2007 trigger event will be able to take advantage of some of the small business taxation amendments that were made earlier this year. The 2006 trigger event CGT rollover people will not be able to take advantage of that. I believe the member for Prospect, the shadow minister, referred to that particular circumstance this morning. There has been concern and a lot of pressure to get this legislation into the House. There has been a lot of procrastination over this issue for some time as to who is to blame and what was the prece-
dent that was being set. As I understood the shadow minister this morning, he was essentially saying that if the Labor Party were to come to power they would consult with the irrigators about the two trigger mechanisms of 2006 and 2007. What precedent is created for those people that will be deemed differently or will be able to take advantage of the small business provisions in a different fashion to the 2006 people? Maybe the minister would like to address those issues when he sums up the debate.

The other issue that is involved in this occurred in 2005—and I might be corrected on the date. As part of this $150 million package, the New South Wales government made a contribution to the same groundwater users, particularly of the Namoi groundwater system, of $20 million. When the $150 million package was agreed between the states and the Commonwealth, that $20 million was rolled into the $150 million joint state-Commonwealth compensation package. The state said, ‘We have already made a contribution of $20 million, so if we add another $30 million that will make our $50 million, and the Commonwealth should put in its $50 million and the irrigators should put in their $50 million in kind.’ That $20 million, as I understand it—and I am once again open to correction—is going to be treated differently from the provisions that this legislation will put in place. That has upset many irrigators. I will not go through this letter I have from a groundwater irrigator. In summary, the writer goes through the various issues his accountant has raised in clarifying a ruling. He mentions that his accountant has spoken to the member for Gwydir about the 2003 structural adjustment package and the tax status of that package, even though it has been rolled into this larger package of $150 million. Even though he has lost an entitlement and has been partly compensated for some of that loss, he reaches the conclusion:

This means that my family has lost nearly $100,000 in tax, which should have been considered capital repayments and, therefore, tax free. I think what he was saying by ‘therefore, tax free’ is that it was subject to income tax but that it should have been considered under the capital gains tax provisions that schedule 7 allows. So I was pleased to hear the shadow minister raise that issue. However, I would also like the current minister to look at those two events—the trigger mechanism of the 2006-07 variations in terms of the water-sharing plants and this early payment of something that was rolled into a much larger arrangement. I am pleased to see the minister here in the chamber now. I do thank the minister and his staff for some of the work that has taken place on this within the last few months. Many people have been critical of the government for being slow, but I think there was a genuine attempt to try to get it right in the end. I had contact with the minister and some of his senior people, and I thank them for the way in which they have tried to come to grips with some of these issues.

I would like to congratulate John Clements, the CEO of Namoi Water. I have been involved in this issue for many years and with issues that preceded this, involving property rights and the arrangements that were put in place with the National Competition Council back in 1995. I have absolutely no doubt that, had Namoi Water, their chairman and their chief executive officer, John Clements, not stuck to this issue like glue and spent time doing the detailed work, we would not be here today debating this piece of legislation. Even though there is a great deal of angst among irrigators about the delays that have taken place, this is a much better outcome, due to the detailed work that Namoi Water have done. Some of the other irrigation areas and representative bodies had given up, in a sense, and only came back in
for the kill when they could see that the real issue was back on the agenda. I congratulate Mr Clements on his work. I also congratulate Michael Murray from Gwydir Water. I know he has been talking to the member for Prospect and others and to the minister’s office. He has obviously put in a lot of work in relation to the detail of the Treasury response and the way in which this matter has gone on and on over a period of time.

In my view, the water debate, and this issue in particular, is 10 years overdue. In the past 12 months we have been talking in this parliament about a $10 billion Murray-Darling plan, part of which is to claw back entitlements. I take the parliament back to 1995, when the national competition agreement for reform of four basic areas, water being one, was signed. Two major issues were addressed in the document that the states and the Commonwealth signed at the time: firstly, that a proper operating market for water be achieved across the four states and, secondly, that property rights be recognised. Over a 10-year period, property rights have never been recognised. There has been constant movement of the goalposts. We have gone through a whole lot of intergovernmental agreements, bilateral agreements and catchment management blueprints. I remember the member for Gwydir standing up and saying, ‘Property rights have been achieved because they are in the catchment management blueprints, because I put them there.’ They are unsighted today. They do not exist. Some people have claimed that schedule 7 of this bill is in fact recognition of a property right. It is not at all. I ask the minister to address the issue of property rights. The Prime Minister, in answer to questions that I have asked him on this issue, used the words ‘properly conferred water right’ and said that it should be treated as compensable.

If, at the time of the 1995 agreement, there had been real leadership in the water debate, recognising the overallocation of some of our river and groundwater systems, recognising a property right and recognising that the community would compensate for the removal of some of those rights, we would not be going through this fantasy of another $10 billion package to save the Murray-Darling. When you analyse the flow of money under the national competition arrangement from the Commonwealth to the states that could have been used for water reform, you find that something like $8.5 billion has been expended through water quality and salinity arrangements, various intergovernmental agreements, bilateral agreements, catchment management blueprints, the Murray-Darling Basin Commission, the National Water Initiative—and on and on it goes. We have never addressed the underlying problem. No wonder irrigators and communities are suspicious of government. Government signed off on an arrangement and the current government endorsed that arrangement in 1996 and has carried it on ever since. The states have taken the money and have not repatriated those who have had to make major adjustments to their income streams. On and on it goes, and now we have another one, called the Prime Minister’s cigarette paper plan, which is going to save the Murray-Darling and is going to look at the overallocation issue and the entitlement issue and is again going to save the world. No wonder people are very suspicious of those issues.

When we look at the removal of a licence, the rollover provisions and the trigger mechanisms, I think we should learn from what we did not do all those years ago and remember that there are human beings involved in this who were allocated licences legitimately. The Commonwealth has been saying for years, ‘That is a state problem.’ Now the Commonwealth is saying, ‘Through
the cigarette paper plan we will be able to overcome those problems in a policy sense by taking charge of the Murray-Darling. I did not support the previous legislation, because I think it is flawed in many ways. But this is not the forum for debating that. What it does show is that there have been issues in the past that could have been addressed by the Commonwealth. The Commonwealth had control of the money. That was what the national competition arrangements were about—control of the wallet to force an agreement. Time and time again the member for Gwydir, the Prime Minister and the Treasurer would say: ‘We will not allocate the money to the states. We have control of the money.’ I think Queensland were in breach of the national competition arrangements for tobacco, a $10 million arrangement, back in the 1990s. Very rarely has the National Competition Council actually used its powers to force the states to comply with the original agreement.

Whilst the shadow minister is in the chamber—and I think he has a reasonable chance of being the minister in a few months time—I would ask him to look very closely at that particular issue. It was decided back in those days that the basic issue of property rights be recognised. If it sets a precedent, so be it. These people who are going to lose entitlements that were due to be granted to them should not be treated with the disdain with which they have been treated over the last decade. I would ask the shadow minister to have a very close look at the implications for those human beings and those communities if his party comes to power.

Mr ALBANESE (Grayndler) (12.22 pm)—I rise to contribute to the debate on the Tax Laws Amendment (2007 Measures No. 5) Bill 2007—in particular, schedule 1, which involves the long-awaited reform of section 51AD and division 16D of the Income Tax Assessment Act 1997 and the introduction of division 250. This bill has been eagerly awaited because its passing is vital to facilitating private sector investment in infrastructure.

Let me sketch the current environment briefly. Australia’s current infrastructure is operating at full capacity. Our nation is bursting at the seams in an attempt to meet the ongoing resources demand from China and India. We are experiencing a once-in-a-generation resources boom but we have a $90 billion infrastructure shortfall. Public investment in infrastructure is in decline. The government’s own report showed that Australia ranks 20th out of 25 OECD countries for its investment in public infrastructure as a proportion of GDP. The infrastructure financing sector has publicly criticised the government’s reform complacency in the area of infrastructure financing. In May this year the sector stated that the government’s delay in introducing reform has created a diabolical mess. Given this environment, it is difficult to understand why an amendment to the tax act to facilitate private investment in infrastructure has been eight years in the making—in fact, it is inexcusable.

In 1999, John Ralph, chair of the Ralph review, thought he was delivering recommendations on how best to redesign the tax laws to a federal government that was serious about reform—a government that would be prepared to make changes that would, in John Ralph’s words, ‘equip the nation for the coming decades’. Regrettably, he was wrong. Instead, he was delivering recommendations to a government that is driven by short-term political interests, not the long-term national interest, a government that has sold more assets over the last 11 years than it has built, a government that is characterised by complacency and a government whose idea of tax reform has meant that the Australian tax system is now known as one of the world’s
most complex systems and is in urgent need of reform.

The Howard government’s lack of urgency and lack of foresight have placed at risk our future prosperity. The opportunities that have accompanied the once-in-a-generation mining boom have been squandered. Today the nation faces crippling infrastructure bottlenecks. Capacity constraints are keeping a lid on productivity growth. We are neither well-equipped for the coming decades, nor have the recommendations of the Ralph review been fully implemented. Action, even at the eleventh hour of the 11th year, is welcome, but the long wait has meant that industry has become resentful of the lost investment opportunities and money has been invested offshore that could otherwise have found a local home.

There is rising public resentment about infrastructure shortcomings in critical areas such as health, housing and water. Indeed, our infrastructure record is abysmal. Our export volumes have been held back by underinvestment in infrastructure. Under the Howard government, we have a telecommunications infrastructure record that places us 16th out of 30 countries surveyed by the OECD for broadband performance. Our bandwidth lags at 25th among all developed economies. When it comes to water infrastructure, we know that up to 30 per cent of the precious water in water mains can be lost through leaking and burst pipes. Each year more than 155,000 megalitres of water is lost from urban water systems in Brisbane, Sydney, Melbourne, Perth and Adelaide alone. When it comes to social infrastructure, we find that the lack of childcare centres in key regions means that we are not giving our kids the best start in life and we are making it more difficult for parents to re-enter the workforce.

It is not difficult to see how underinvestment in social and economic infrastructure ultimately reduces our standard of living. On the other hand, well-planned infrastructure can support our communities and drive growth. We also know that infrastructure planning itself must be supported by a robust policy framework, including a taxation system that encourages private infrastructure investment. I would have thought that, over the last 11 years, a responsible and forward-thinking government would have been doing everything possible to, in the first instance, increase public investment in infrastructure and, in the second instance, encourage private infrastructure investment. Neither has occurred. Instead, it has taken eight years to remove the legislative obstacle that has held back private investment in infrastructure.

Though reform of section 51AD and division 16D of the tax act seems imminent, we still, at the eleventh hour of this 11th year, see no signs of a forward-thinking, long-term plan outlining how the Howard government will provide and fund the infrastructure the nation needs to prepare it for future challenges. Missing is a Howard government policy that outlines how the nation’s infrastructure will become climate-change ready and a policy that shows how the nation’s infrastructure will accommodate the changing age and distribution of the population. It has taken eight years to respond to and legislate for a handful of recommendations made in the Ralph review. It is quite clear that this is completely unacceptable. The truth is that the Howard government has proven it is not the reformist and visionary administration that Australians have been seeking and, indeed, need. In the case of infrastructure financing, the lack of reform and vision has led to eight years of policy uncertainty.

Let us take a closer look at the pathway of broken promises, excuses and inaction on infrastructure financing reform. In May
2002, in response to the Ralph review, the then Minister for Revenue and Assistant Treasurer, Senator Helen Coonan, announced new rules for the tax treatment of infrastructure investments. She stated:

Further consultation on these issues will be undertaken through the course of 2002-03 and it is expected that legislation will be introduced in the Autumn 2003 sittings.

In June 2003 the government released an exposure draft for the new division 250 of the Income Tax Assessment Act. Senator Coonan stated:

These provisions are in urgent need of reform. ... ... ...

The Government ... is committed to its early introduction into Parliament in the Spring sittings 2003.

It turned out that the hastily prepared exposure draft had missed the mark, and it created outrage amongst industry and sector specialists such as the Institute of Chartered Accountants and PricewaterhouseCoopers. On 4 December 2003 the government deferred the commencement date of reforms. It was in an election year that the then Assistant Treasurer advised that the government was still committed to introducing the reforms by 1 July 2004.

Finally, on 13 September 2005, the member for Longman, then Assistant Treasurer, issued a press release announcing:

The Government is amending the law to give greater certainty for parties involved in major infrastructure projects.

On Thursday of this week it will be two years since the member for Longman issued that press release. No single Australian was seeking yet another press release. What Australians wanted was legislation. Two years later, yet another election year has rolled in. Who can forget that in February of this year there was still no legislation but a telling admission from an official from the Treasury who, during a Senate estimates hearing, stated that there are ‘other priorities’ ahead of introducing tax reforms to infrastructure financing? If an investor conducted themselves with the same level of disregard as that which this government has served our nation with, frankly, they would be out of business. Australia deserves better.

Today, on the eve of yet another election, at the eleventh hour of the 11th year, Australians may finally see enshrined in legislation the recommendations of the Ralph review that relate to infrastructure financing. It is interesting to note that the inquiry report on this bill emerging from the Senate Standing Committee on Economics stated:

Although there are some areas of concern with the legislation, submitters did not wish to see the passage of the bill delayed.

Those submitters included the Property Council of Australia, Infrastructure Partnerships Australia and the Australian Chamber of Commerce and Industry—hardly insignificant players. The stakeholders, of course, are quite right in this case. Like Labor, they believe further delays should be avoided. However, it does make one reflect on how and why key legislation is determined under the Howard government. Are stakeholders so desperate for action that they must settle for less? It is quite clear that the last time the industry was critical of draft legislation in this area the process was stalled for another four years, so you can hardly blame them for wanting to avoid further delays.

A Rudd Labor government would do things differently. Federal Labor have a long-term plan to meet the nation’s needs. A critical feature of our policy is that decisions on the nation’s infrastructure priorities will be without political interference. The nation’s infrastructure priorities will be determined by Infrastructure Australia, an independent Commonwealth statutory authority operating...
at arm’s length from ministers. Under Labor, the margin of a seat will no longer shape the nation’s infrastructure decisions. And, through the appointment of a federal infrastructure minister who would oversee the planning and coordination of infrastructure, we would finally stop working in silos and start experiencing the national leadership required to match our infrastructure priorities with available infrastructure investment capital. Will it take eight years to shift a legislative obstacle? No, it will not. Infrastructure Australia will be established within the first 100 days of the election of a Rudd Labor government. Following an audit of the adequacy of the nation’s existing infrastructure, the identification of weaknesses and gaps, and an assessment of our future needs, Infrastructure Australia will produce its first national infrastructure priority list within 12 months of the election of a Rudd Labor government.

Infrastructure decisions will take into account economic, social and environmental objectives, and they will be sensitive to long-term challenges such as climate change and the age and distribution of our population. While the Howard government has dealt with regulatory inconsistencies by pointing the finger at the states, federal Labor will resolve such issues in cooperation with the states. Long-term planning will allow the procurement and construction of infrastructure projects to be systematically mapped out over the long term. This means that we can avoid overloading the construction market and exacerbating skills shortages. Industry can look forward to making important investment decisions with confidence and certainty, and long-term investment certainty will lead to a more competitive market. The economy will benefit, consumers will benefit, investors will benefit and Australia will benefit.

In August, the Prime Minister signalled that future budget surpluses should be directed to establishing funds which would use earnings for economic and social infrastructure. This, of course, is a direct copy of Labor’s proposal for a Building Australia Fund. Labor has proposed for two years that future surpluses be placed in the Building Australia Fund and be managed by the current board of the Future Fund. Earnings would be available for infrastructure projects that are essential to secure our future prosperity. The Howard government’s adoption of part of Labor’s agenda is welcome, but there remains a critical weakness in the approach as outlined by the Prime Minister. There is no vehicle to drive the coordination of the infrastructure development that the business sector and others in the community have been calling for. Infrastructure Australia is precisely what is missing in current government practice and what remains missing from current government proposals—a driver of coordination and reform.

Given the magnitude of infrastructure needs in Australia and the substantial supply of private capital looking for a home, the private sector has a critical role to play in partnering with government to plan and deliver infrastructure. Its appetite for infrastructure to invest in is insatiable. It is therefore critical that an appropriate environment be created to encourage and accommodate that investment. We know that the tax system can have a significant influence on the competitiveness of the economy. That it has taken eight years to introduce tax reform arising out of the Ralph review that will mean greater investment in infrastructure is, frankly, inexcusable. We know that infrastructure is an area that yields greater returns than any other. But here we have action at the eleventh hour of the 11th day, which highlights the fact that the Howard government has simply not been interested in pre-
paring for and addressing the challenges of the future. The Howard government is governing for the next 10 weeks—possibly even for the next 10 hours—rather than the next 10 years. We need long-term planning to provide the infrastructure the nation needs, not long-term planning to write legislation. We need infrastructure planning that is about nation building, not pork barrelling. Australia needs fresh ideas and long-term vision to secure our prosperity beyond the mining boom. Only a Rudd Labor government can deliver this.

It is also appropriate to take this opportunity to point out that there are areas of tax reform that are not included in this omnibus bill. One of those was drawn to my attention by a constituent of mine, Ms Christina Fiddimore. Christina wrote to me last month and outlined her situation. Christina is 43 years of age; she was diagnosed with metastatic breast cancer in 2005, with a terminal prognosis. Christina’s situation is that, at the very young age of 43, with an eight-year-old daughter at school, a mortgage, mounting medical bills and no savings, she was desperate for legislation to be changed so that she could access her super funds without being penalised by the imposition of a tax of 21.5 per cent.

I am pleased that, after I wrote back to Ms Fiddimore and she then wrote to the government about her plight, there has now been a response, and Australians with terminal illnesses will be able to draw down on their super, tax free. That is a policy that Labor have called for. It is a policy that we support. We would encourage the government to get on with producing legislation, or perhaps even amending this legislation, to ensure that that occurs as soon as possible. After all, we are talking here about people’s entitlements to which they have contributed. In the case of Christina Fiddimore, her tragic situation should not be made worse in terms of pressure on her family by these penalties being in place. If she were aged 55, she would not face this situation. The tragedy of someone suffering a terminal illness at such a young age should not result in a penalty being imposed on them. I urge the government to take action, not just to assist Christina Fiddimore, who happens to reside in Enmore in my electorate, but to assist others who may find themselves in this tragic situation.

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (12.40 pm)—I thank those members who have taken part in the debate on the Tax Laws Amendment (2007 Measures No. 5) Bill 2007. I will begin by addressing the second reading amendment. In relation to the film production offsets, the shadow Assistant Treasurer raised the issue of access by independent producers. I respond by saying that it is only fair that the new tax offsets are available to all producers in the screen and media sector. To limit the offsets to independent producers would distort investment decisions in the production market. This would impact on the quality and quantity of drama produced for Australian audiences. Broadcasters have been able to access tax concessions under the division 10B and 10BA schemes, so there is no reason to now exclude them from the new arrangements. Making the offsets available to all businesses in the production sector will encourage diversity and a focus on audience appeal.

I note that significant incentives are already provided by the independent production sector, including direct funding by the Film Finance Corporation which cannot be accessed by broadcasters, and direct funding to the ABC and SBS of around $10 million per annum for the commissioning of programs from the independent sector. Further, independent production is encouraged by rewarding independent production under the Australian content standard for drama, which
Australian commercial broadcasters are obliged to meet. Indeed, the government strongly supports our film industry, and these film incentives certainly demonstrate our commitment to the industry.

The shadow Assistant Treasurer also raised issues involving division 6C. The government acknowledges the need for broader reform of division 6C to ascertain what sensible reforms can be made to the division without compromising the integrity of the tax system. This process commenced earlier in the year, with Treasury indicating it would initiate discussions with the Property Council regarding possible reforms of division 6C, and a discussion with IFSA regarding a possible taxation regime for managed investment trusts.

Unlike the ALP, we do not just talk about conducting reviews, having further processes like think-tanks and inward-looking discussions; we actually do something, and we provide good outcomes for business. That is the main reason why Australian business at the moment are saying under no circumstances would they risk the Australian economy with an inexperienced Labor government dominated by union bosses.

The shadow Assistant Treasurer and the member for New England raised the issue of the CGT event with respect to old water licences. The government provided an additional $25 million to the Achieving Sustainable Groundwater Entitlements Program, which would substantially offset any tax on payments. The timing of the cash payments is unrelated to the timing of the CGT event, which is the ending of the licence. It goes without saying that to change the timing of the CGT event would create a difficult precedent—that is, a moving of tax events for some taxpayers—because later changes to the tax law would create an expectation by other taxpayers that we could do the same in other areas where CGT events take place.

This bill provides measures contained in a total of 12 schedules. Schedule 1 significantly improves the tax treatment of leasing and similar arrangements between taxable entities and tax-exempt entities, including foreign residents, for the financing and provision of infrastructure and other assets. These changes streamline the existing harsh rules and will also reduce the ongoing compliance costs of Australian businesses by providing greater flexibility.

Schedule 2 amends the thin capitalisation rules to ensure that they operate as intended. Amendments will be made to the definition of ‘excluded equity interest’ to remove those equity interests that remain on issue for a total period of 180 days or more.

Schedule 3 will allow groups that consolidate for tax purposes to apply for the thin capitalisation rules as if the group did not contain an authorised deposit-taking institution, or an ADI. Where the only ADIs in the group are specialist credit card institutions, the changes will reduce compliance costs for these groups.

Schedule 4 will provide a capital gains tax rollover on marriage breakdown to ensure that CGT need not be an impediment to separating spouses achieving a clean break from each other in terms of their superannuation.

Schedule 5 of this bill will exempt from income tax the Prime Minister’s Prize for Australian History and the Prime Minister’s Prize for Science to the extent that the prizes would otherwise be assessable income.

Schedule 6 amends the company loss recoupment rules to remove the $100 million total income cap on the same-business test. This will give all companies access to the same-business test to determine whether prior year losses can be deducted against future income.
Schedule 7 extends the existing statutory license CGT rollover. The rollover will apply where a statutory licence ends and is replaced by one or more new licences that authorise substantially similar activity to the activity authorised by the original licence or licences. The measure also provides a partial rollover where a statutory licence ends and is replaced by new license or licences and other capital proceeds are also received.

Schedule 8 provides investors in a staple group of entities with the CGT rollover to allow the group to be headed by an interposed trust so that they can be treated as a single entity for the purpose of overseas acquisitions. The changes are also being made so that the interposed trust will not be taxed as a company after the restructure.

These amendments demonstrate the government’s commitment to making improvements to the tax law to enhance the international competitiveness of Australian managed funds and, in particular, Australian listed property trusts.

Schedule 9 amends the list of deductible gift recipients in the Income Tax Assessment Act of 1997. Deductable gift recipient status will assist these organisations in attracting public support for their worthy activities.

Schedule 10 introduces a package of incentives that will reform and strengthen the Australian film industry. This package will encourage private sector investment and improve Australia’s international competitiveness.

Schedule 11 extends the premium 175 per cent research and development, or R&D, tax concession to Australian R&D activities undertaken on behalf of multinational companies. This measure will encourage additional expenditure on R&D in Australia to allow subsidiaries of multinational enterprises to conduct those activities.

Finally, schedule 12 establishes a new board called Innovation Australia to administer and oversee the industry portfolios innovation in venture capital programs.

These changes to the tax laws demonstrate the government’s ongoing commitment to improving the quality of the tax laws and reducing the client’s costs for taxpayers. I again thank those who have participated in this debate and I commend the bill to the House.

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

Question agreed to.

Original question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (12.49 pm)—I present a supplementary explanatory memorandum to the bill and I move the government amendment as circulated:

(1) Schedule 8, item 4, page 109 (after line 25), after subparagraph 102NA(2)(b)(ii), insert:

or (iii) a trust whose trustee was, before the scheme was completed, assessed and liable to pay tax under Division 6B or this Division and that was, before the scheme was completed, one of those stapled entities; or

(iv) an entity that is controlled or able to be controlled, directly or indi-
Schedule 8 of the bill includes a measure that allows a staple group of entities to restructure with an interposed head trust without triggering certain taxation consequences. Under the measure, a restructure that involves interposing a head trust over a public unit trust that is a staple to a company will not result in the interposed head trust being taxed as a company under division 6C of the Income Tax Assessment Act 1936.

Some staple entities, however, consist of public unit trusts that are staple to other trusts that, while taxed as companies, are not companies at law. Under this amendment to schedule 8, a restructure that involves interposing a head trust over a public unit trust that is staple to a trust taxed like a company will also obtain the benefits of the measure in schedule 8. Full details of the changes are contained in the supplementary explanatory memorandum.

Question agreed to.

Mr BOWEN (Prospect) (12.51 pm)—I move the amendment circulated in my name:

Schedule 10, item 1, page 137 (lines 19-20), after paragraph 376-65(5)(b), insert:

; and

(c) if the application for the certificate is for an animated film that is a *film that is a series and not for a film that is a season of that series:

(i) the series is made up of at least twelve episodes and each episode is at least one quarter of a commercial hour in duration and the series has a new creative concept (see section 376-70); or

(ii) in the case of projects, the series is made up of at least four episodes and each episode is at least one quarter of a commercial hour in duration and the series has a new creative concept (see section 376-70).

I flagged this amendment during the second reading debate. I regard this not as a matter of politics but as a very sensible and minor reform, but one nevertheless with some significant consequences. This amendment pays due deference to a unanimous recommendation of the Senate Standing Committee on Economics, recommendation 4, which stated:

The committee recommends that the bill be amended to allow ten or fifteen minute animation episodes to be categorised as a ‘series’ for the purposes of qualifying for the producer offset, provided that a total commercial hours threshold is met.

The Senate economics committee unanimously came to that conclusion based on evidence presented to it by various witnesses—in particular that of Mr Burnett, who represented the Screen Producers Association of Australia, who pointed out to the Senate economics committee that there are many programs currently in development being financed that are commercial 15-minute programs. Those programs would fall under this definition. The Film Finance Corporation allows the financing of 15-minute episodes. This would effectively go against the trend with digital media. The notion of 13, 26 or 52 episodes per series is changing under the program-stripping that is occurring in broadcast digital media internationally et cetera. So we request that the definition of an animated series be amended to include episodes of commercial 15 minutes or more with no fewer than 12 episodes per series.

As I say, we regard this as a very sensible amendment which I hope the government will see fit to support. It will come as no revelation to the House that animations, or cartoons, are generally of a short duration. I know this because, whenever I get home—on those rare occasions—and my daughter is watching cartoons, I will sit down and watch one with her, and there are very few that go
for more than 15 minutes. I am sure the Assistant Treasurer, as the father of children of a similar age, would agree with me; I am sure he watches the odd cartoon with his children as well, and he would know that cartoons going for 30 minutes are very rare indeed.

So, seriously, these are very important productions, and it would be a shame to have these productions denied the tax benefits which are applied to other productions, through what I would regard as probably an unintended consequence, by the government. There are other ways of doing it. There was some discussion of a 10-minute threshold. It could possibly be dealt with in regulation rather than in legislation. I am relaxed about the method. This is our proposed method. If the government has a different method, I am happy to hear it and consider it and, in all likelihood, we would be happy to support it.

Mr BOWEN (Prospect) (12.56 pm)—I am prepared to take that on good faith from the minister: if the minister says an alternative method is under consideration, I accept that. This, as I said, was the Labor Party’s proposal; if there is a different way of dealing with it, I am happy to hear it and, in all likelihood, if it would achieve the same result, I would be happy to give it bipartisan support and see its speedy passage through both houses.

I agree with the minister in this respect: this certainly should not delay the bill. There are enough important matters in this bill—some of which we have been waiting five or seven years for, in relation to schedule 1—such that I certainly would not delay it any further. I made that clear in my remarks on the second reading. So we will press the amendment, but I do take that on good faith from the minister, and I am glad to hear that there is bipartisan agreement that this—something I would regard as probably an unintended consequence—is, in all likelihood, going to be dealt with.
The DEPUTY SPEAKER (Mr Wilkie)—The question is that the amendment be agreed to.

Question negatived.

Bill, as amended, agreed to.

Third Reading

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (12.57 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

NATIONAL GREENHOUSE AND ENERGY REPORTING BILL 2007

Second Reading

Debate resumed from 15 August, on motion by Mr Turnbull:

That this bill be now read a second time.

Mr GARRETT (Kingsford Smith) (12.58 pm)—I rise to speak in the second reading debate on the National Greenhouse and Energy Reporting Bill 2007. The National Greenhouse and Energy Reporting Bill establishes a single national framework for reporting greenhouse gas emissions, emission reduction actions and energy consumption and production by corporations from 1 July 2008.

A greenhouse reporting bill is necessary to underpin a national emissions trading scheme. Federal Labor has a longstanding commitment to implementing emissions trading as a practical, sensible and flexible approach to reducing greenhouse gas emissions. It recognises that this legislation is fundamental to what we believe should be a growing bipartisan approach to tackling climate change. That is why Labor, and the Senate in particular, were surprised and disappointed that, in the first instance, the environment minister introduced such a sloppy bill. Labor recognises the urgent need for progress on emissions trading, but that does not excuse poor process or lack of consultation—

Mr Hunt—Were you surprised that Mr Rudd didn’t raise climate with George Bush? Were you surprised by that?

Mr GARRETT—Do you want to listen to the content of the debate or continue to make inane comments across the dispatch box? Labor recognises the urgent need for progress on emissions trading but, as I said before, that does not excuse poor process or lack of consultation. Emissions trading is a significant economic reform, particularly as we address dangerous climate change, and we need to ensure that we get the underlying structures right.

This bill has several shortcomings. A major concern is the provision for the all-powerful Commonwealth reporting power to potentially usurp or marginalise state laws and programs. In the absence of federal government leadership on climate change, state governments have led the way and their efforts should be supported rather than handicapped. This power is clearly unnecessary. Additionally, the thresholds and timelines are loose and slow so as to prevent an ‘as soon as practical’ introduction of emissions trading. Perhaps this was to be expected given the government’s plan for a slow and modest start to emissions trading by 2011 or 2012.

Labor referred the bill, which was introduced with almost no notice, to the Senate Standing Committee on Environment, Communications, Information Technology and the Arts for review. That Senate inquiry heard that this bill was put together without due consultation over a few weeks between July and August. That is not nearly substantial enough time to produce legislation as important as this. We note on our side of the House the hasty and ill-prepared way in
which this legislation was brought in for consideration. Extraordinarily, the department admitted that they had not consulted specifically with any of the stakeholders during the drafting of this bill. I guess this should come as no surprise to us given the hasty way in which legislation has been introduced by the minister previously into this House. A notable and well-remembered example would be the Water Bill drafts. Again, not even the National Farmers Federation, farmers groups, environment groups or state governments received an opportunity to look at that bill before it arrived here in the House. It was only when Labor insisted on the necessity of a Senate inquiry as the government tried to rush that bill through the parliament that that extremely hasty process on a matter of substantial national significance was enabled to give at least an amount of consideration to what was contained in the bill. Frankly, the government’s arrogance in basically dumping proposed legislation into the House with very little opportunity for due and proper consideration is a matter of some concern and reflects very poorly both on the government’s approach to general issues of introducing and having us consider legislation and, more particularly, on the minister himself and his approach to his portfolio.

All the stakeholders who gave evidence to the inquiry identified significant problems with this bill. The inquiry heard amongst other things that the bill could deliver unintended consequences, such as significantly raising compliance costs, producing a fractured system which may not include all major emitters, obliging companies to seek judicial review, undermining current and future state laws and programs on climate change which are working, and potentially cutting across other state laws and programs which are not at all connected to greenhouse issues. A number of representations to the Senate inquiry, including from environment organisations, made the point that the reporting thresholds had all the appearance of being too loose and that it was critical that more information be publicly disclosed about the reporting under the proposed legislation.

I note that the Investor Group on Climate Change, which represents some $375 billion of funds under management from those institutions and companies which have a direct or indirect climate change interest, was critical of the fact that the stipulated time frame is so slow. They said that phasing-in of reporting should be accelerated. It was very clear that they had concerns about the levels of uncertainty attached to the government’s approach to climate change generally, particularly the time delay in the establishment of an emissions trading scheme. Those problems were identified and recognised when the inquiry heard from interested parties on the bill.

Additionally, as the bill is now being rushed through parliament, we need to consider the particular reasons it is being rushed through. I think the answer is very clear. Up until this point in time, the Howard government has done virtually zip in addressing climate change. There has been a systemic pattern of denial and inaction on climate change and that systemic pattern goes to, amongst other things, the question of setting up Australian businesses and the community so that we can deal with climate change and have a market within which to operate so emission reductions can have value.

It is a matter of record that, on a number of occasions, the government had the opportunity to consider emissions trading. That includes receiving cabinet submissions on that very matter which were rejected. As they now find that climate change is a matter of real interest to the Australian community, that the question of a framework within which to address climate change is a matter of real concern for companies in Australia
and that there is a European emissions trading scheme operating out of Kyoto, which the government still do not want to have anything to do with, the government realise that there is a huge gap in their public policy position. As a consequence, they now have to get legislation into the House which shows that they are reacting in some way to the deficiencies of the past as a consequence of them not being willing to embrace emissions trading as a way of dealing with climate change.

As a consequence, the politics behind this are particularly ordinary and so was the drafting of the bill as it was put forward. The circulated amendments bear out the fact that this was a poll driven, last-minute effort, because there are amendments coming from the government at the very last minute on the basis of the Senate inquiry, which identified all the shortcomings in the legislation that was being proposed by the government in the first place.

I guess a sloppy bill like this really tells us pretty clearly that, at the time it was introduced, perhaps it was the case that the environment minister did not even have a chance to have a look at it. As a consequence, we have eleventh-hour efforts to draft and rush this bill through parliament. This process is undertaken at the expense of good governance and the responsibilities that we have in this House to look closely at legislation that is proposed by the government in the first place.

Rather than reducing uncertainty for industry, the bill in its current form has the potential to increase uncertainty due to unintended consequences including the introduction of legal ambiguities in relation to some of the clauses proposed. I note that the government circulated amendments yesterday. It is good that the environment minister finally found some time—in what I know has been a fairly busy last couple of days—to give some attention to his portfolio responsibilities. But, true to the arrogant form that we consistently see from the Howard government, the House has been given less than 24 hours to review the amendments, to undertake appropriate consultation and to seek the necessary advice. This is completely unacceptable. It is completely unacceptable that we should have less than a day to consider and review these amendments and to seek the necessary advice on these matters. The approach of the government and the minister is to ram it through, get it into the House and never mind the details. It is particularly disappointing with this bill because it has some significance to it—it will underpin significant economic reform in years to come. Labor reserves the right to move further amendments in the Senate depending on further scrutiny of and advice on this bill and on the government’s amendments.

I want to go for a moment to the issue of the government’s approach to climate change and the inconsistencies in their approach in general, which we saw only too well in question time yesterday. Just yesterday in relation to the government’s position on issues to do with the ratification of Kyoto the environment minister said during the debate on a matter of public importance:

Kyoto may be amended, and we hope it will be. We will be part of that. We want to amend Kyoto.

That was what the Minister for the Environment and Water Resources, Mr Turnbull, said yesterday in a debate in the House. What an extraordinary statement from the minister. I do not think I have heard anything like it. If I have been hearing the government correctly for the last 11 years, it has been all about bagging Kyoto. It has been all about talking about the Eurocentrism of this multilateral agreement that is already underway. It has
been denying—and decrying those who claim—that Kyoto has an important role to play in addressing climate change. And now we have Minister Turnbull saying: ‘Kyoto may be amended, and we hope it will be. We will be part of that.’ How does the minister propose to be part of it if we are not going to ratify it? That really is the essential question that the minister has to answer: how is he going to be part of the process of amending Kyoto when he and Mr Howard refuse to ratify the protocol and therefore cannot take a place at the table and vote on the protocol itself? The government has got itself into an extraordinary, illogical, preposterous and ridiculous situation on this issue. It absolutely beggars belief. No wonder international commentators and international political leaders look upon the position that the Howard government has taken on the Kyoto protocol with some bewilderment. We are aware of the fact that they wanted to ratify it in the first place, but now they have got themselves into such a tortured, convoluted and contorted position. We had the environment minister saying here in the House yesterday: ‘We will be part of that. We want to amend Kyoto.’

I reckon I have heard just about everything from the Howard government on climate change, but this beats everything we have heard up to this point in time. No other statement so clearly shows the total illogicality of the position that the government has taken. Just to bear this out, in the other place, the Senate, Senator Minchin was saying at the very same time, and I quote:

Kyoto is a failed doctrine. ... Therefore, by definition, it is doomed to fail.

That was the government’s old position—that it is a failed doctrine and therefore by definition it is doomed to fail—but yesterday Minister Turnbull had a new position. He said:

Kyoto may be amended, and we hope it will be. We will be part of that. We want to amend Kyoto.

And yet the government is not willing to ratify the protocol. As they say in popular culture: go figure. The question that we need to ask ourselves in the House and that Australians need to ask themselves is: which is it? Which is the Howard government’s position? There is total confusion now on this issue of the ratification of the protocol. Is it a ‘failed doctrine’ or should we commit ourselves, as Minister Turnbull has, to amending Kyoto?

The plain fact is that these views are completely incompatible with one another. A senior minister in the Senate, an acknowledged climate sceptic, is in complete opposition to a senior minister in the House who is trying to run a line now on Kyoto which suggests in some ways that he actually thinks there is merit in the protocol after all. I must say that I somewhat suspected it.

There is one more thing that needs to be pointed out in terms of the recent Sydney declaration and the government’s position on climate change. In July last year, in a speech to the Committee for Economic Development of Australia, the Prime Minister said:

A central flaw of Kyoto is its reliance on a distinction between developed and developing countries which makes little sense when translated into global emissions.

But last Sunday the Sydney declaration—the Howard government’s latest and, I have to say, pretty heavily confected climate change triumph—actually put the view and said specifically:

The future international climate change arrangement needs to reflect differences in economic and social conditions among economies and be consistent with our common but differentiated responsibilities and respective capabilities.

That is the Kyoto approach. That is the specific Kyoto approach. Article 10 of the protocol says that all parties should act:
... taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances ...

This has become one of the most farcical public policy positions that any federal government has ever held. It is being exposed day after day, minute by minute it seems, by the contradictory statements of ministers such as those we have witnessed over the last 48 hours about Kyoto. Additionally—notwithstanding the fact that the Prime Minister had been hostile not only to the idea of ratification but also to the notion that it would be the UN Framework Convention on Climate Change that would be the appropriate pathway to build multilateral agreement on climate change treaties into the future—we now have from the Sydney declaration a specific recognition that the UN framework is the acknowledged and accepted pathway for future global climate change negotiations and formulations.

There is one other thing to note in this debate on the National Greenhouse and Energy Reporting Bill 2007. That is, as a consequence of the government’s public policy position, there has been an economic impact on the Australian economy. If it were not for the fact that we have seen some robust economic activity taking place in the well-endowed resource states, particularly Western Australia and Queensland, I believe there would have been much greater attention paid to the economic consequences of not only the government’s failure to embrace clean and renewable energy here in Australia but also, by being so blind minded and blind eyed on the issue of Kyoto ratification, its denial of the opportunities that Australian companies could have and should have to be involved in clean development mechanisms, joint initiatives and other measures that are linked to the protocol.

The fact is that renewable energy companies have voted with their feet. In August 2006 Vestas Nacelles announced it would close its wind turbine assembly plant in Northern Tasmania. The cost was 100 jobs; 100 Tasmanian jobs went as a result of that decision. In February 2007 Pacific Hydro announced it was investing $500 million in Brazil because Australian renewable energy projects had been stalled by the government’s refusal to ratify the Kyoto protocol. That is a direct economic impact and a direct economic burden on our country, Australian workers and Australian industry as a consequence of the government’s position. Vestas has subsequently announced its Portland factory will close in December 2007 because further investment cannot be viable in current market conditions. The reason it cannot be viable in current market conditions is that the government has not established a market to enable these companies to operate and to provide the necessary services for reducing emissions and providing energy at the same time that many other countries have begun to. There is no market here for us to do it. As a consequence these companies are stranded and stuck, and the investment goes offshore and the jobs go with it. It is very clear that there is a strong business case that lies with us accessing the Kyoto protocol. The lost opportunities associated with emissions reduction projects are estimated to be hundreds of millions of dollars, if not billions. There are lost opportunities associated with the clean development mechanism in other countries.

The minister is fond of coming in here and criticising the clean development mechanism because of some of the difficulties that it has experienced and some of the anomalies that have resulted after its implementation, conveniently ignoring the fact that the clean development mechanism is a major producer of investment in reducing greenhouse emis-
sions—some $US6 billion is attached to the CDMs. But Australia and Australian companies continue to miss out. There is opportunity for Australia to become a regional leader in the CDMs by establishing low-carbon projects in Australia that can generate carbon credits to other countries. And there is an opportunity for Australia to become a regional hub for a global power carbon market—which is what many Australian businesses would like to see, particularly, I know, business leaders in Sydney and Melbourne. All of these opportunities have gone begging as a consequence of the Howard government’s obduracy in respect of climate change and ratifying the Kyoto protocol.

As I said at the beginning of my remarks, we reserve the right to move further amendments. I move:

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

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

(1) notes that:

(a) the Bill was hastily drafted without any genuine consultation with stakeholders, including state governments, industry groups and environment groups;
(b) the Bill was hastily drafted and introduced so as to prevent due public and parliamentary scrutiny; and
(c) significant government amendments were circulated less than 24 hours before the second reading debate so as to prevent due public and parliamentary scrutiny;

(2) is concerned that the Bill does not reflect the urgent need to establish an effective emissions trading scheme; and

(3) therefore demands that:

(a) the Government amend the legislation according to the unanimous recommendations of the Senate inquiry’s report”.

Mr Swan—I second the amendment.

Mr TUCKEY (O’Connor) (1.20 pm)—I have always wondered why the member for Kingsford Smith decided to give up the law for a rock singer’s career, but the illogical arguments he put to this place today probably demonstrate how few people wanted to get him to draw up a contract on their behalf. He claims as illogical the statements of the Minister for the Environment and Water Resources and the Minister for Finance and Administration when of course he overlooks the fact that in any business—and when your business constituency happens to be the people of Australia—you do not sign contracts until they are written in a fashion which you find acceptable. The minister for the environment says, ‘We would like to see the Kyoto arrangements amended,’ and Mr Garrett suggests that that is impossible unless you have already signed up to unacceptable amendments. No, you can say to those who are reviewing that thing, ‘If you want us as a signatory, these are the matters that must be included.’ That is how a government operates in the interests of its people. It becomes party to a contract or a treaty when the contents of that particular treaty are in the interests of the Australian people. And what a farce has been Kyoto. It says the largest and most populous emitters in the world should be excluded because they have low per capita GDP.

I thought we were talking about emissions—the stuff that goes up into the atmosphere. As those of us who travel across Australia by air know, when you get up there at flight level the winds are running at 200 or 300 kilometres an hour and they do not stop when they get to India and say, ‘Oops, we are not allowed to go here; we do not want their emissions on board.’ The fact is that this is an international situation and the issue is emissions.
Today we are debating the National Greenhouse and Energy Reporting Bill 2007, which is designed to set up a reporting mechanism and, as the explanatory memorandum reminds me, lays the foundation for the Australian emissions trading system—it will provide the data upon which a trading system may be created. This was announced by the Prime Minister on 17 July 2007. Robust data reported under this bill will form the basis of emissions liabilities under emissions trading and will inform decision making during the establishment of the emissions trading system, including with regard to permit allocation and incentives for early abatement action. Why would that be the purpose of this legislation? The first thing is that we might learn from the mad rush of the European Union to get into a trading system that collapsed. At one stage there were so many certificates issued—for whatever reasons, possibly including corrupt activity—that they traded down to nought. We were urged throughout that period to get with the strength—to have a system that lacked a proper database and was consequently a waste of time. So there is a process. Without a database collected over a significant period of time, any trading system is bound to be a failure.

I note also that, after talking up the fact that this bill lacked substance, the member for Kingsford Smith put forward a pious amendment. There is not a word in it suggesting how the bill might be improved technically—just talk. He might have put it to music. The reality is that the government—presumably to some extent in response to the Senate committee—has already proposed amendments that will be debated at a later stage, and their excellence will be properly defended in due course by the minister.

I wrote down the points made by the member for Kingsford Smith. Coming back to the Kyoto agreement, he said, ‘Oh, they do not think it is a failed document,’ but of course it is a failed document. It is a document that, as I said, ignores completely the emissions of what is now the world’s largest emitter. Also, as he read a section of the Kyoto agreement, he made some interesting but illogical arguments about what ‘economic effect’ means. But you can read that in two ways: either as giving special privilege to those of low per capita GDP or the economic effect on a developed economy like Australia’s is a reason for care and caution and preferential treatment—otherwise, this country and this government could find itself destitute because it will have signed away its right to export and utilise its own natural resources.

It is also interesting that the member for Kingsford Smith started to give us a list of the 100 or so jobs that have been lost because certain manufacturing activity has gone elsewhere. The manufacturers have gone elsewhere to get a bigger subsidy than they could get out of the Australian taxpayer. These are not productive jobs. These are not self-sustaining jobs. They are jobs that rely heavily on cross-subsidy, and that of course always visits upon the consumer. We all know that governments of the opposition’s persuasion have a long history of creating tax subsidised jobs, with the obvious problem that in each case they add to inflation because they have no foundation in productivity. In Western Australia the state government has apparently created 18,000 new jobs since it came to office, but none of them are in the service sectors of hospitals, schools or the police force. I can only come to the conclusion that they are people who are employed in capacities like that which we are discussing today whose principal task is to tell you what we are not allowed to do any more. We wonder why a table was published the other day in the Sunday Times newspaper pointing out that, since 2004, Australia has
sunk to No. 8 as a desirable location for mining investment and is now below Namibia and Botswana. Why might that be? It is certainly very obvious in Western Australia, where environmental departments are preventing development of mining activities that are very essential to my electorate. What is more, a mining activity that was conducted in 1968 without destroying certain flora is now prevented from acting because it might destroy the flora. Mr Deputy Speaker, I draw your attention to the foolishness of that. We of course propose an emissions trading system, but it had better be a good one.

In the processes of the Kyoto agreement, they have Conferences of the Parties, with the acronym COP. It is an interesting fact that, by the time they got to COP6, the biggest interest and lobby group in attendance was the financial institutions. Do you think they were particularly interested in the fact that carbon was being emitted into the atmosphere with dire climatic consequences? No. It was a new deal; they could swing the bookies bag on another arrangement that of course would bring them great profit and great deals.

The purpose of carbon trading, as I understand it—withstanding in my mind that it will add to the cost of energy and other items that we utilise, such as transport et cetera—is that the trading mechanism will make certain other investments more viable. But when we settle down to these things—when we bemoan the fact as the member for Kingsford Smith did that a wind generator plant in Tasmania closed for lack of new customers—it is time we looked at the effectiveness of wind generation as it applies to a grid system.

We are well aware that you can generate electricity with the wind. No doubt if we were to go into the entire song repertoire of the member for Kingsford Smith, we would probably find he has sung something about the vagaries of the wind. And that is the problem. In New Zealand there is 170 megawatts—two fields actually, but closely adjoining—of rated wind generation capacity that is experiencing variations of 100 megawatts over five-minute intervals. I am told the distribution network has more problems when that generation capacity revives and goes up than it does when it is coming down. Any middle manager and worker in the power distribution and generation industry will tell you that, where that baseload power generation happens to be coal or coal fired type capacity, there is no immediate responsive capacity to accommodate those particular circumstances other than maintaining, if you like, steam pressure at a level that allows for the baseload station to take over the entire generating capacity, even momentarily, of the wind generating system. In other words, they are still burning the coal but they are frequently exhausting the steam because it is not needed at a particular moment.

If you get down into my electorate, at Hopetoun we have a little twin generator system there providing wind power backed up by a couple of diesel generators. I would like to tell you a bit more about the problems of that town, which has just had a nearly $3 billion mine built there. The state government has not yet built a water treatment plant for the people who want to live there, so half of them are flying in flying out when it is a very desirable location. But that system is saving a lot of diesel because of the responsiveness of the diesel generators that can tick over on idle and then boost up to achieve demand for whatever reason, including a failure of the wind generators to meet their rated capacity. I might add on the installation of the second one, which was subsidised significantly by this government, I suggested that maybe the surplus energy that comes off those wind generators—it just happens to be
a fact of life that the wind usually blows strongest when the lights are out—might be converted by the simple schoolboy act of electrolysis to fuel one of those diesel motors or in fact a gas motor if anybody wanted to take a short cut. The minister thought that was a good idea, but his public service, the greenhouse people we currently employ, tried to tell me that you could not store hydrogen. I do not know what NASA have been doing all these years and how they have managed when the weather is against a launch and they have 1,000 tonnes of liquefied hydrogen sitting on a tank.

People get carried away by the songs of the member for Kingsford Smith and do not look at the practical application. I might add, in the case of both solar and wind generation, if it were utilised as I have proposed—for instance, on farming properties to create hydrogen as the fuel to drive the machinery of that farming property—that could be a very positive application of a renewable nature. But neither solar nor wind fit in the grid pattern and I sincerely hope, when this reporting system comes to bear, that we will ask the liquefied natural gas industry of my state to report on the emissions associated with their liquefaction processes because they burn 10 per cent of the equivalent of their gas exports in the liquefaction process.

The government chortled the other day about signing an agreement with the Chinese over the Browse field, which is as yet totally undeveloped. To achieve the targets similar to that export, it has to have a 900-megawatt electrical generating power station. That is of course the size of a nuclear power station. Their proposal is to burn gas when on their doorstep is a huge tidal resource that could not only provide that energy in a renewable sense but would allow for an extra 10 per cent of exports of gas.

It is all right for us to keep preaching that gas is a clean form of energy. It just happens to be cleaner than coal. It is a hydrocarbon and as such there is a representative emission standard. Most natural gas in varying quantities has a component of CO₂ in its makeup. In fact for that reason the Gorgon people must put their liquefaction plant on Barrow Island where they have access to used-up gas and petroleum bores and they can pump down something like 14 per cent of CO₂ which naturally occurs in gas. That is fine, but the reality is that these things have to be recognised.

A reporting system, as proposed in this legislation, is going to separate a lot of the myth from the reality, and the government is to be congratulated on that. There are wonderful opportunities for the government for a hydrogen economy in Australia. The government should be doing more to encourage foreign firms to bring in their expertise in that regard. The Ford company broke a record the other day; I think they hit 207 or 270 kilometres an hour with a fuel cell car. I have reminded this House previously of an initiative of the Richard Court government to order three fuel cell buses. They have been running around Perth, as they do around London and other places in the Northern Hemisphere, and they are both efficient and absolutely clean, because their only emission in operation is steam. I have been behind them. I have visited their workshops; I have visited their workshops in London. All the reports I have had are that they are very viable. On the resource of hydrogen that some use, London people import it liquefied from France. They just might be producing it with the 250 megawatts of tidal power they have produced at La Rance for the last 40 years. I just do not know how, if the Public Service of Australia believe you cannot store hydrogen, they manage to get it across the English Channel. There are all sorts of options of this
nature, particularly with the foundation of a proper reporting system.

In looking at some of the so-called clean, green energy, for anybody who wants to assess a wind tower or any other sort of clean energy provider, the first test is this: how much energy of other natures did you use to make it? All of these things should be looked at closely. I do not contest the issue of climate change. I do not think it is even worth arguing about. Australia is fortunate in having some of the best, largest, ‘greenhouse with grunt’ types of renewable energy resources in the world. I have not had time to mention hot rocks, which has a future because it is compatible with grid distribution. All of those things will be tested by this reporting system, and it is a good and cautious government that takes that step first. If you want to deny that the EU treats Kyoto as a non-tariff barrier then you do not know what you are talking about. Their trading system is the joke of the world. Of those who agreed, signed up and ratified that agreement, hardly one has ever met the targets to which they committed. They have been unable to meet those targets. (Time expired)

Mr KELVIN THOMSON (Wills) (1.40 pm)—I usually follow the member for O’Connor in discussions about the wheat industry. I draw the conclusion that he knows more about the wheat industry than he does about emissions trading. The National Greenhouse and Energy Reporting Bill 2007 is all about emissions trading. Do we need emissions trading? Absolutely. The globe has a very serious problem with climate change, with global warming. In pre-industrial times, levels of carbon in the atmosphere were around 280 parts per million. They have now risen to 380 parts per million, and they are tracking upwards to 500 parts per million and beyond. The implications of this for our global weather systems are many and varied. Some are unpredictable, some are unknown, but those which we can see and can measure are of great concern: melting polar caps, melting glaciers, rising sea levels through thermal expansion and increasing and more severe extreme weather events, such as floods, storms, cyclones and bushfires. In Australia we see its manifestation in drought, we see its manifestation in the spread of tropical disease and we see its manifestation in coral bleaching on the Great Barrier Reef. Unquestionably we have a major problem.

We have been treating the earth as a business in liquidation, and we need to put a price on carbon. People who think that putting a price on carbon is going to be a costly business need to consider the alternative. We have ongoing drought in Victoria. The agriculture minister was reported this morning talking about the need for the continuation of drought relief and exceptional circumstances. These are not exceptional circumstances; this has been going on for years. There is the impact of these storms, floods and cyclones on insurance companies, on our economic activity and on our agriculture. Last year the Stern report made very clear that the economic consequences of not acting would be more serious than the economic consequences of taking action and, in particular, of taking action sooner rather than later. But what has this government been doing? It has been doing nothing. It has been sitting on its hands. We have lost years in procrastination. The issue of emissions trading has come before the government and has been under consideration on a number of occasions. It is well known that as far back as 2004 there was a cabinet submission on emissions trading, which the Prime Minister simply knocked on the head. We have had years wasted by a government that has refused to listen to the evidence, refused to listen to the science and refused to listen to the community. The community has been crying out for years for action on global warming. Recently I have
had renovations in my office, and I have had occasion to go through lots of old files. I came across a speech I did back in 1990 that talked about the global warming issue. The climate change treaty, the Kyoto protocol, was negotiated through 1996 and 1997. Australia signed it and then reneged and refused to ratify it. Government MPs are now scratching their heads about the opinion poll results. At the moment they sound like Kamahl, when he asks: ‘Why are people so unkind?’ The fact is that this government has arrogantly been saying to the Australian people: ‘We don’t care what you think about climate change. We know best. We’re not going to ratify the Kyoto protocol.’

For the past decade they have failed to put a price on carbon; they have failed to introduce emissions trading. It is the same with issues like Iraq and the AWB scandal. The government arrogantly ignores the views of the electorate, pats them on the head and patronisingly says, ‘We know best; we are going to do this our way.’ And now they are walking around gnashing their teeth and bemoaning the fact that the electorate is not listening to them. Well, if you are not prepared to listen to the electorate then do not be too surprised when they stop listening to you. Most people lose interest in a conversation if it seems like the other person wants to do all the talking and none of the listening.

On the issue of emissions trading, the government continues not to listen and to treat the Australian electorate with contempt. It now says it is going to set up an emissions trading regime, but it will not announce a target for emissions reduction. It says it will do this after the election. What a contemptible way to treat the electorate. It must think that the Australian people are all fools. The only way an emissions trading regime can work is if we set a future target for our greenhouse gas emissions and enforce it. Labor has set such a target, based on the science and the work of the Intergovernmental Panel on Climate Change—a 60 per cent reduction from 2000 levels by 2015. It is an ambitious target; there is no doubt about that. But it is the kind of target that scientists are telling us that we have to achieve if we are not to see this planet’s climate alter in unpredictable ways and ways which will almost certainly cause suffering and hardship for our children and our grandchildren, who will in turn condemn us for our selfishness and lack of foresight.

But this government seriously proposes to go to the election with no greenhouse gas emissions target. It says it will come up with a target after the election. What a con job. Imagine a political party proposing to alter the private health insurance arrangements but saying it would let everyone know the details after the election. No-one would stand for it; nor should they. Imagine a political party proposing to alter the school funding arrangements between government and non-government schools but saying it would let everyone know the details after the election. All hell would break lose. But that is precisely what the government is trying on here. It says it is going to introduce an emissions trading regime but no-one can gain the faintest idea of what its impacts will be. Indeed, its failure in this regard is so great that many in the business community are privately utterly dismayed with the government’s dithering and are increasingly publicly calling for greater certainty and transparency. The Insurance Council of Australia, for example, has been quite clear about the need for action on emissions trading and the setting of targets. Insurance companies depend on being accurate in their predictions of the risk of future climate disasters such as storms, cyclones and floods. Their money is where their mouth is and I think it is far more likely that they are getting it right than the government’s climate change sceptics, such as the
member for Tangney and the member for Solomon.

The government’s failure on emissions trading was also glaringly obvious at APEC. There is much to be gained from getting countries to actively work on an international emissions trading system. There are lots of business opportunities for Australian companies once international emissions trading gets off the ground. We need to get other countries into reducing their emissions. Global warming, to state the obvious, is a global problem. There was plenty of hype before the APEC meeting about how we were going to make big strides in tackling climate change. I got a letter from the Minister for Foreign Affairs. I do not know whether the other members here did; perhaps he wrote just to me. The letter said, ‘The Prime Minister has made climate change a key focus for this year’s APEC leaders summit.’ But what did we get? The Sydney declaration! It is a joke. It talks about aspirational targets. Well, what are they? Where are they? They are nowhere to be seen. Ten years after Kyoto and we are going backwards.

One of the government’s arguments for not ratifying the Kyoto protocol is that its targets are too modest and that they will not cut the world’s carbon emissions by much. Well, at least they cut them, and that is a start. The Sydney declaration has no targets and cuts no greenhouse emissions whatsoever—zippo! So a serious opportunity to make progress on the emissions trading front has gone begging, and domestically the government’s dithering is leading to chaos. The states are all coming up with their own plans for carbon reduction and emissions trading. This is entirely understandable. There is an absence of national leadership, nature abhors a vacuum and the states are stepping into the vacuum. But the trouble with this of course is the railway gauge problem—businesses do not want to deal with different arrangements in different states. It is ridiculous and embarrassing for Australia that, whereas the European nations have produced one emissions trading scheme, we, a single nation, have a multiplicity of them.

In late August the Department of the Prime Minister and Cabinet held public consultations around the nation on the issue of emissions trading in general and the bill before the House in particular. It might have been more helpful if it had held these consultations before it introduced the bill. If I have time I will come back to that later. Clearly, what we have before the House is an eleventh-hour, rushed, patch-up job from a government which, after 11 years of sitting on its hands over global warming, is desperate to be seen to be doing something.

I went along to the Melbourne consultation session on this bill because I am very interested in the emissions trading issue. There were a lot of people there. I did not count them but I think there would have been at least 150 people there, reflecting the great interest of the business community in this issue. There were a couple of features of the Department of the Prime Minister and Cabinet presentations which I found to be very significant. First, the department said that its present projections are for Australia’s carbon emissions to be well up on their present levels by 2020. While this has been said before—the Australian Greenhouse Office has projected that by 2020 we will be 27 per cent above our 1990 levels—it is very significant that the Prime Minister’s own department says that we are not on track to reduce our carbon emissions in the future; we are on track to increase them. It reveals the government’s frequent mantra, ‘We are on track to meet our Kyoto target,’ for the shameless spin that it is.

One of the alibis the government give for not ratifying the Kyoto protocol is that some
of the poorer countries which have ratified it do not have any targets in the first commitment period. They say, ‘We are not going to get on board the Kyoto train because there are so many hypocrites on it.’ Well, Prime Minister, there is always room for one more. Australia is monumentally hypocritical in complaining that other countries either do not have targets or are failing to meet them, when in fact we are tracking for a 27 per cent increase in our carbon emissions by 2020.

Another significant point to emerge from the Prime Minister’s department’s presentation was the observation that we need a carefully calibrated emissions trajectory. The statement was made that we need a long-term aspirational goal to act as an anchor for price expectations. It was stated that we need to establish a forward price curve, which would be a function of the aspirational target and international factors et cetera, and that that forward price would drive investment decisions by firms. That all makes good sense to me, and it is unremarkable, except for one thing: it is precisely what Labor have argued and what Labor have done in announcing our 60 per cent target by 2050, whereas the government have not done it—they have not produced a target. As I said earlier, the government want the Australian people to go into the election and vote blindfolded, not knowing what the emissions target is going to be. As one questioner in the audience pointed out, until we see what the target is and what the caps are, we will not get to first base regarding issues of allocation, compensation and the like.

One other point which came through clearly in the questioning afterwards is that there is some concern that forestry and agriculture are not being included in the initial scheme. It is clear that some businesses believe that it would be advantageous to be able to participate in the scheme. One questioner asked whether the exclusion of forestry would create a perverse incentive for landowners to clear forests and vegetation, and claim permits for regrowth. There would, of course, be no greenhouse value in having this happen. The response from the department was that the land based sectors were too hard to measure and that, in any event, state governments such as Queensland and New South Wales had introduced native vegetation clearing controls, which were dealing with these issues. I found this deeply ironic. The Howard government have done absolutely nothing to help the state governments put a stop to land clearing in Australia. Indeed, it has allowed its National Party MPs to run interference on everything the states do to try to protect native vegetation, yet here they are saying, ‘We don’t have to worry about incentives to retain native vegetation because the states are dealing with it.’

As I said earlier, business leaders are agitated about the lack of action and missed opportunities on emissions trading. For example, the global head of sustainability at Lend Lease, Maria Atkinson, has described the failure of the Prime Ministerial Task Group on Emissions Trading to recognise buildings as a key part of the carbon emissions trading scheme as a missed opportunity to drive deep and cost-effective emissions cuts and a lost economic opportunity. According to the Intergovernmental Panel on Climate Change, energy efficient buildings can cut projected greenhouse gas emissions in the building sector by about 30 per cent by 2030. Maria Atkinson says we need a carbon emissions trading scheme that allows commercial property developers and owners to accrue and sell credits for emissions cuts achieved through energy efficiency measures.

The bill before the House establishes a single national framework for reporting greenhouse gas emissions, emission reduction actions and energy consumption and
production by corporations from 1 July next year. It is seen to be a necessary precursor to the introduction of emissions trading. It is stated that by the 2010-11 financial year the reporting framework will apply to approximately 700 companies that emit more than 50 kilotons. Essentially, it is being rushed through the parliament so that the government can claim that it has passed primary emissions trading legislation. We have been able to identify, in the very short time we have been given to examine the details of the bill, some serious shortcomings and unintended consequences which may increase the compliance burden for industry such as legal costs to deal with ambiguities, and the risk that the bill may undermine either current or future state based programs to tackle climate change.

Many of those who presented submissions to the Senate inquiry expressed concern about the bill. Major emitters testified that the bill was not consistent with previous positions or agreements made between the states and the Howard government at COAG. Environment groups testified that the reporting thresholds were too high and that more information should be publicly disclosed. The Investor Group on Climate Change and environment groups were of the opinion that the time frame was too slow. Indeed, the state governments opposed the bill in its current form and recommended significant amendments. Of concern to both industry and conservation groups was that the bill leaves many of the practical measures to be determined at a later date by regulation and by ministerial decree. The majority of the submissions to the inquiry expressed concern that too much was left to regulation and, instead, some of these provisions ought to be placed in legislation to provide greater certainty.

It is a view of Labor that we need a comprehensive mandatory greenhouse gas emissions and energy reporting scheme. Mandatory reporting is a critical first step towards the implementation of a national scheme and we have had a longstanding commitment to emissions trading as, in our view, a practical, sensible and flexible approach to reducing greenhouse emissions. However, the slow-start time frame and reporting thresholds that this bill sets out may be insufficient to meet the reporting needs of an emissions trading scheme with the aim of beginning in 2010. We have a Treasurer who talks about debt, deficits and living beyond our means. Global warming is the ultimate example of living beyond our means and leaving the debt to future generations. We have before us rushed, panic stricken, last-minute legislation that is all about being seen to be doing something, not addressing the future. This is a government which has no vision for the future. When the Prime Minister was asked by an ABC reporter this week what his vision for the future was there was an embarrassing pause and silence. There is nothing, so we get this kind of running up and down on the one spot that is designed to generate the illusion of activity.

The SPEAKER—Order! It being 2 pm, the debate is interrupted in accordance with standing order 97. The debate may be resumed at a later hour and the member will have leave to continue speaking when the debate is resumed.

QUESTIONS WITHOUT NOTICE

Liberal Party: Leadership

Mr RUDD (2.00 pm)—My question is to the Prime Minister. Can the Prime Minister confirm that, while his government has prioritised its internal leadership conflict, Australia faces the following challenges: a housing affordability crisis, the impact of climate change, particularly on our water resources, insecurity in the workplace due to Work Choices and capacity constraints in our
economy due to the skills crisis and infrastructure deficits? If after 11 years in office the Prime Minister can no longer effectively govern his party, how can he now claim to continue to be able to govern the country?

Mr HOWARD—The Australian people face both challenges and choices. The challenge they face is to make sure that the prosperity generated over the last decade is not only preserved but expanded to the benefit of all of the Australian people. That will not be achieved by rolling back essential reforms. It will not be achieved by re-embracing a doctrine of higher unemployment. I spoke yesterday of the possibility that this nation could become, in the next three years, a full employment society. The only threat to this country becoming a full employment society is the election of a Rudd led Labor government. That is the only threat. I would say to the Leader of the Opposition: yes, this country does face challenges; they are the challenges that have been met over the last decade by the government I lead and they will be met over the years ahead by the coalition if it is re-elected. The Australian people will face a choice. They will decide, first and foremost, their future and the future of their country. In the course of making that decision they will decide not only my future but the future of the Leader of the Opposition.

Economy

Mr BROADBENT (2.02 pm)—My question is addressed to the Prime Minister. Would the Prime Minister outline to the House what plans the Australian government has to keep the economy strong and growing? Is the Prime Minister aware of risks to this economic security?

Mr HOWARD—It remains the goal of this government, and it remains within the capacity of this government if it is re-elected, to keep the Australian economy strong and growing. Only the government has a plan to create a full-employment Australian society. Only the government has a plan to deal long term with the great water challenges of this nation. Only the government has a plan to deal in a balanced and sustainable way with the environmental challenges that this country has. Only the government has the capacity to deliver in the future what we have delivered in the past—that is, continued reductions in the taxation burden within the Australian community.

There is a threat to the implementation of those goals and that threat lies in the election of a government that would re-embrace higher unemployment. I never thought I would face a Labor leader who believed in higher unemployment. There was once a time when the proudest boast of Labor was that it believed in the workers of Australia and in delivering to them the opportunity that if they wanted a job they could have a job. That is what Ben Chifley believed in; that is what John Curtin believed in; that is what Bob Hawke believed in. But plainly it is not what the current Leader of the Opposition believes in, because the Leader of the Opposition wants to re-embrace higher unemployment by bringing back the unfair dismissal law burden on the backs of Australian small business.

We have seen a massive decline in unemployment in this country. I remind the Leader of the Opposition that since March 2006, when the industrial relations changes were made, 417,000 new jobs have been created. Ninety-one per cent of them have been full-time jobs. That is partly due—I do not say ‘totally due’—to the removal of the unfair dismissal laws. They are laws that would be brought back by the Labor Party. Bringing them back would lead to higher levels of unemployment in the Australian community.
Liberal Party: Leadership

Mr Rudd (2.05 pm)—My question again is to the Prime Minister. Will the Prime Minister be up-front with the Australian people and tell them whether he intends to serve a full three-year term if he is chosen to lead this country at the upcoming election?

Mr Howard—Yesterday the Leader of the Opposition asked me to name the election date. Today he has asked me another question and I remind him of part of the answer I gave to an earlier question—that is, when the election comes along, the Australian people will decide first and foremost their future, because their future is more important than mine or more important than the future of the Leader of the Opposition. But in the process of deciding their future they will also decide the future of the Leader of the Opposition and my future as well. I might say to the Leader of the Opposition that after what I have seen from Peter Beattie and Steve Bracks, I would have thought that time-specific pledges about how long people are going to serve are at tatty discount in Australian politics.

Economy

Mr Richardson (2.07 pm)—My question is addressed to the Treasurer, who is part of the best team ever. Would the Treasurer inform the House of the results of today’s consumer sentiment survey? What does this indicate about the state of the Australian economy, and how does this compare to other economies?

Mr Costello—I thank the honourable member for Kingston for his question—the best member for Kingston Australia has ever had. In the years to come I hope that he will continue to give the people of Kingston the first-class representation that they all deserve. This morning the Westpac Melbourne Institute consumer sentiment survey rose by 4.2 per cent for the month of September. This comes after a fall in August on the back of movements in monetary policy. But today the recovery in that sentiment index takes sentiment to a very high level, up 14.3 per cent over the last year. This is a very strong result, and it shows that consumers are confident in Australia with consumer sentiment above the long-term average. One thing that is driving strong consumer sentiment in Australia is jobs. This is the lowest rate of unemployment we have seen in Australia for a generation. It illustrates that good strong economic policy gives people an opportunity in life. That is why it is important that good strong economic policy continue. Also, business profitability is strong, investment is strong and the Australian economy continues to grow.

I want to make the point that the government is now in the process of investing for Australia’s future. We have our Future Fund, which is investing for the long-term ageing of the population; we have the Higher Education Endowment Fund, which is going to build first-class facilities in first-class institutions; we have the health and medical infrastructure fund, which is going to bring to Australia cutting edge technology and facilities; and we have the largest investment in road and rail under AusLink that we have ever had in Australian history. We are now beginning to save for the future. It was different under Labor. Under Labor all we did was drive future generations into debt—a form of financial child abuse where you run up debts against future generations that future generations have to service.

Let me complete my answer by referring to a report by the Comptroller General of the United States of America. He said:

America is on a path toward an explosion of debt and that debt threatens our country, our children’s and our grandchildren’s futures.

He said:
Other countries with similar challenges have already acted. The best two examples are Australia and New Zealand. Like the United States, they have ageing population. Unlike the United States, these two countries have stepped up to the plate and dealt with some of their serious long-term challenges.

That is the Comptroller General of the United States of America commenting on Australia. We are stepping up to the plate, we are dealing with our problems and we are investing for generations of future Australians.

**DISTINGUISHED VISITORS**

The SPEAKER (2.12 pm)—I inform the House that we have present in the gallery this afternoon the Hon. Michael Lee, a former minister and member for Dobell. On behalf of the House, I extend to him a very warm welcome.

Honourable members—Hear, hear!

**QUESTIONS WITHOUT NOTICE**

**Liberal Party: Leadership**

Mr SWAN (2.12 pm)—My question is directed to the Treasurer. Does the Treasurer believe the current Prime Minister is the best person to lead the Liberal Party into the next election? If so, why didn’t the Treasurer issue a single sentence statement saying so last Friday or Saturday or Sunday or Monday when the Prime Minister’s leadership was being publicly questioned?

The SPEAKER—Order! I remind the Treasurer that he should refer to the Leader of the Opposition by his title.

Mr COSTELLO—I was referring to the member for Lilley when I used the word ‘rooster’. It was not the Leader of the Opposition.

The SPEAKER—I again say to the Treasurer that he will refer to the Leader of the Opposition by his title.

**Economy**

Mr HARTSUYKER (2.14 pm)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the Deputy Prime Minister advise the House how the government plans to assist regional communities to cope with the demands of growth, particularly in my electorate of Cowper? Are there any alternative approaches supporting regional and rural Australia?

Mr VAILE—I thank the member for Cowper for his question. The member for Cowper, representing the particular area of the mid north coast of New South Wales that he does, would recognise that regional communities in some parts of Australia are experiencing growth as a result of the sea change and tree change phenomenon. Other areas are experiencing growth because of the economic prosperity in Australia: for example, those regions that contain emerging mining industries. That growth is putting significant pressure on social, economic and community infrastructure across Australia. We recognise that. Part of the coalition government’s plan for regional Australia is to try to assist those communities in accommodating the growth and the pressure that is building on community infrastructure.
I have announced today that we will establish a new Growing Regions program, which will invest in major projects that help communities respond to the pressure of change, the changes in demography across Australia and the changing economic circumstances. The government will invest $200 million in the program over four years for major projects that help regions address issues like the effects of rapid growth, structural change, population migration and the ageing of the population in particular regions across Australia. Businesses, local governments, institutions and communities will be able to apply for funding of between $1 million and $3 million per project in growing regions. Projects could involve the development or expansion of major businesses or they could involve the development of smarter ways of delivering services to communities.

By contrast, the member for Cowper asked: are there any alternatives? We know what the Leader of the Opposition thinks about regional Australia. In an interview that he did with the Daily Telegraph on 19 December last year, he insinuated that road funding that we were delivering to regional Australia was favouring the bush instead of cities. He does not want to provide any funding for the bush. He does not want to provide any funding for the regions across Australia. There is proof positive in his form in a previous government of what he has done to regional Australia and of the absolute disregard the Leader of the Opposition has for regional Australia. Anyone who lived in Queensland during the time of the Goss government would remember what happened. When the Leader of the Opposition was the right-hand man for Premier Goss, he disbanded 96 local ambulance boards and 81 community fire boards. He forcibly amalgamated councils—does that sound familiar? He sacked 600 people from the department of primary industries in Queensland and he replaced local hospital boards with great state government bureaucracies.

Labor has no plan for working families in regional Australia. We are adding to our policy initiatives that respond to the pressures of the time, particularly as the regions within our nation change and as our country grows. Under the new Growing Regions program, the coalition government will help local communities deliver the services that they are entitled to.

Liberal Party: Leadership

Mr Swan (2.17 pm)—My question is to the Prime Minister. I refer to the finance minister’s statement this morning: ‘John Howard will lead us to this election. At some point, if we win, I assume Peter Costello will take over from him.’ Prime Minister, if you win the next election, when will Mr Costello take over?

Mr Howard—The Australian people will decide who is the next Prime Minister of this country and, in the process of deciding their future, they will decide the future of the Leader of the Opposition and my future. Let me say again: particularly a Queensland member of parliament from the Labor Party has a bit of a nerve trying to extract time-specific pledges from me, given what Peter Beattie did. Peter Beattie misled the people of Queensland. Let me remind the member for Lilley what Peter Beattie said on 15 August 2006.

Mrs Irwin—What are you saying?

The Speaker—The member for Fowler is warned!

Mr Howard—What is sauce for the goose ought to be sauce for the gander or indeed the rooster.

Mr Swan—What are you saying?

The Speaker—The member for Lilley is warned!
Mr HOWARD—What he had to say is this:

Kerry, my intention is to stay—

Mr Swan—Mr Speaker, I raise a point of order about relevance. The question was about the Prime Minister’s intention.

The SPEAKER—The member does not need to repeat his question. There is no point of order.

Mr HOWARD—What I am pointing out to the member for Lilley is that his friend Mr Beattie has dishonoured time-specific commitments. Unlike Mr Beattie and Mr Bracks, I will not mislead the Australian people.

Asia Pacific Economic Cooperation

Mrs VALE (2.20 pm)—My question is addressed to the Minister for Foreign Affairs. Would the minister update the House on how our strong bilateral and APEC relationships have delivered benefits to the Australian people, especially the Sydney declaration on climate change? Are there any alternative views and what is the government’s response?

Mr DOWNER—First, can I thank the honourable member for Hughes for her question and say how much I appreciate her interest in the issue, particularly her interest in APEC. I do not think there is any doubt that the APEC meeting in Sydney was one of the most successful APEC meetings ever. It was an extraordinary success, and that is certainly the feedback I have had from the delegations that were there.

At the centre of that APEC meeting was the Sydney APEC Leaders Declaration on Climate Change, Energy Security and Clean Development, which was the first time that developed and developing countries together had agreed to a commitment to stabilise and eventually reduce CO2 emissions. That was an extraordinary feat of diplomacy. The House might be interested to know that, at the outset of the week, a majority of economies were opposed to the Sydney climate change draft and, through the course of that week, we gradually managed to negotiate a successful outcome. How could we do that? We were able to do that because, amongst other things, we have very strong relations with two key countries: the United States of America and China. Because of the strong position we have in dealing with those countries, we were able to get a good outcome. This was a commitment not just with a bold agenda but with an agenda for practical action to reduce energy intensity—that is, to increase energy efficiency, if you like—by at least 25 per cent by 2030 and to increase forest cover by 20 million hectares by 2020, storing 1.4 billion tonnes, or 11 per cent, of annual global carbon emissions.

This may not be of any interest to the opposition, which apparently thinks this is not important, but this is the difference between the government and the opposition. We are able to leverage our very strong relations with countries like the United States, China, Japan and so on to achieve real and practical results. The Leader of the Opposition, in his speech to the Labor Party national conference on 27 April, called climate change ‘the great moral, economic and environmental challenge of our time’. Last week, the Leader of the Opposition had 45 minutes with the world’s most powerful person, the President of the United States of America. During a 45-minute meeting with the world’s most powerful person, you would expect there to be a lively discussion about the great moral, economic and environmental challenge of our time. If the Leader of the Opposition were doing not just what PR companies told him to do but what his heart told him was a great challenge that we had to deal with, wouldn’t he use 45 minutes with the President of the United States to make that case? Wouldn’t he spend time urging the President...
of the United States to ratify the Kyoto protocol, which is so much the heart of the Labor Party’s position?

If there has been anything revealing in recent times about the Leader of the Opposition and his insincerity and weakness, it is his failure to discuss an issue that he thought was the most important moral, economic and environmental challenge of our time with the President of the United States in a 45-minute period. It may be that he was too frightened to argue with the President. He may not have had the courage to do that. But if that is not the case then I think the Australian people deserve an explanation.

Liberal Party: Leadership

Mr ALBANESE (2.25 pm)—My question is addressed to the Minister for the Environment and Water Resources. I refer to today’s reports by Dennis Shanahan and Paul Kelly in the Australian that a meeting occurred in the foreign minister’s Sydney hotel suite which involved the Minister for Justice and Customs, the Minister for Employment and Workplace Relations, the Minister for Industry, Tourism and Resources, the Attorney-General, the Minister for Defence, the Minister for Immigration and Citizenship and the Minister for Education, Science and Training. Did the minister attend that meeting and did he express his support for the current Prime Minister at that meeting?

The SPEAKER—The question is close to being out of order, but if the minister chooses to answer it I will call the minister.

Mr Turnbull—The question is out of order; I would agree with that.

Opposition members interjecting—

Mr Turnbull—No, I will answer it. I will take the question.

The SPEAKER—Order! The minister does not yet have the call. The minister wishes to answer the question. I call the Minister for the Environment and Water Resources.

Mr TURNBULL—I attended that meeting. That is the answer to your question.

Opposition members interjecting—

Mr TURNBULL—I attended that meeting. The Prime Minister has the support of everybody at that meeting. The discussions at the meeting are not part of my portfolio responsibilities, but I have answered the question. The Prime Minister has the support, as Prime Minister, of everybody in the cabinet. That is the answer.

Hospitals

Mr BAKER (2.29 pm)—My question is addressed to the Minister for Health and Ageing. Would the minister update the House on the progress of the Mersey hospital at Latrobe in Tasmania? Why is it important to create a Commonwealth funded, community controlled hospital on the north-west coast of Tasmania in my electorate of Braddon? Is the minister aware of any alternative policies, and what is the government’s response?

Mr ABBOTT—I certainly thank the member for Braddon for his question. I can inform him and the House that the Howard government wants to make the Mersey hospital in Tasmania a Commonwealth funded, community controlled public hospital because the state government is proposing to withdraw acute services from that hospital and, in so doing, leave a catchment of up to 70,000 people without general hospital services. Let me say for the benefit of all members of this House, including the people who are chattering away and the person who is turning his back: taking over a public hospital is not an easy thing. There are the financial arrangements to be considered, there is the future of staff to be considered, but most of all there is the continuity of care of patients which needs to be considered, because
that cannot be interrupted for a single hour if people are serious about health policy and health service delivery.

I can inform the House that, after a somewhat rocky start, discussions between the Commonwealth and the state of Tasmania are now progressing well and a binding agreement should be signed within a week. I was interested to note that the Tasmanian government is already spending some of the extra money that it will receive as a result of this agreement. Taking over one hospital is no walk in the park. Taking over the 750 public hospitals of Australia would be the largest financial and logistical undertaking this country has ever seen, involving billions of dollars in assets, $24 billion a year in recurrent funding and the futures of hundreds of thousands of staff, including 200,000 nurses. If members opposite are elected, this deal will be in the hands of the member for Griffith, whose previous experience is of closing 2,200 public hospital beds in Queensland, thereby earning him the nickname ‘Dr Death’.

Mr ABBOTT—How will the Commonwealth claw back the $14 billion—

Ms Roxon interjecting—

The SPEAKER—Order! The minister will withdraw—

Mr ABBOTT—I will withdraw that if it is an offensive term, but it cannot alter the reality. I say to the Leader of the Opposition, who seems to be attending now to the proceedings of the parliament: you cannot promise to take over 750 public hospitals and say, ‘Trust me; it will all come right on the night.’ You have to answer some specific questions. Who will be in charge of this health reform commission that will make recommendations about the process? What precise criteria will the state governments have to meet in order to avoid having their hospitals taken over?

Ms Roxon interjecting—

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

Mr ABBOTT—every year that it will need to run public hospitals? What legal power does the Commonwealth have to coerce the states, as it will assuredly need to do when they refuse to cooperate? Most importantly, how much money does the Leader of the Opposition expect to save by ending duplication? How much money will he save and how many staff does he expect will be made redundant? These are serious questions and the Leader of the Opposition and the shadow minister cannot be taken seriously unless they answer them.

They were asked some of these questions the other day by Rhianna King of the West Australian newspaper, who said in her subsequent report of the member for Lalor:

She was unable to answer the questions, with a spokesman saying only that a range of factors would be considered.

Labor was also unable to say what would happen if some States signed up to the plan but others refused. And there were no details on the plan for regional and local authorities to manage hospitals in the event of a Federal takeover, with a spokesman saying only that the landscape would be re-examined in 2009.

The Australian people deserve better than that. They are talking about 750 institutions vital to the health and welfare of the Australian people. These are real hospitals, serving real patients, employing real staff, and those people need some answers. Maybe they can contract Barry Jones to provide a few answers, because ‘noodle nation’ will be a model of simplicity compared to the complexity of trying to take over 750 public hospitals. I know what I am talking about because I have thought this through in a way
that members opposite have not. Unless they can come up with the detail on how this might happen, they will be exposed as complete and utter frauds, phonies and charlatans who are more interested in a headline than a health service.

**Australian Federal Police**

Mr **BEVIS** (2.35 pm)—My question is to the Prime Minister. I refer the Prime Minister to the continuing attack on the Australian Federal Police by the member for Moreton. I also refer to the member for Moreton’s claims last night that the AFP is engaged in a high-level political conspiracy with the Queensland government to bring him down. How much longer will the Prime Minister remain silent in the face of the member for Moreton’s escalating attack on the integrity and independence of the Australian Federal Police?

Mr **HOWARD**—I am delighted that the good name and reputation of the member for Moreton has been established as a result of the announcement made by the Director of Public Prosecutions. I extend the same expression of delight to the member for Bonner, a person of complete integrity and great decency. Both of these gentlemen bring to their constituencies of Moreton and Bonner, in the city of Brisbane, high-quality, energetic and far-sighted representation. I take the opportunity afforded to me by the member for Brisbane to say those things about them.

I would point out to the member for Brisbane that in relation to this matter I do not intend to take a leaf out of the book of the Queensland Premier and use parliamentary privilege to make prejudicial comments on charges—

Ms **Macklin** interjecting—

Mr **HOWARD**—When the possibility of these investigations was first raised, no charges had been laid. Yet the Queensland Premier, under parliamentary privilege, made an attack on the character of the member for Moreton, the member for Bowman, the member for Bonner and the entire Queensland division of the Liberal Party. I remember what Peter Beattie did. He got up and traduced, under parliamentary privilege, the reputation of my three colleagues and the reputation of my party in Queensland.

Mr **Snowdon** interjecting—

The **SPEAKER**—The member for Lingiari is warned!

Mr **HOWARD**—In those circumstances, the member for Brisbane has the nerve to ask me to rebuke a man who has waited for six months to have this matter dealt with—you have an absolute nerve to ask a question like that.

Mr **Bevis**—Mr Speaker, I rise on a point of order going to relevance. The question asked was about the AFP. The Prime Minister is yet to refer to the AFP.

The **SPEAKER**—The member for Brisbane will resume his seat. The Prime Minister is in order.

Mr **HOWARD**—Let me make this clear: at no stage while these investigations were going on did I use parliamentary privilege to say anything about the matter. In fact, I told all of my colleagues that under no circumstances should any pressure be placed on the Australian Federal Police.

Ms **Macklin** interjecting—

The **SPEAKER**—The member for Jajajaga is warned!

Mr **HOWARD**—I told my colleagues that the Federal Police should be allowed to carry out this investigation without let or hindrance from me or anybody in the federal government. While I was doing that, your mate Beattie was using parliamentary privilege to try and destroy the reputation of my colleagues. And you have the nerve to ask
me to repudiate my colleagues. It shows the standards of the Queensland Labor Party.

Honourable members interjecting—

The SPEAKER—Members are holding up their own question time.

Iraq

Mr WAKELIN (2.40 pm)—My question is to the Minister for Defence. Can the minister update the House about the role of Australian combat troops as part of the coalition to bring stability to Iraq? Is the minister aware of any alternative approaches?

Dr NELSON—I thank the member for Grey for his question. I know that he welcomes the Abrams tanks and the 1,000 Australian diggers in his electorate at the moment, training at the Cultana range. Yesterday marked the sixth anniversary of the heinous attacks by al-Qaeda, driven by Osama bin Laden, on innocent civilians in New York and Washington, where more than 3,000 people lost their lives, including Australians. The ongoing struggle in Iraq—which principally is to bring security and peace to the people of Iraq, supported by the United Nations Security Council; to see that the Iraqi security forces are in a position to provide for that country’s own security; and for Australia to stand by its key allies, the United States, Britain and other countries—continues.

Two weeks ago today I was in Baghdad, and General Petraeus briefed me and the Chief of the Australian Defence Force on the progress that is being made with the surge in Baghdad. As has been reported in testimony to the joint sitting of the US congress and Senate, notwithstanding continuing violence there has been significant progress over the last six months in Iraq. Attack levels are the lowest they have been in 18 months. We have seen a 50 per cent reduction in ethno-sectarian violence across the country and an 80 per cent reduction in Baghdad. In Anbar province, for example, whereas last year al-Qaeda conducted in one month 1,300 attacks on innocent Iraqis, in this past month there have been 200. Similarly, in Ramadi, Baquba, Baghdad and other areas of Iraq there has been a significant improvement, but there is a long way to go.

Australia currently has just under 1,700 troops across the theatre of Iraq. That includes a battle group which is in Tallil to provide very important training to the Iraqi security forces in Dhi Qar and Al Muthanna provinces and also to provide backup security to the Iraqis themselves, who so far have performed extraordinarily well. Australia has trained some 16,000 troops at this stage. In addition to that, our troops are engaged in very important engineering projects, including schools, hospitals, bridges and roads. On the advice of the Chief of the Australian Defence Force in September last year and the advice of the Chief of Army, Lieutenant General Peter Leahy, the government was advised by me that, in order to provide an acceptable level of risk to our forces, that battle group should be increased in size. On the advice of our military advisers, in order to protect our own troops we increased the size of that group by 38 soldiers and we added another four Bushmaster infantry mobility vehicles to the battle group. In other words, the advice I was given by our military commanders was that in order for our diggers to do their job they needed more people and they needed more equipment. We provided that.

I am asked about alternative policies. On 5 September this year the Leader of the Opposition said this in a doorstop interview in north Melbourne:

... Labor has a policy which supports the negotiated, staged withdrawal of Australian combat forces. It’s a policy we would pursue in Government.
Yesterday, I noticed that the spokesman for foreign affairs for the Labor Party said:

We intend to commence a phased withdrawal of Australian troops from Iraq in the middle of next year ...

There are extraordinarily important points here. The first is that, having rid Iraq and the world of Saddam Hussein after the September 11 attacks, the Australian government and the Australian troops are supporting the Americans, the Iraqis, the British and other countries to bring security to Iraq, endorsed by the United Nations Security Council. Our troops in the south—those combat troops which the Labor Party says it will withdraw in a negotiated, phased way—have been increased in size for their own protection as they provide training and protection to the Iraqis and support our key allies. The ignorant naivete of the Leader of the Opposition, in an act of political opportunism to the Australian people, is such that he will have a negotiated, phased withdrawal of those troops.

The Americans have 165,000 troops in Iraq. They will, at some point—and we have already seen indications of it—have a phased withdrawal. To have a phased withdrawal—which Australians are being led to believe by the Leader of the Opposition—will place in danger the lives of Australian troops. That battle group is either there or not. It will also place in danger struggling Iraqis who have shown enormous courage to build their own democracy. Troops help those Iraqis build their own schools and hospitals, and a withdrawal would abandon the Iraqis in the process of training them. This is the same Leader of the Opposition who was very happy to deploy 300 troops to Afghanistan on the basis of a television report. It is absolutely essential that the decisions made about Australian troops—who wear our uniform, in our name, under our flag—in countries protect them and their critical mass for their own security. The naivete and opportunism of the Leader of the Opposition is such that, if he does what he proposes to do, he will place at risk the very safety of our own people.

We have a responsibility to see this job through. Al-Qaeda is, in the words of General Petraeus, the No. 1 enemy in Iraq. We have a responsibility to Iraq, the Middle East and the free world to see the job through and make sure that our own troops are as safe as they possibly can be in the process.

Equine Influenza

Mr CREAN (2.47 pm)—My question is to the Prime Minister. Has the government received any warnings about the adequacy of its quarantine regime in preventing the entry of equine influenza into Australia?

Mr HOWARD—I am not directly aware of that. I would not, in the normal course of events, have that information across my desk on a daily basis. I will talk to my colleague and, if there is anything that I can advise the House of, I would be very happy to do so. This is a serious matter and I have been asked a question about it. I know that the honourable member has a keen interest in these matters, and that is why he has asked me the question. We have taken this issue very seriously.

I do want to take this opportunity to congratulate the minister on the way he has handled a difficult issue. He understands the racing industry certainly better than I do and better than, I think, many, but not all, members. I think the member for O’Connor might know a little bit more about the racing industry than most, and he brings all the colour and flair of the racing industry to his contribution in parliament. Seriously, this equine flu outbreak is a very big challenge to a wonderful industry. I am delighted that the Australian government, the Commonwealth government, has been able to provide a very
big package of help to the industry. There are many—

*Opposition members interjecting—*

**Mr Howard**—Have you finished? You asked me the question. I thought you were interested in the horse-racing industry. Your colleague asked me a question, and all you can do is natter away to your mate the Leader of the Opposition.

*Mr Tanner interjecting—*

**The Speaker**—The member for Melbourne!

**Mr Howard**—No—I do. I actually take this issue quite seriously—I do—far more seriously than you do. I think it is quite important to tens of thousands of people. We have brought in not only an emergency relief package but also a very significant financial package to help the industry. I have to say that I am extremely disappointed that the New South Wales and Queensland governments, both of which collect hundreds of millions of dollars a year in gambling taxes, have not seen fit to provide any real assistance to the battlers in this industry.

**Workplace Relations**

**Mr Vasta** (2.50 pm)—My question is addressed to the Minister for Employment and Workplace Relations. Would the minister update the House on how the government’s reforms in the area of employment are contributing to a stronger economy? Is the minister aware of any threats to this contribution?

**Mr Hockey**—I thank the member for Bonner for his question. I acknowledge that he is a man of great integrity. The member for Bonner is a fine representative of a beautiful seat. He knows that, by undertaking workplace reform, this government has been able to help to deliver more jobs and higher wages for working Australians. The unemployment rate today is 4.3, the lowest level in 33 years. More than 10½ million Australians are in jobs. Participation in the workforce is at an all-time high and real wages—meaning the wages that go into people’s pockets after inflation—have increased by more than 21 per cent since we came into government; whereas under 13 years of Labor real wages actually fell by 1.8 per cent.

This comes about not by accident but by real reform and introducing a more flexible workplace—for example, in 1996, by introducing AWAs. If you believe the rhetoric of the Labor Party, they have been around for only 18 months, but, in fact, they have been around since 1996. Of course, abolishing the unfair dismissal laws on small business means that small business now has the courage to employ people with no employment history.

I am asked about the threat to the success of the economy, the threat to our workplace relations system. The greatest threat is the Australian Labor Party. You only need to ask yourself one question, and I ask the Australian people to ask themselves this question: do you really believe that the Labor Party would have the courage to stand up to the union bosses, when 70 per cent of their front bench are former union officials? Do you really believe that the Labor Party would have the courage to stand up to the union bosses, when every member of the parliamentary Labor Party is a member of a trade union movement? Do you really believe that the Labor Party in government would have the courage to stand up to the union bosses, when they are spending tens of millions of dollars trying to get the Leader of the Opposition elected at the next election?

When you look at Labor’s front bench, starting from the left, you have the member for Watson, the member for Hotham and the member for Batman—former union officials. There is the member for Fraser, a former
union official. There is a former lawyer to union officials in the Deputy Leader of the Opposition. If you go right down their front bench, what you find is a great history of total engagement with and absolute sycophancy to the trade union movement. And do you know what? You have to judge the Labor Party not on what they say, not on what the PR firm tells them to say, but on what they do. Greg Combet let the cat out of the bag last year—Greg Combet, the man who is coming in with Bill Shorten, Richard Miles and Dougie Cameron, the Scottish union official who is an expert on the interests of the Australian workers. Greg Combet, who is coming on to the front bench of the Labor Party, said, ‘I recall we used to run the country, and it would not be a bad thing if we did it again.’ Do you know what? He will have no problems with that under a Rudd Labor government.

Equine Influenza

Mr CREAN (2.54 pm)—My question is a follow-up to the Prime Minister’s last answer and it obviously goes to him. If he takes the issue of equine influenza so seriously, when will he familiarise himself with a brief involving the handling and warnings as to the adequacy of the quarantine regime in the recent crisis?

Mr HOWARD—I continue to believe that the member for Hotham is serious about this matter. I participated in the announcement of a full inquiry with the powers of a royal commission to be carried out by the former Justice of the High Court Ian Callinan QC. I would have thought that was done in a completely transparent manner with no holds barred. People are required to give evidence and people are required to put documents before the inquiry to get to the bottom of it.

When you establish an inquiry, you do not double-guess the inquiry. You let the inquirer get on with his job. If Mr Callinan finds that there has been some failure by the Commonwealth or by some officer of the Commonwealth, in his fearless, independent way, he will report. Given the fact that we have appointed him so quickly and given him the powers we have, I am astonished at the member for Hotham. What are you getting at? I am quite astonished at what the member for Hotham has asked. Here we have a minister doing his job. He understands the industry. He looks after the strappers, the jockeys’ assistants and the bookies’—

Mr McGauran—Not the bookies, no!

Mr HOWARD—Not the bookies, no. But the bookies’ clerks have got a bit of a worry. Will you have a look at them?

Mr McGauran—Okay. I will have a look at them.

Mr HOWARD—He looks after all of those people. And here we have the member for Hotham asking: ‘Why don’t you have an inquiry?’ Really, you ought to read your brief.

Water

Dr SOUTHCOTT (2.56 pm)—My question is addressed to the Minister for the Environment and Water Resources. Would the minister advise the House how the government is helping to secure Australia’s water future—in particular, Adelaide’s water future? Are there any alternative policies, and what is the government’s response?

Mr TURNBULL—I thank the member for Boothby for his question. I recognise the very great concern he and his constituents have about the way in which water has been managed in Adelaide. The Australian government, in 2004, established the $2 billion Australian government water fund and this year established the $10 billion National Plan for Water Security, supported by the historic Water Act 2007.
The Australian government water fund has invested in the better management of more than 75 billion litres of South Australian water through projects worth, in total, $620 million. They include $38 million for Waterproofing Northern Adelaide, $2.3 million for the metropolitan Adelaide stormwater reuse project, $34 million for Waterproofing the South and $20 million for a statewide waste water recycling project, among others.

I note that in 2004 the Prime Minister offered to fund half the cost of the Glenelg waste water recycling project to save 3.8 billion litres. Three years on, the National Water Commission is still waiting on written confirmation of co-funding from the South Australian government. The problem that Adelaide faces is that it has in its Mount Lofty dam storage capacity for only about a year’s worth of water—a little less, in fact. It is dependent on the Murray every year, and in dry years dependent on the Murray for up to 80—sometimes 90—per cent of its water.

Last year we got a wake-up call in terms of the Murray River. Inflows were a little more than 50 per cent of the previous all-time low. Those inflows were literally off the charts. It became obvious then that Adelaide needs a non-climate-dependent water source and, plainly, desalination must be part of that solution.

When the Prime Minister called for iconic water projects last July from state and territory leaders, South Australia did not put forward an option to secure Adelaide’s water future. While a year later no such proposal has been put forward to us, in the five years of the Rann government, they have managed to take over $800 million of dividends out of SA Water—$800 million that should have been invested.

I was asked whether there are any alternative policies. The alternative policy is this, and it is one which is vital to the water security of Adelaide: Adelaide needs a new, non-climate-dependent water source. It needs a desalination plant, and it needs it now. I have been calling for the South Australian government to act on this for more than a year. Yesterday, Premier Rann issued a statement titled ‘Future directions in water security’, which did no more than say that it is likely that a desalination plant will be built, and that he hopes his government will make a decision before the end of the year. There is a Labor track record in water neglect. The best example of that was the Labor government in Queensland—in which the Leader of the Opposition played a leading role in 1989—which cancelled a new dam proposal for south-east Queensland, the Wolffdene Dam, crossed its fingers and prayed for rain. It rained for a few years and everything was fine. And what has happened? We find that, lacking that long-term investment, south-east Queensland is running out of water, and it is building infrastructure in a great rush and a great panic.

The lesson is clear: to secure the water supplies of Australia’s cities, we need to plan a long way ahead. All of these projects take a long time to plan and to build. We learnt this last year; Adelaide got its wake-up call last year when it saw how low those inflows from the Murray were, and they are not very good this year either. The fact is that Adelaide was given a signal from those inflows that it had to act, and Premier Rann is dragging his feet. I fear that that Labor complacency, no doubt copied from the complacency of the Leader of the Opposition when he was involved in state government, will put Adelaide in the same position in years ahead as Brisbane is in today. We need action; we need vision. We have set the example at the federal level, and the South Australian government should get on with it.
Equine Influenza

Mr CREAN (3.02 pm)—My question is to the Minister for Agriculture, Fisheries and Forestry. Can the minister confirm that in November 2005 he agreed to the release of three horses imported from France, including one named Reign of Fire, and that this was done outside the normal allowable period determined by AQIS? Minister, did these horses subsequently travel to Sydney and Newcastle race meetings? Can the minister confirm that AQIS was so concerned by the quarantine risk posed by the minister’s decision to release these horses that it established special surveillance arrangements?

Mr McGAURAN—I thank the honourable member for his question. I have an instinctive reaction but the normal caution in a parliamentary setting suggests that I will take the question on notice, and I will provide further advice. But I warn the honourable member for Hotham: don’t jump to any conclusions, and await further notice.

Schools

Mr TICEHURST (3.03 pm)—My question is addressed to the Minister for Education, Science and Training. Would the minister inform the House how the government is ensuring that state government schools have the best possible facilities and resources? How is this impacting on the electorate of Dobell?

Ms JULIE BISHOP—I thank the member for Dobell for his question. I can confirm that, after four rounds of the Australian government’s $1.2 billion Investing in Our Schools Program, the electorate of Dobell has received over $4 million for 38 government schools for much-needed maintenance and repair work for those schools. I congratulate him on that outcome. The single most important investment that a nation can make is in a quality education for its young people.
opportunities; we want to make sure that eligible students can access a place at university.

I ask the Australian people to compare the legacy of the Labor Party. When Labor were in power, they left schools to run down. Labor governments around the country closed technical colleges, and apprenticeships declined to record lows. In the last three years of the Labor government, 300,000 eligible young students were turned away from university because there were not enough Commonwealth supported places. This was at a time when Labor reigned over record unemployment. You could not get a job; you could not get an apprenticeship; you could not get a place at university. This government has not only cleaned up the economic mess left by Labor’s $96 billion debt; it is cleaning up the mess they left in education when they failed to support education and training opportunities to meet the skills needs of this country.

**Equine Influenza**

Mr CREAN (3.07 pm)—My question is again to the Minister for Agriculture, Fisheries and Forestry. Can the minister confirm that a number of handlers regularly left the Eastern Creek quarantine station to have dinner at the nearby Lone Pine Tavern—

*Government members interjecting—*

Mr CREAN—I thought the Prime Minister was talking about this being a laughing matter on this side, Mr Speaker. The cacklers over there should listen to this. This is serious business. Can the minister confirm that a number of handlers regularly left the quarantine station to have dinner at the nearby Lone Pine Tavern without removing their gear or showering upon departure? Can the minister confirm that these basic quarantine requirements were not introduced until just 10 days ago, after the Australian horse population had been afflicted with equine influenza? Whilst I am at it, will the minister undertake to come back to the House today in relation to my previous question?

Mr McGauran—I thank the honourable member for his question. At 9 am, I introduced a bill into the House to give Judge Callinan powers akin to a royal commission: powers to subpoena documents and witnesses and to hold public hearings. Those issues surrounding the past and current operations of the quarantine system as it applies to the importation of horses, including the facility at Eastern Creek, fall within the province of his inquiry. It is not for me to either condone or exonerate any aspect of the quarantine system or the handling of the equine influenza outbreak. We should let Judge Callinan conduct his inquiry without commentary from the sidelines that may hinder or prejudice any aspect of his hearing and his final recommendations. In regard to coming back with information in answer to your earlier question: I will provide information in due course.

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

**QUESTIONS TO THE SPEAKER**

**Privilege**

Mr ALBANESE (3.09 pm)—Mr Speaker, I wish to draw to your attention, as notified to your office earlier today, a gross abuse of privilege that occurred in the House last evening. During debate on the Commonwealth Electoral Amendment (Democratic Plebiscites) Bill 2007, the member for Moreton made a series of unsubstantiated allegations related to the long-running Australian Federal Police investigation into himself and the members for Bonner and Bowman. The member alleged that a federal agent of the AFP had engaged in a high-level political conspiracy with Queensland government ministers in relation to the conduct of the investigation. The member for Moreton
named the AFP officer and the ministers involved in this alleged conspiracy.

Mr Abbott—Mr Speaker, I rise on a point of order. This is really not appropriate material for a question to you. If he wants to make accusations, there are other forms of the House that can be used. But this is in fact a long statement couched in the guise of a question, and it should not be proceeded with in this form.

The SPEAKER—The Leader of the House does raise a valid point inasmuch as a matter of privilege, which is what I take it that the Manager of Opposition Business is raising—

Mr ALBANESE—I notified your office earlier today.

The SPEAKER—I say to the honourable member that a matter of privilege should normally be raised at the time, but I am listening carefully to the honourable member and I would ask him to get to his point.

Mr ALBANESE—The member further claimed that the AFP officer was installed in her position for the very purpose of subjecting the member and his colleagues to scrutiny. The member made these claims in the certain knowledge that a criminal investigation into allegations regarding the member for Bowman is ongoing. Mr Speaker, I ask you to consider referring the conduct of the member for Moreton to the Privileges Committee.

Mrs Bronwyn Bishop—Mr Speaker, I rise on a point of order. You just said to the member opposite that the time to raise a matter of privilege is at the time of the alleged breach. This is a long time after last night’s speech.

The SPEAKER—The member for Mackellar will resume her seat. I have said to the honourable Manager of Opposition Business that I am listening carefully. If he wishes to raise a matter of privilege, he would also have to be prepared to move a motion to that effect. I call the honourable Manager of Opposition Business and point out to him that privilege, of course, is a very serious matter and it should not be used for political purposes.

Mr ALBANESE—Absolutely, Mr Speaker. This is a very serious matter, which is why it has been raised at the appropriate time with you. Mr Speaker, I ask you to consider referring the conduct of the member for Moreton to the Privileges Committee and, in so doing, I remind you of the observation by Speaker Halverson on 28 June 1996 that the standing of the House suffers when abuse of privilege occurs. May I also remind you of Speaker Halverson’s ruling that when a member makes false allegations they have ‘a duty to withdraw and apologise’. The clear abuse of privilege by the member for Moreton and his subsequent failure to withdraw and apologise serves to diminish the standing of this House and the parliament. I seek your urgent consideration of this matter.

The SPEAKER—I thank the Manager of Opposition Business. I will look closely at what he has raised. It is not my role to refer the matter to the Privileges Committee—it is the role of a member—but nonetheless I will look carefully to see whether or not there is a prima facie case.

Mr Hardgrave—Mr Speaker, in the deliberations in the answer to the member for Grayndler’s political interference—

The SPEAKER—Order! The member for Moreton will not debate another member’s reference. Does the member have a question?

Mr Hardgrave—Mr Speaker, would you, in the consideration of the member for Grayndler’s request to you, acquaint yourself with the Courier-Mail of 9 March this year?

The SPEAKER—The member is debating the point. He will resume his seat.
Parliament: Broadcast of Proceedings

Mr PRICE (3.13 pm)—Mr Speaker, I have a question to you. Can you confirm that requests have been made by the media to allow pool TV cameras in galleries to enable clean feeds of question time? Have these requests been denied? During the address by the Canadian Prime Minister, there was a TV camera in the southern public gallery. I am unaware as to whether it was a departmental camera or otherwise. If that camera can be used on that occasion, why can’t Australian media be allowed to either pool cameras or have a clean feed of question time?

The SPEAKER—I thank the Chief Opposition Whip. In relation to the first and last parts of his question, I think he is well aware of the ruling. But on the other matter I will make further inquiries and report back as appropriate.

PERSONAL EXPLANATIONS

Mr McCLELLAND (Barton) (3.15 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mr McCLELLAND—Yes, I do.

The SPEAKER—Please proceed.

Mr McCLELLAND—In an answer earlier today the Minister for Defence quoted me in a context that suggested I favoured breaking up our Overwatch Battle Group in southern Iraq before its withdrawal. That is not the case. I refer the House to several statements that I have made indicating that is not the position of the federal opposition.

Mr ANDREWS (Menzies—Minister for Immigration and Citizenship) (3.15 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mr ANDREWS—Yes, I do.

The SPEAKER—Please proceed.

Mr ANDREWS—In articles published in the Sydney Morning Herald and the Age on 27 August David Marr claimed that I was not the co-author of three books. He is wrong. Each book comprises a series of chapters, each written by a different author. I table the chapters which I authored in each of the books. I also table a foreword to one of the books, Rights and freedoms in Australia, which refers to ‘the 25 authors’ of the book, and the acknowledgement page, in which the editors thank ‘the authors’ for their work.

QUESTIONS TO THE SPEAKER

Question Time

Mr McMULLAN (3.16 pm)—Mr Speaker, I wonder if you could reflect upon, and report back to the House on, the basis of a ruling you gave a couple of times today. I will just use one example. It related to the question to the Minister for the Environment and Water Resources. You said that the question was out of order. The standing order says, of course, that the matter for which the minister is responsible—

Mrs Bronwyn Bishop—Are you questioning the ruling?

Mr McMULLAN—I am asking the Speaker to respond—

Mrs Bronwyn Bishop—Are you doing a smart-arse act?

Ms King—Did you just hear what she said? That is unparliamentary language. She said ‘smart-arse’.

The SPEAKER—If the member for Mackellar used an unparliamentary word, she will withdraw it.

Mrs Bronwyn Bishop—If the word is unparliamentary, of course I withdraw it.
Mr Abbott—If the member for Ballarat used the same term, she should also withdraw.

Ms King—I did not yell it out; I was just telling him what it was.

Mr Abbott—She said it very audibly and she should withdraw also.

Ms King—I withdraw.

Mr McMullan—Mr Speaker, I just wanted to give you the opportunity to reflect upon, and report back to the House on, the basis on which you ruled that question out of order, because the standing orders, as well as saying that ministers can be asked questions on matters for which they are responsible, say they can also be asked questions with regard to public affairs with which they are officially connected.

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

The Speaker—I say to the member for Mackellar that I am listening to the member for Fraser. He has hardly finished his question. The member for Mackellar might allow him to finish his question before she interrupts.

Mrs Bronwyn Bishop—Mr Speaker, it is about the question that I am drawing the point of order.

The Speaker—I have not called the member for Mackellar. I will rule on the question raised by the member for Fraser when he completes his question.

Mr McMullan—It seems to me there is a very important aspect of question time, which is holding people accountable for their actions. When it talks about public affairs with which they are officially connected, that is much broader than portfolio matters for which they are directly responsible. The standing orders explicitly make that connection. I am amazed at the interpretation that said that question was out of order. I did not want to disrupt question time by raising a point of order then or a dissent, so I just ask you to reflect and report back.

The Speaker—The member for Fraser has made his point. I would say to the member for Fraser that he should also refer to the House of Representatives Practice on this issue. Clearly the question did not relate directly to the minister’s portfolio responsibilities. Nonetheless, I gave the minister the choice of answering it and he chose to give an answer.

DOCUMENTS

Mr Abbott (Warringah—Minister for Health and Ageing) (3.19 pm)—Documents are tabled as listed in the schedule circulated to honourable members. Details of the documents will be recorded in the Votes and Proceedings.

MATTERS OF PUBLIC IMPORTANCE

Health

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

The Government’s failure to tackle the challenges facing the Australian health system.

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

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

Ms Roxon (Gellibrand) (3.19 pm)—It is good to be here to be debating the challenges that we face in the health system. It seems to me that, for the Minister for Health and Ageing, it is pretty difficult to tackle the nation’s health problems if you are too busy tackling your colleagues on your internal problems. The states, stakeholders and health professionals have been asking the health
minister for months to deal with the issues, the crises, the major problems and long-term decisions that need to be made in our health system—they have been pleading with him to take some action. His answer to them has been: ‘I can’t do any of that now, because there is an election in the offing. I’m going to concentrate on the things that need to be done now.’ In fact he even publicly said, when the states asked if they could now recommence negotiations with him for the healthcare agreement: ‘No, I’m not going to do it now. It doesn’t have to be done now so I’m not going to do it now.’ He was as blatant as that.

Then I was surprised to read in the paper in the last couple of days that the very same minister has been giving all of his colleagues, who were obviously dealing with other internal matters, a lecture saying:

... as far as I am concerned we should be focused on being a good government now, and a better government in the future.

That was even after he has been spending months and months saying all he was going to do was clock off on some sort of extended smoko because an election was in the offing—he had no more duties as the health minister; he was not going to talk to the states; he was not going to try and solve any health problems; he was not going to deal with chronic disease; and he was not even able to make up his mind what his health policy was.

The most entertaining thing this week happened in question time today, when the minister was determined to try to make a mockery of our $2 billion health and hospital reform plan. He had the nerve to ask what the criteria would be for taking over a hospital. Maybe I could ask the minister what the criteria are for taking over the Mersey. I might suggest that the only criterion the minister is going to use is the electoral pendulum: ‘Where do you all come on the pendulum?’ Whether a hospital is going to be taken over by this minister depends on the government’s electoral prospects. Those are the full criteria that he uses. To stand up and say to us, when we have released a comprehensive plan with clear targets, benchmarks that are going to be signed off on and a whole range of opportunities—much more detail than your electoral pendulum—

Mr Abbott—Table it!

Ms ROXON—You have a copy of it, Minister. You have a copy of the benchmarks. You know what they are. Can you reduce readmissions? Is that a good idea? Is it a good idea to reduce readmissions to hospitals or not? As the health minister, you should know the answer to that.

Mr Abbott—Mr Deputy Speaker, I rise on a point of order. She is putting challenges to me. I’d like her to table the documents and, if she cannot table them, explain precisely what she is talking about.

The DEPUTY SPEAKER (Mr Jenkins)—Order! There is no point of order and the Leader of the House will refer to members by their titles.

Ms ROXON—It is interesting how touchy the minister is on this, isn’t it? And do you know why he is touchy? He actually would rather be on our side of the House when it comes to hospital policy. He is the one who wanted to take over hospitals—not that long ago, was it, Minister? And you are just embarrassed that we have had the guts to do it and you haven’t!

Mr Abbott—Mr Deputy Speaker, on a point of order: if I am not allowed to refer to her as ‘she’, she is not allowed to refer to me as ‘he’.

The DEPUTY SPEAKER—All honourable members will refer to other members by their titles and all remarks will be referred
through the chair. Discussions across the table are not helpful at any time, especially now.

**Ms ROXON**—Mr Deputy Speaker, I will always refer to the health minister as the delicate petal that he clearly is. He is obviously unable to deal with an issue where we have been prepared to make a difficult decision. The Leader of the Opposition has stood up and said: ‘The buck will stop with me.’ We would like to make sure that we can improve our health and hospital system with the states. We want to do it in cooperation with them. We are going to negotiate with them on a range of measures that are going to take pressure off our emergency departments, deal with our elderly in a more appropriate way and make sure we reduce preventable hospitalisations. This is already five times more detail than the minister has released of his criteria for taking over the Mersey hospital.

The government only has one plan for one hospital in one electorate in one state. We have a $2 billion national plan for dealing with the long-term future of the health and hospital system. This is something that, frankly, the community expects the minister to be able to take some responsibility for. He is embarrassed because he has been caught out. He is on record as having said what he would like to do. He is on the record as having said that the system between the Commonwealth and the states is a ‘dog’s breakfast’. He is on the record as having said that the states should vacate the field and let the federal government run the health system altogether from start to finish.

What does he say when Labor comes up with a clear national proposal? ‘Oh, no, I’m older and wiser and have decided that that’s not such a good idea.’ In other words, ‘The Prime Minister said no and I didn’t have the guts to follow it through.’ That is what happened with this minister, and he now is embarrassed that he finds himself with his views on health policy more in line with ours but not able to pursue them.

I can tell you, Minister, that you have left everybody very confused about your view on hospitals. It seems to change every week: you want a federal takeover; you do not want a federal takeover. Then, of course, the Prime Minister launches a takeover of one hospital; you are not sure whether that is a test case and whether it is going to happen in other hospitals. You changed your mind five different times in one week, and then, when asked in an interview if this was an election stunt, you were unable four or five times to deny that that is all it was. People have been asking the minister for his criteria. As I say, I can table the minister’s criteria if that would be of assistance, because it seems to me it is the only way that, in this House, we will know whether hospitals are going to be given any attention by the Howard government or not. If you are not close on the pendulum to the electoral interests of the Howard government, you have no hope of anybody paying any attention to your healthcare needs in the community.

**Mr Ticehurst**—What are you going to do with the Central Coast?

**Ms ROXON**—There are a lot of concerned people on this side of the House and a lot of other concerned people—the member for Dobell is one who is acutely aware of the needs of the health community in his electorate and would certainly be interested to know whether he is close enough to be within the minister’s range or not. I am not sure whether he will be or not.

*Mr Wilkie interjecting—*

**The DEPUTY SPEAKER**—Order! The honourable member for Swan is not helping.

**Ms ROXON**—We have arrived at a position where, when the minister goes on na-
tional television for an interview, even the interviewer, let alone the public, does not expect him to be asked a question about health. He does interview after interview; he talks about the leadership challenge; he talks about internal issues. He talks about anything other than health policy every time he does an interview. And do you know what? No-one is even surprised because, when he does talk about health in here, he never tells us anything about his policies. He probably spends a bit of time attacking us. He likes talking about Queensland politics. He tries doing everything he possibly can. He likes to belittle people—that is his main approach with me. But, Minister, the truth is that most people would like to know what you are offering them at this election. You have made a whole range of rock-solid guarantees in the past that have never been followed through.

I thought it was interesting: the minister made another rock-solid guarantee today—he said that there was 'rock-solid support' behind the Prime Minister and the Treasurer. I thought: ‘I’ve heard that somewhere before. What does his rock-solid guarantee actually mean?’ If I were the Prime Minister I would be worried that my most trusted lieutenant is making a rock-solid guarantee when the last one he made only lasted a number of days, or it might have been a month—certainly not very long and certainly it was not the highlight of the minister’s career. He has said as much himself. But that he actually used those words again—I wondered whether it meant that the leadership challenge was not really over.

The serious part of this whole debate is that Labor are in the business of laying out an alternative health and hospital plan for the future of the country. We have a $2 billion plan—new money on the table in addition to the money that is already there—that is going to kick-start a reform process. It is us as the Commonwealth putting our money where our mouth is and being prepared to actually take a step and say the Commonwealth needs to invest. We are going to push the states. We want them to pull up their socks in some areas too. If they do not want to play ball, then we will consider whether we take over financial control of hospitals. We have made that perfectly clear. There is nothing secret about that. Despite the minister’s posturing, we have made quite clear that our preference is to work with the states. We believe it will be the best outcome for the community if every Commonwealth health dollar and every state health dollar is used to maximum benefit in a cooperative way—get rid of duplication; get rid of all of the blame shifting and cost shifting.

We are going to this election with the clear message that, if that cannot be done, we will not let those negotiations and that inaction drag on forever. If the states will not play ball, we will go to the public and seek their approval to take over financial control of the hospitals. We will not just waltz into one hospital in one electorate in one state and say, ‘Have we got an offer for you!’ Ten weeks before an election we will not say, ‘Have we got an offer for you!’ when every other hospital and every other community in the country says: ‘What about us? What are you doing for us? What is the plan for us?’ The government has not done the work. Either the minister has not done the work or he is not prepared to argue to get it through his cabinet colleagues. Then he got caught—blindsided, I think—by the Prime Minister, who was prepared to do this in one seat and hope that it might have some electoral benefit but was not prepared to put it together as part of a comprehensive plan.

We are proud of the fact that we have a comprehensive plan which will be nationally consistent, because if it is not nationally consistent it is not going to be sustainable. That is the real risk for the community in northern
Tasmania: is the government’s proposal going to be sustainable? It is fine to go in and offer it—and I am pleased that the minister was able to report today that the Tasmanian government and the Commonwealth government are having better negotiations on the outcome of this, because everyone needs that to be a successful proposal for that community—but the truth is that the work was not done first. The government just waltzed in and said they had an offer. There is absolutely no way they could make the same offer to every hospital around the country, even if there were the need, and we know that there are many people who will be left out by their proposal.

I am very concerned that the minister has just taken an extended smoke break. For someone who is so anti union I am surprised that he is prepared to make use of those sorts of award conditions, that he is prepared to just clock off when he has not got time to keep doing his work because he is more worried about saving the government’s skin. Here is Labor, delivering a plan and focusing on delivering better results for patients, when the Howard government is focusing on winning votes. We are interested in campaigning on health and providing better services to the community. We are interested in having a plan that is not just for 10 weeks, for this election period, but for the next 10 and 20 years. We are interested in really making sure that our health and hospital system is viable in future. If we do not retool and re-equip our health system for the future, we will not be able to cope with the challenges that we face.

Many members on this side of the House very much feel the ageing of the population. Many of us represent communities in which there are a large number of elderly people who need a different type of health care from what was needed when the number of elderly in the community was a much smaller proportion. We need to get it right. We need to have care that is not just hospital care but community care—appropriate care—and aged-care facilities. We need to deal with the growing burden of chronic disease. I went to a hospital in Bennelong the other day where 25 per cent of the patients were diabetic. They were not admitted particularly for diabetes related conditions—some of them were—but when the diabetes clinic that is linked to the hospital did a survey, 25 per cent were found to be diabetic. If we cannot ensure that we have systems in place where we can treat and prevent, where possible, diabetes or have better processes in our hospitals so that people with complex conditions and a range of comorbidities are able to be treated—

Mr Abbott—Tell us what they are.

Ms ROXON—The minister says, ‘Tell us what they are.’ Minister, you have been in government for 11 years and you have no idea what the solution is, have you? You have no idea whether or not you are prepared to provide more funding to that clinic. You have no idea whether or not you could fund—

Mr Abbott interjecting—

Ms ROXON—Minister, it is quite staggering. How many years has he been health minister? Is it four years or three years?

Opposition members—Too many!

Ms ROXON—We know it is too many years. When we have an idea, rather than saying, ‘That’s a good idea; I should have thought of that,’ the minister says, ‘Tell us some more detail because I’m not sure what I’m going to do about it.’ That is his approach: no solutions, no options. It is the case with a whole range of things. If the minister is serious and interested in what he can do for diabetes, why does he not look at a couple of things that have been on the table
for a long time? Why does he not look at the COAG plan that everybody else has been calling for the government to sign on to?

Mr Abbott interjecting—

Ms ROXON—You have done about a quarter of it, Minister. You have not been doing all the hard stuff, all the expensive stuff.

Opposition members interjecting—

Ms ROXON—I think he has had his angry pills.

Opposition members interjecting—

Ms ROXON—I do not think the numbers were quite as clear as he was hoping for. Minister, this is a serious issue. We have a national coordinated plan for health and hospitals. We have a $2 billion plan and you are on extended smoko. (*Time expired*)

Mr ABBOTT (Warringah—Minister for Health and Ageing) (3.35 pm)—It is nice to be debating health. I am just sorry that we did not get anything remotely resembling a debate from the shadow minister for health. It is all very well to express an aspiration; it is all very well to come up with a wish list. Under a bit of pressure the shadow minister said today that she had a serious plan to take pressure off emergency departments, she had a serious plan for dealing with avoidable hospitalisations and she had a serious plan to deal with the growing burden of chronic disease. She does not have a plan to deal with any of these issues. All she has is the expression of the desire to deal with them.

I accept that this government is far from perfect and I accept that you have never uttered the last word in healthcare policy. I accept that healthcare policy is always a work in progress. But it is not enough to say, ‘These are the problems we need to have solved.’ ‘To be taken seriously you must have some idea as to how they might be solved. Of actual ideas, as opposed to a mere wish list, this shadow minister and this opposition are absolutely, utterly and totally bereft. I regret to say that what we have had from the shadow minister today is another illustration of just how shrill and shallow she is. I am afraid any objective observer listening to her performance would say: ‘Cliche piled on platitude, piled on wish list; utterly devoid of any hard policies to deal with serious, practical problems.’

Ms Roxon—Give us the details!

Mr ABBOTT—We have shrieking from the member opposite: ‘Give us the details.’ I now propose to give her precisely that. What are the four big challenges facing the Australian health system—challenges that we did not have detailed from her? First of all, there is the challenge of affordability: how can we ensure that all Australians have affordable access to high-quality health care? Then there is the challenge of workforce: how do we make sure that we have the health professionals we need to deal with an ageing population? Then there is the issue of chronic disease: what are we going to do to try to ensure that these things are tackled sooner rather than later in an acute hospital setting? Finally, there is the issue of the governance of all of the various individuals and institutions in our healthcare system. Let me take them in turn.

Affordability is a serious issue. I am very proud of the fact that, since I have been the Minister for Health and Ageing, GP bulk-billing rates have gone up from 66 per cent to 78 per cent, and at over 73 per cent the bulk-billing rate in this country is at an all-time high. When I became the health minister, every other question time Labor asked questions about bulk-billing. I cannot remember when the last question on bulk-billing was asked. The bulk-billing issue has been addressed by this government. Overall bulk-billing rates are at an all-time high.
Bulk-billing rates for children, for people over 65 and for people in country areas are all at an all-time high.

Ms Roxon—Those behind you don’t have great stats—Dobell and Macquarie.

Mr Abbott—She is just nattering away constantly, thinking that that kind of school-yard banter is a substitute for serious policy work. If she is really concerned about affordability, what is her view on the Medicare safety net?

Ms Roxon—Mr Deputy Speaker, I rise on a point of order. I am responding to the invitation from the Minister for Health and Ageing. Since he has flagged affordability as the major issue of concern for the government—

The Deputy Speaker (Mr Jenkins)—Order! The honourable member knows there is no point of order, and no opportunity—

Ms Roxon—what are the out-of-pocket expenses for GPs? Have they doubled under your government?

The Deputy Speaker—Order! The member will resume her seat!

Mr Abbott—Whether they have gone up by 10 per cent, 20 per cent or five per cent, the fact is that there is now a safety net in place to deal with that—a safety net that this member opposite still cannot say what she will do with. If the member opposite were a serious contributor to the policy of the opposition, if she were a political performer even on a par with her two predecessors, this matter would have been dealt with. The fact that it has not been dealt with is a sign of just how little work this shadow minister has done.

Now we have the issue of workforce. I accept that for a long time the issue of workforce was not adequately, let alone comprehensively, dealt with. Between 1983 and 1996, when Australia’s population substantially increased and substantially aged, the number of doctors coming from Australia’s medical schools did not increase at all. There were 1,200 doctors coming from Australian medical schools every year in that whole period. There was no change throughout the period from 1983 to 1996. Since 2000, particularly since 2002, when we finally had comprehensive and thorough advice from the Australian Medical Workforce Advisory Committee that we did have across-the-board problems, this government has massively expanded the number of medical training places. In 2005 there were about 1,500 doctors graduating from Australian universities. By 2012 there will be about 3,000 doctors graduating from Australian universities, and there have been massive increases in the number of training places in all the other health professions. I do not say that the problem is solved. I do not say that these graduates will be riding to the rescue of our health services next year or even the year after that. But I do say that this is a serious government seriously tackling the problems of this country. For the shadow minister to blithely say that nothing has been done is just simply false.

Chronic disease is a very serious problem in an ageing population. I am interested to see the member for Pearce here. She is the co-chair of the parliamentary diabetes committee. It is great that her work and the work of her colleagues from both sides of the House on this committee has been seriously responded to by this government. As one illustration of what this government has been doing, let me refer the member for Gelibbrand to the diabetes prevention program announced in the recent budget. This is certainly not the last word; nevertheless, it is evidence of this government’s seriousness in tackling the chronic disease problem. In the last financial year we had nearly 700,000 GP care plans put in place under Medicare; we
had nearly 400,000 team care plans put in place under Medicare; and we had nearly one million allied health consultations funded under team care plans as part of our Medicare system. Since November of last year we have had almost 300,000 mental health care plans put in place under Medicare. Since November last year we have had more than 600,000 psychologist consultations happening under Medicare. These are serious services being delivered by high-quality health professionals under a serious policy put in place by a government that knows what it is doing, that does not rush in and think that complex problems can be solved by simplistic solutions but which uses the great Medicare system that we have got and the excellent health professionals that we have got to make a difference to the really serious problems that this country faces.

Let me turn to the issue of governance in our health system. We use the term ‘health system’ as a form of shorthand, but in fact we have tens of thousands of health institutions, some which operate in a more or less coordinated way with others. Essentially, we have some 50,000 doctors, some 200,000 nurses, 750 public hospitals, almost 300 private hospitals and 3,000 nursing homes, and they operate under quality arrangements, safety standards and professional standards. But to talk of ‘systems’ as if there were one person giving orders under which every last person and every last institution jumps to attention is wrong, and anyone who suggests that it should be something more like the UK National Health Service does not appreciate the strengths, as well as the complexities, of our health system.

In the end, the issue with public hospitals, for instance, is not who runs them; it is whether they are run well. The problem with public hospitals is not that they are currently run by state public servants as opposed to federal public servants. The problem is not that state public servants are useless and federal public servants are omniscient and omnicompetent. No, that is not the problem at all. The problem in our public hospitals is that there is too much bureaucracy, there are chains of command which are far too long, there is not enough local autonomy and there is not enough swift responsiveness to patients, to doctors, to nurses and to other healthcare providers.

The difference between this government and members opposite in relation to the Mersey hospital is that we know all of this. We know that public hospitals are complex and difficult institutions to run, and we think that if there is going to be a change it is better done incrementally. It is better done by proven example of good practice than by yet another sweeping reorganisation of the type that health systems have had time and time again, invariably to the dismay of the people working in the hospitals and often not to the benefit of the people that the hospital is supposed to be treating.

As I said, it is not the public servants that matter; it is the services that matter. I am confident that a Commonwealth funded, community controlled public hospital at the Mersey will in time deliver better services to the people of that region. I am also confident that over time this will be a beacon of better management that will inspire better practice in public hospitals all around Australia, whether they remain run by state governments or whether they might in some distant future be run by federal governments or at least be under federal government stewardship.

The immediate challenge for this government after the election will be to renegotiate the healthcare agreements. Again, I do not pretend that this is going to be an easy business, and I am certainly not going to give chapter and verse as to how that might go
ahead. Let me say this: as far as this government is concerned, the next healthcare agreement will be about improving services to patients. It will not be about governance; it will be about services. I think that will be a huge advance, to the benefit of the people of Australia.

The challenge for members opposite is to say how the 27-page policy that they announced is actually going to play out for the people of Australia. Plan A is to have a commission. They do not know who will be part of it. They do not know what it will recommend. Plan B is to have more cooperative federalism. They think that might work out; they are not sure. Plan C, when that policy fails, as it inevitably will, is that they are going to take over the whole damn lot. They cannot tell us what the GST arrangements will be, they cannot tell us what the legal arrangements will be and they cannot tell us whether they will have a referendum or a plebiscite. What they cannot do is offer any reassurance at all to the people of Australia that they really know what they are doing. That is the problem. We have $52 billion worth of plan.

Let me say this in conclusion. When the people of Australia are asked who is responsible for problems in their health system, they say it is the state Labor governments, not the Howard government. (Time expired)

Mr Kerr (Denison) (3.50 pm)—The alpha and omega of health is birth and death, and the focus of this government is on death. ‘Howard will fight to the death’ say the headlines. He will fight to his death and that of all those that serve with him. The government are going to the next election chained to a political corpse. It is a plot worthy of Melville, and he knew a thing or two about the illusions that drive men and women to their doom against all sense is their failure to recognise their own shortcomings and to appreciate the strengths of the arguments that are being advanced against them. They have become so inured to their self-rhetoric that they do not recognise that the community demands and expects more of them.

What we have got in this country now is an argument being advanced by the Minister for Health and Ageing not on health issues but on politics. He is a bit like the characters in the film Weekend at Bernie’s. There he is, dragging around a political corpse of the Prime Minister, saying that he is really alive. ‘You have got to believe it. You have got to have faith: the Prime Minister is really alive.’ That is the health policy: believe that something that is false is actually true; persuade yourself and perhaps you can fool the people. It is an extraordinary situation.

What is happening now really demands an author of the calibre of someone like Melville, with Moby Dick. We have a captain going down with his ship. Of course, in true heroic tradition, that usually happens after you have put off the paying passengers and your own shipmates—and then the captain goes down with the ship. But, no, in this instance, the passengers and crew are also to go down with the Prime Minister, with the would-be mutineers cowed to silence, the old captain, something like Captain Queeg, with the steel balls in his hand, cabin fever in his eyes, aglitter with hate for those who have told him it is time to go. That notwithstanding that he actually asked the French-speaking first mate to inquire as to whether or not the crew were happy with his conduct. He had come back saying: ‘Not happy, Captain. Time for you to stand aside.’ But, of course, what he then does is keelhaul those who speak out, cow to silence those who stay aboard and threaten to scuttle the ship—threaten to open the seacocks if anyone
speaks against him. And of course they are all cowed to silence.

What of the ship’s second-in-command? What we have is essentially a character that would better fit Flashman novels—all strut and no courage or loyalty to his own party: the Treasurer. That Flashman stands aside of his responsibilities, neither having the will to stand with the Prime Minister nor to strike him down. The Minister for Health and Ageing, who has been so beautifully characterised by the shadow minister as putting his whole focus on the political survival of this government, goes before the state ministers that he castigates about their failures in health policy and says, as to the Commonwealth health agreements with the states: ‘I will not discuss this further. I will not examine it. I am now focused entirely on politics.’ That is exactly what you can see: the ship’s doctor, the fanatical Dr Abbott, handing out rum and opium to keep alive the dull hopes and fantasies of the crew, who are still struggling with some hope to keep the rotting hulk of their government afloat for a few more weeks.

That is essentially where we are at. This is the ugly place the Howard government have got to: becalmed, going nowhere, political death stalking them by denying reality. How do they deny reality? They deny reality by trying to address with band-aids the problems that confront them. Instead of responding to the Tasmanian state government—which had put forward the bravest and most constructive plan ever for health reform in Tasmania to address a crisis of health policy in that state and to deal with parochialism and the misallocation of health resources over historical time—instead of saying, ‘We will assist you with funding if you fall short of the resources you require to make this work effectively,’ they step in and play up parochialism in a most destructive way. Of course, in the end, if you are offered something like $45 million or so to take a hospital off your hands, a state government is going to accept it. But this is the worst kind of long-term policy for Australian national health planning.

I was a member of the Royal Hobart Hospital board of management—a community run hospital in the old terms. Do you know why we stopped having community run hospitals in Tasmania? It is because each and every one of those boards ran their hospitals for their local, parochial interests. We drove the funding of those hospitals over budget each year, then put our hands out to the government and said, ‘You’ve got to fund us or we’ll close surgical units or the like.’ We had in our state a constant demand for hospitals but in places where demand was insufficient, so we would put hospitals in every small settlement. Some have been closed over time as a response to increasing demand elsewhere. To get rationality across the state, Lara Giddings put forward what was the bravest, strongest and most sensible plan ever for health allocation, to get away from that kind of parochialism. And do you know what the federal minister did? In he came and said: ‘Look, I’ll play to the lowest common denominator of partisan politics. I know this kind of parochialism works. It’s worked before. I’ll gee it up again,’ and off we go.

I know that this is the kind of outcome that, if applied consistently across Australia, would destroy our health system. It is not a solution. The federal opposition has come up with a $2 billion injection which will go across the health system to make certain that all hospitals operate effectively and provide services efficiently to those that they service. We expect the states to cooperate—this is not being done with an expectation that there will be failure. But we also have in reserve the capacity to step in ourselves if the will amongst the states fails, because we do know that this is hard politics. The easy thing to do
is to just spray money around without regard to the long-term responsibilities of a national government—to keep funding the creaking door, the squeaking door, wherever it might be, and to ignore those long-term demands and drivers of the health system. What are they? The first is an ageing population. The second is the fact that the cost of the provision of health is increasing faster than the CPI. The third is the fact that the Commonwealth has reduced its commitment to hospital funding nationally so that, instead of providing 50 per cent of the balance of funding required to the states, it now, I think, provides in the order of 43 per cent. That is off the top of my head and I will be subject to correction, but I think it is 43 per cent. What that means is that there is a $70 million shortfall in my home state of Tasmania alone. That then creates further difficulties and issues that all state governments are having to confront.

What we need is a national government that responds efficiently and proactively to all these long-term demands. Instead, we have a health minister focused on the political corpse of the Prime Minister, with the stethoscope out, pretending there is a heartbeat. We have the remedies from other doctors. Dr Bolt and Dr Albrechtsen have indicated that the dead tissue has to be cut out. But, bizarrely, today, again in some kind of political knee-jerk reaction no doubt driven by the Prime Minister’s office, we have the headline: ‘Costello must go for sake of Liberals’. That is the strike back—the dead striking at the living. We have Dr Rolfe counselling that the Liberals should cut out the living tissue. Finally this morning we had Dr Hewson, the only real doctor in the business, saying: ‘Look, don’t you worry about that. Everything is going perfectly swimmingly.’ This is the denial of reality that the coalition is operating under. At the end of the day, how can they ask the people of Australia to trust them with their future when they are not going to be part of it? How can the Prime Minister ask the people of Australia to trust him with the future of health care in Australia when the Prime Minister himself is not going to be part of that future and his own colleagues have told him that they no longer want him?

Dr SOUTHCOTT (Boothby) (4.00 pm)—In addressing the future of the health system it is important to first have a look at where we are now. When you look at any number of measures you will see that the population health of Australia is one of the best in the world. There are only a handful of countries with a greater life expectancy than Australia. Australia has always followed a third way between the fee-for-service model of the United States health system and the National Health Service of the United Kingdom. More importantly, on any number of objective measures, our population health is better than that of those two countries.

As the Minister for Health and Ageing said, the Commonwealth government spends $52 billion on health and aged care. It is a substantial amount of money from the Commonwealth budget and it is a substantial amount of money in a $1.1 trillion economy. We have Medicare, which was introduced by the Labor Party but which has been strengthened by the Liberal Party. Medicare includes things such as free access to public hospitals, bulk-billing and access to subsidised pharmaceuticals. During this government’s life, we have made a number of improvements to Medicare. Just recently, in July 2007, we established the National Health Call Centre Network. That provides nurse based telephone triage 24 hours a day. In the 2004 election, we promised to have 100 per cent Medicare, up from 85 per cent of the MBS items. That was delivered in 2005. Nationally, we have seen the number of bulk-billed services increase across the country. In part,
that was due to the incentives that we provided for bulk-billing for children under 16 and concession cardholders. In my own electorate of Boothby, there are almost half a million visits to general practitioners that are bulk-billed. That is 72.7 per cent of all GP services which are bulk-billed. That is a significant increase on the last three years.

We have done a number of other things. Almost all general practices are now computerised. That was achieved through the Practice Incentives Program. Information management and information technology are now a standard part of most general practices in Australia. We provided incentives for GPs to offer after-hours care. We provided incentives to allow for the teaching of medical students. Over the last eight years, we have also had enhanced primary care items in Medicare. This was to help with the management of chronic conditions and patients who need complex care. We have listened to people and improved the dental items on the MBS as well. That was in the 2007 budget. Again, that was for people with chronic illnesses and with complex care needs.

We have introduced the extended Medicare safety net for out-of-pocket, out-of-hospital expenses for visiting GPs, specialists and diagnostic services. That has been a very important improvement for families, who occasionally were hit with substantial out-of-pocket, out-of-hospital expenses for visiting specialists, doctors and diagnostic services, such as radiological services and so on. We have also improved the access to after-hours GP services. Again, in my own electorate, which I am principally familiar with, we spent $100,000 to establish an after-hours GP service at the Blackwood community hospital.

Another side of the health system is the Pharmaceutical Benefits Scheme. We have seen a substantial increase in the amount spent on the PBS and we have introduced newer drugs for arthritis, Alzheimer’s, cardiovascular disease, cancer, psychiatric illnesses, diabetes and epilepsy. Over the five years of the current Australian health care agreements, we have increased the amount put in to public hospitals by $10 billion over the previous agreements. The next agreement, which will be a five-year agreement, will be negotiated at the end of the year.

Importantly, we introduced the private health insurance rebate in 1998. It has been very important as an incentive to keep people in private health insurance. It is 30 per cent for most people, 35 per cent for people over 65 and 40 per cent for people over 70. We have seen the number in private health insurance, which was only 33.6 per cent in June 1996, increase to 43.5 per cent in June this year. Having people in private health insurance plays a very important role in keeping pressure off the public hospital system. It has always been a very important part of the Australian health system and it is one that we are very strongly committed to.

We have had a number of other improvements, such as the Australian Organ Donor Register. Previously organ donation was done in a more haphazard way. It really depended on which state you were in. Some people would do it through their drivers licence. We have established the Australian Organ Donor Register and there are five million Australians on it. We have also improved the regulation of blood products, with the establishment of the National Blood Authority.

Indigenous Australia has been highlighted by the recent intervention in the Northern Territory. Over the last 15 years or so, we have seen a decrease in mortality from all causes in Indigenous communities and a decreased mortality from circulatory disease. So there are improvements being made, but
the health of that group in Australian society is still much worse than that of the rest of the population. An important priority for any Australian government is to improve the health of our Indigenous Australians.

I want to look now at mental health services. When I was first elected I remember being part of a number of forums and seminars on youth suicide. I am pleased that the number of people who take their own life amongst younger Australians has fallen since 1997. I think that organisations like beyondblue have played a very important role in highlighting the issues of depressive illness and youth suicide.

More recently, in last year’s budget the Australian government put in $1.9 billion for national mental health reform. That included a number of things such as better access to psychiatrists, psychologists and GPs. We look at the area of public health as a very important area. A lot of our health system has been focused on intervention, but it is very important to arrest things if possible. So, for example, we can look at things like the early detection of cancer and combating alcohol and drug abuse. Over the last 11 years we have seen substantial declines in the smoking rates. We have one of the lowest rates of smoking in the developed world and one of the lowest rates, by definition, in the world. That has come about through very effective campaigns in the whole area of tobacco control. We have seen a decrease in deaths from cardiovascular disease, breast cancer and cervical cancer. We have put $1.4 billion into the Tough on Drugs strategy, including most recently $149.5 million extra for health and law enforcement especially with respect to ice.

There is still a lot more to do. It is of great concern that we see rising levels of obesity and decreased levels of physical activity. This is an important factor which predisposes people to a whole range of conditions, not least of which is diabetes. There are a number of things we have done to improve the health and activity of schoolchildren and to encourage better lifestyles in Australia. A number of other initiatives undertaken by the government include the establishment of Cancer Australia, the establishment of a national bowel cancer screening program and, since 1995-96, a fivefold increase in investment in health and medical research. These are just some of the things that the Howard government has done in the area of health. (Time expired)

Ms HALL (Shortland) (4.10 pm)—It was interesting listening to the member for Boothby give a glossy version of the government’s health record. It was one with no substance and one which did not touch on the real issues that are affecting the real people I and members on this side of parliament represent—real people whom, I might add, government members represent but whose interests they do not always take into account. The Howard government has failed to deliver quality, affordable health care and health services to the Australian people. The Howard government’s performance in the area of health is abysmal. It stands condemned for failing to address the hard issues in health. This is a government big on rhetoric and small on action. In more recent times it has been totally obsessed with its internal machinations rather than delivering quality health services to the Australian people. It has taken its eye off the ball and focused totally on its own internal machinations.

In November 2006 the House of Representatives Standing Committee on Health and Ageing delivered a report called The blame game. It was an excellent report. It looked across the spectrum at health. It made a number of very sound recommendations, 29 in fact. Guess what? To date the government has not even bothered to respond to
that report. I think this really shows just how serious this government is about health. There has been no action on these important issues and yet the blame game continues. The Prime Minister and his Minister for Health and Ageing refuse to take responsibility for anything, particularly problems in the health system. The favoured approach to solving problems in the health system is to blame the states. They are always looking for somebody else to blame when things are not going right. They accuse the states of cost shifting. But if they had a look at what is happening in the health system, they would see that many of the inefficiencies and much of the cost shifting happen at a federal level. They accuse the states of failing to treat patients in public hospitals whilst simultaneously reducing funds to the states. As previous speakers have highlighted, this government has actually cut funding to the states for hospitals, yet it asks them to do more and more. When they do not deliver, it blames the states. This government is very good at abrogating its responsibility and blaming others.

One of the first acts of the Howard government was to cut the Commonwealth dental health program. People are now languishing on lengthy waiting lists. In my electorate there are people who have waited up to six years to get the vital dental treatment they need. Under the Howard government, a chronic doctor shortage has developed. In the electorate of Shortland, all the doctors between Belmont and Swansea—which is quite a significant geographical area—have closed their books, simply because they do not have the capacity to see any more patients. You have elderly people languishing in their homes, unable to see a doctor, simply because the doctors do not have the capacity and cannot see them. The accident and emergency departments in the local hospitals at Belmont and right across the Hunter New England Area Health Service have burgeoned. People are waiting for longer periods of time. I have spoken to the executive of the area health service and they placed that directly at the feet of the Commonwealth government, because those people simply cannot get to see a doctor locally. There is no doctor to see in their community, so what do those people have to do? They have to front up at the accident and emergency department. The government has done nothing about that except blame the states.

The Howard government has seen a skyrocketing of out-of-pocket expenses, and acute beds in public hospitals are used for frail aged people who should have beds in aged-care facilities. Unlike the government, the ALP has a real plan, and the plan is not to blame other people; it is to spend $2 billion in addressing the crisis in the health system. It is a plan to stop the blame game; a plan to slash the dental health waiting list. The minister emphasised that the government has a plan. I would argue that the only plan that the government has is to win the election, and its aim is to win that election at all costs. It will do nothing whatsoever—(Time expired)

Mr NEVILLE (Hinkler) (4.15 pm)—I could not see that plan. I tried very hard to see it. The shadow minister gave us a rendition of carping and sniping at the minister. That was followed by a theatrical performance by the member for Denison—a very good one, I might add. I have great respect for my colleague from the Hunter and I think that she is a quite genuine participant. But this is me. I come from Bundaberg. Ding, ding: does that ring a bell? Queensland Health; Dr Patel. Remember that? I have been through that for two years, and that was solely under the control of the ALP government of Queensland—every last bit of it.

The person who blew the whistle on Dr Patel was not someone in the government of
Queensland; it was my National Party colleague Rob Messenger, the member for Burnett. He was vilified by the minister at the time, Minister Nuttall, and then, after about three days, when the sick and maimed patients came out of the woodwork, everyone was ducking for cover. Crossing the floor in a division in the house, Nuttall said to Messenger: ‘You’ve ruined the life of a brilliant surgeon.’ This is a health minister, for God’s sake. Then he came to Bundaberg, lined up the senior nurses and said: ‘You’re a mob of racists. You will not talk to Messenger or the Bundaberg News Mail—our local paper—‘and there’ll be no inquiry.’ Famous last words!

It is interesting that the member for Gellibrand, who raised all these things today, came to Bundaberg a few weeks ago and insulted the people of Bundaberg by standing outside the Bundaberg Base Hospital—the site of Labor’s greatest betrayal of any community in Australia, to say nothing of the betrayal of the staff who lived under psychological and physical pressure the whole time. It was the subject of two royal commissions.

Let me look at the record of the Leader of the Opposition, when he was at Wayne Goss’s side in the Premier’s office. During that time, they sacked all the hospital boards and created huge bureaucracies in a structure that is in part to blame for the ‘Doctor Death’ fiasco. They closed 2,200 beds, sacked local ambulance boards, closed maternity services, allowed elective surgery waiting lists to blow out to extraordinary levels, abolished the role of the chief nursing officer—you must not have anyone sticking up for the nurses—closed three operating theatres at the Princess Alexandra Hospital and Royal Brisbane Hospital and had dental waiting lists blow out to four years—some record! And you seriously think that the people of Australia want that to happen under a federal Labor government? If that is the role of a state Labor government, what would you expect from a federal Labor government?

The Leader of the Opposition, in his manifesto, says that he will spend $2 billion on the hospitals and, after that, if they do not come up to scratch, he will take them over. But look at $2 billion spread over two years. Queensland’s share would be about $90 million a year. Mr Beattie promised $41 million to the Bundaberg hospital to get it back up to scratch again and that that would be delivered by early 2008. We are nearly at 2008 and he has spent $2½ million of $41 million. So, even if we went ahead with Labor’s plan of $2 billion, the Bundaberg Base Hospital alone would take half of one year’s allocation for Queensland—one hospital alone.

Tell me the logic of this: how is it that it is wrong for the coalition government to take over the Mersey hospital, but the Leader of the Opposition says, in unequivocal terms: ‘If I don’t get my way with the states and they don’t toe the line, I’ll take over all the hospitals.’ Pray tell: where is the difference? Look at the figures for bulk-billing, look at the figures for private health insurance, look at the figures that we have invested in health and you will find that there has been very little opposition criticism of that because it has been very good. We will continue to run health well in Australia, and we obviously do not need the sort of nonsense that we heard today in a theatrical performance and a carping whinge.

The DEPUTY SPEAKER (Mr Jenkins)—Order! The time for the discussion has concluded.
TELECOMMUNICATIONS
LEGISLATION AMENDMENT
(PROTECTING SERVICES FOR
RURAL AND REGIONAL AUSTRALIA
INTO THE FUTURE) BILL 2007

Returned from the Senate

Message received from the Senate return-
ing the bill without amendment or request.

NORTHERN TERRITORY NATIONAL
EMERGENCY RESPONSE
AMENDMENT (ALCOHOL) BILL 2007

First Reading

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

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

COMMITTEES

Migration Committee

Report

Mr RANDALL (Canning) (4.22 pm)—
On behalf of the Joint Standing Committee
on Migration, I present the committee’s re-
port, incorporating an additional statement,
entitled Temporary visas ... permanent bene-
fits: ensuring the effectiveness, fairness and
integrity of the temporary business visa pro-
gram, together with the minutes of proceed-
ings and evidence received by the commit-
tee.

Ordered that the report be made a parlia-
mentary paper.

Mr RANDALL—by leave—
Recommendations in the committee’s report
reinforce that it is in Australia’s interests to
strengthen the effectiveness, fairness and
integrity of the temporary skilled migration
program to ensure a continued benefit to lo-
cal businesses, overseas and Australian
workers and the broader Australian commu-
nity. Unlike the guest worker programs of
some other countries, Australia’s temporary
skilled migration program also offers what
could be called ‘permanent benefits’ in pro-
viding a pathway for skilled workers to later
apply for permanent residence. Temporary
skilled migration provides businesses with
access to the global skilled labour market to
fill proven skills shortages in key industry
sectors. It ensures the continued growth of
the Australian economy while safeguarding
employment and training opportunities for
Australian workers.

As the committee emphasises in its report,
the highest priority must be placed on pro-
viding Australians with job opportunities and
training. However, given our strong econ-
omy and high employment rate, temporary
skilled migration can address some of our
short-term skill needs. The report notes that
the majority of the employers under the 457
visa program are doing the right thing and
complying with the sponsorship obligations.
Any abuses of the system should and will be
met with strong penalties and withdrawal of
their access to the program. The Australian
public needs to know that the overseas work-
ers are being treated fairly and are not being
used to undercut the wages and conditions of
Australian workers.

I want to highlight four areas of particular
interest to the committee. Firstly, the report
makes recommendations to strengthen the
integrity of the program. In this regard, the
committee welcomes the introduction of leg-
islation to strengthen the compliance regime
under the 457 visa program. It recommends
that DIAC ensure adequate resources are
allocated to the enforcement of these new
arrangements. The committee also notes the
critical importance of the security checks and
recommends that DIAC, together with the
Australian Federal Police, review the charac-
ter requirements of the program to ensure its
integrity and the safety and security of the
Australian community. In addition, the report
recommends that DIAC ensure that the em-
ployers understand their sponsorship obliga-
tions and the proposed changes to the 457 visa program and that DIAC investigate whether viable alternatives exist for calculating salary levels under the program.

Secondly, the report seeks to ensure the working conditions of overseas workers. In this regard, the committee supports the following: the introduction of tougher penalties in the Migration Act for employers who breach their sponsorship obligations, moves to improve the information flow between DIAC and other agencies responsible for workers’ protection, and the introduction of a higher English language requirement for OH&S and other reasons. The committee was also concerned to ensure that 457 workers had a comprehensive complaints mechanism available so that they could confidentially report concerns about their employment conditions without provoking retaliation. The report makes a recommendation on this matter and notes that such a mechanism should be widely promoted. One of the reasons overseas workers may be reluctant to report potential breaches of visa requirements is a concern that their employment will be terminated and they will be returned home. Accordingly, the report recommends that DIAC provide clear guidelines for 457 sponsors and workers on their rights and obligations, particularly following termination of employment.

Thirdly, the report makes recommendations to protect employment and training opportunities for Australian workers. The 457 visa assists in overcoming short-term skills shortages but is not a substitute for investment in the training and skills development of Australians. Accordingly, the committee recommends that DIAC ensure effective training objectives under the program that uphold the commitment to training Australians and appropriate resources for monitoring and compliance with training requirements, and that the 457 visa program is limited to skilled occupations where there is a demonstrated skills shortage.

Finally, the report looks at maintaining program effectiveness to meet needs of business, particularly the urgent need to streamline the 457 visa processing times. The committee welcomed the government’s announcement that it will fast-track visa applications for employers with a track record of complying with the program requirements. A follow-up review in this area has recommended building on the success of the industry outreach officer program. The committee also recommends that DIAC commission research into how industry use the 457 visa program to ensure it meets their needs. There are additional recommendations relating to the needs of business.

To conclude, I thank all of those who participated in the inquiry. I also thank other members of the committee, some of whom are in the House today. On that matter, I would like to say that the committee worked together in a most comprehensive and cooperative manner. Mr Deputy Speaker, you will note that this is a unanimous committee report, and I thank the committee for that. I also thank all of the committee support staff, particularly Joanne Towner and Dr Kate Sullivan, who did an outstanding job in delivering a report which I believe will be very useful to the Australian workplace and Australians.

Mr LAURIE FERGUSON (Reid) (4.29 pm)—by leave—I join the previous speaker in congratulating the committee staff on the professionalism they brought to this report of the Joint Standing Committee on Migration. On behalf of opposition members, I commend the chairman on his role in initiating this investigation by the committee and also on the way in which he took a very even-handed approach to witnesses and members of the opposition in the inquiry.
Whilst the opposition would wish it were otherwise, the reality is that, when you look at the OECD figures in regard to the percentage of GDP spent on education, at the number of maths and science graduates as a percentage of university graduates, and at how much the average family is expected to devote to education out of their own pockets as opposed to taxpayer funded education, unfortunately, we have reached a certain state. Whilst, as I say, we would wish that we did not need to have this huge dependency on a skilled intake, the reality is that we have seen growth in the number of 457 visas granted from 31,000 in 1997-98 to 65,000 in March this year. I do not have the figures after that date. So there has been huge growth in this area. It is a matter of serious concern to a number of sectors.

With respect to those who gave evidence to the inquiry, a significant number of unions were represented, such as the LHMU, the CEPU, the AMIEU and the AMWU, as well as a number of employer groups—the chamber of industry, the Mine and Metals Association, the meat processors association, the chamber of commerce, and also Restaurant and Catering Australia. The issues relate very much to the preservation of the conditions of workers in this country and the degree to which they might be undermined by the exploitation of people brought in under these visas. So that was the crux of this investigation.

I believe we have come down with a very balanced report. The Age newspaper might not think it is sensational and world shattering but, as I say, I think it represents a very worthwhile outcome. I note the evidence from the Migration Institute and their call for further controls over external contractors supplying labour to the market through visas and also to overseas migration agents. I note also, importantly, the evidence of Dr Wise and Dr Velayutham, who spoke about the impediments to whistleblowers, the inadequacy of protection for whistleblowers, their fear of job loss, their fear of the loss of the minimal incomes that they receive, and their fear of deportation. They said it was desirable that people are ‘able to freely make a complaint without fear of reprisal’.

They were some of the important issues that came up in regard to this matter. I am on the conservative wing regarding the requirement for English. There is a provision in the report that emphasis should be placed on English being necessary where it is related to occupational health and safety, where there is a history of employer abuse and where it is worth while having regard to the particular nature of the industry. That in no way reduces the responsibility of workers coming into the country to attain English. I am very much in accord with the government’s recent tightening up; perhaps it was a bit too late but it was necessary.

Amongst the measures contained in the report are the need for a further report on the adequacy of the salary system; an independent review of regional certifying bodies, who came in for significant flak from a number of parties; a requirement for more information on websites for workers coming into the country; and a more comprehensive and confidential complaints mechanism, as I mentioned previously. The question of training benchmarks and resources for monitoring seemed to be another driving issue from a lot of complainants—the lack of monitoring by the department. Evidence given clearly showed that it was very haphazard and irregular and, in some cases, did not seem to occur at all. There was the question of adequate resources for the department to monitor compliance.

I believe that, having regard to the broad expanse of issues in this field, the committee report is balanced and sensible and comes up...
with answers in areas that were the subject of evidence and complaints. The committee worked well in what is often a very controversial area, and I endorse the report.

Privileges Committee

Report

Mr CAMERON THOMPSON (Blair) (4.34 pm)—I present the following reports from the Committee of Privileges: Report concerning applications from Professor David Peetz for the publication of responses to references made in the House of Representatives, and Report concerning an application from Ms Harriett Swift for the publication of a response to references made in the House of Representatives. I seek leave to move a motion relating to the report concerning applications from Professor David Peetz.

Leave granted.

Mr CAMERON THOMPSON—I move:

That the report relating to Professor David Peetz be agreed to.

The first report I have presented relates to a request from Professor David Peetz for rights of reply in relation to references to him made by the Minister for Employment and Workplace Relations and the member for Deakin in the House on 14 February 2007.

The committee has considered Professor Peetz’s submission and has recommended that responses in the terms included in the report I have just presented be incorporated in Hansard. In recommending that the responses be incorporated in Hansard, the committee emphasises that, as required by the right of reply resolution, it has not considered or judged the truth of any statements made by the members in the House or by the person seeking responses.

The second report relates to a request from Ms Harriett Swift to a right of reply to remarks made about her in the House by a number of members on 14 June 2007. She also makes reference to a report that the Committee of Privileges presented. The committee recommends that the House take no further action as the matters to which Ms Swift seeks a response are related to the proceedings of the Committee of Privileges and are consequently outside the guidelines for the consideration of applications for a right of reply.

Question agreed to.
1.2 The Committee considers Professor Peetz should be given responses and the terms of the responses have been agreed by him and the Committee. A copy of the responses is at Appendix 1.

1.3 In agreeing to the responses, the Committee notes, as required by the resolution of the House for Rights of Reply, that it has not considered or judged the truth of any statements made by Members in the House or by the person seeking a response.

1.4 The Committee recommends that the two responses by Professor Peetz (at Appendix 1) to references made about him in the House on 14 February 2007 be incorporated in Hansard.

CAMERON THOMPSON MP
Chair
August 2007

Appendix 1
Response to remarks made by Hon Joe Hockey MP

Statement by Professor David Peetz

On Wednesday 14 February 2007, the Minister for Employment and Workplace Relations, Mr Hockey, used a question on ‘how the government’s workplace relations reforms have strengthened the economy and assisted families’ to launch a personal attack on me.

This attack is similar to one launched by Senator Eric Abetz under parliamentary privilege in the Senate on 8 November 2005. In both cases the parliamentary attacks made heavy use of a poem I wrote in 2001, quoting out of context extracts from the poem with the intent or effect of making it appear that I was somehow sympathetic to the terrorist attacks on the World Trade Centre of 11 September 2001.

I corrected the record in response to the attacks by Senator Abetz; my reply, which appears in Senate Hansard of 6 December 2005 at pages 38-40 of the Senate Hansard of that date, also deals with some comments made by Mr Hockey in the Chamber, as does a letter published in the Australian Financial Review of 31 January 2006.

Mr Hockey also alleged in the Chamber that I was a ‘flawed academic’ who had written ‘concocted reports’ for the ‘Labor Party’, alleging that my report ‘used outdated information’ and ‘lacked academic integrity’.

The ‘report’ to which Mr Hockey referred was an academic conference paper presented to the annual conference of the Association of Industrial Relations Academics of Australia and New Zealand in Auckland on 9 February 2007. It included the most recent available data from: the Australian Bureau of Statistics (ABS) Labour Force Survey (released on 8 February 2007, the day before the conference paper was presented); the ABS quarterly Average Weekly Earnings Survey (released 16 November 2006—the next edition was not released until 22 February 2007); the ABS Labour Price Index (released 15 November 2006—the next edition was not released until 21 February 2007); the ABS National Income, Expenditure and Product publication (released 6 December 2006—the next edition was not released until 7 March 2007); the ABS Industrial Disputes data (released 7 December 2006—the next edition was not released until 15 March 2007); the Department of Employment and Workplace Relations’ Wage Trends in Enterprise Bargaining publication (released 22 November 2006—the next edition was not released until 12 March 2007); the Employment Advocate’s database of the contents of Australian Workplace Agreements (information released 29 May 2006, based on a sample of 250 AWAs—unfortunately no further data have been released despite the development of a dataset covering at least 5250 AWAs); and numerous private surveys. In each case my conference paper used the latest available data at the time, and so in no respect can it be said that my paper used ‘outdated’ information.

Nor was the conference paper ‘concocted’ for the ‘Labor Party’. The paper was independently initiated and funded by me for presentation to the academic conference mentioned above.

As for the slur that I am a ‘flawed academic’ who lacks ‘integrity’, I draw the attention of Members to a letter that was published in the Australian Financial Review of 21 February 2007 (page 52) by international academic peers from six countries. In this letter, seventeen professors expressed ‘grave concern about the personal attacks that have been made upon David Peetz by Joe.
Hockey, Minister for Employment and Workplace Relations, in response to an academic paper written by Professor Peetz’s, confirmed that “Professor Peetz is held in high regard by members of his field in Australia and internationally”, as “a widely published scholar and a past president of the Association of Industrial Relations Academics of Australia and New Zealand” and referred to “unfounded attacks upon his academic integrity”.

**Response to remarks made by Mr Phil Barresi MP**

**Statement by Professor David Peetz**

In the House of Representatives on 14 February 2007, Mr Barresi, the Member for Deakin, used Parliamentary privilege to refer to me as someone who has made a name for himself producing half-baked information and suspect research paradigms. I have debated Peetz in public forums and, frankly, I do not know how a person who claims to be an academic can get away with that kind of research.

I do not believe that Mr Barresi knows whom he is talking about. I have never debated Mr Barresi in a public forum, let alone multiple forums. In fact, I have never met Mr Barresi. What he says about me is not only offensive but clearly and demonstrably false.

**Public Works Committee Report**

**Mrs MOYLAN (Pearce) (4.36 pm)—**On behalf of the Joint Standing Committee on Public Works, I present the ninth report for 2007 of the committee, relating to the proposed fit-out of new leased premises for the Australian Customs Service at The Circuit, Brisbane Airport.

Ordered that the report be made a parliamentary paper.

**Mrs MOYLAN—**by leave—This report relates to a proposal by the Australian Customs Service to undertake a fit-out of new leased accommodation at Brisbane Airport.

By way of background, the Australian Customs Service currently occupies leased accommodation in the Brisbane CBD and at Brisbane Airport. The lease on these properties is due to expire in mid-2009, and Customs is using the offer of a purpose-built building to be constructed by the Brisbane Airport Corporation within the precincts of the Brisbane Airport as an opportunity to rationalise staff at both the Brisbane CBD office and offices at the airport.

The new building will include a number of features not currently available at the existing office accommodation sites. It will improve client services and offer greater security and ease of access for Customs offices to the airport.

According to the evidence given by Customs officials during the course of the committee inquiry, the new office accommodation will enhance operational efficiency of the Australian Customs Service presence at Brisbane Airport and contribute to the greater overall effectiveness of the Customs enforcement role.

The new building also offers the scope to provide accommodation for additional staff over the period of the lease, the fit-out of which is included in the estimated project cost.

The committee was informed during the inquiry that extensive consultation with staff had occurred, and in general the responses from staff were favourable, although some issues relating to transport are yet to be resolved. As part of this process, Customs has established a transport working group to examine what measures could be taken to ensure adequate staff access to vehicle parking, for example. Customs has also been in discussion with the Brisbane Airport Corporation in support of its negotiations with the company operating the Airtrain service between the airport and the Brisbane CBD for an additional railway station at Brisbane Airport.
Similarly, Customs has explored the availability of childcare arrangements for staff transferred from the Brisbane CBD to the airport and has been assured by the Brisbane Airport Corporation that facilities will be available in proximity to the new building that will be operated on a commercial basis.

Mr Deputy Speaker, in overall terms, the committee is satisfied that the proposed fit-out of the new accommodation will meet the current and future needs of the Australian Customs Service. By rationalising existing accommodation into one single building at an operational site, Customs would not need to renegotiate existing leases, thereby avoiding the likelihood of an escalation of rental payments that, in the context of the Brisbane CBD, are at a premium.

The proposed works, estimated to cost $15.84 million, are expected to commence in October of the current year, with a completion date scheduled for December 2008. Customs will begin occupancy of the building from January 2009, with all staff finally being relocated by June 2009.

In conclusion, Mr Deputy Speaker, I would like to thank all those who contributed to this inquiry, including my fellow committee members, the deputy chair, officials of the Australian Customs Service and the committee secretariat for their assistance. I commend the report to the House.

Mr BRUCE SCOTT—by leave—Mr Deputy Speaker, I am pleased to present this report, *Inquiry into Australian Defence Force regional air superiority*, on behalf of the Joint Standing Committee on Foreign Affairs, Defence and Trade.

The issue of Australia’s regional air superiority has been the subject of considerable discussion and commentary since 2000. The strategic guidance outlined in *Defence 2000: our future Defence Force*, commonly known as the defence white paper, and the acquisition and phasing out of equipment proposed in the Defence Capability Plan 2004-2014 have provided the basis for much of the debate amongst key stakeholders.

The Defence Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade first examined the issue of Australia’s air combat capability in its *Review of the Defence annual report 2002-03*. Further to this inquiry, in June 2005 the Senate resolved that the Joint Standing Committee on Foreign Affairs, Defence and Trade inquire and report into:

(a) the ability of the Australian Defence Force to maintain air superiority in our region to 2020, given current planning; and

(b) any measures required to ensure air superiority in our region to 2020.

Although the committee has made no recommendations, the report examines the various issues and diverse views presented during the two public hearings and in the 41 submissions received during the term of this inquiry.

Strategic considerations, both global and regional, underpin Australia’s future regional air superiority. Concepts such as a balanced force structure, asymmetric threats and an assessment of regional military capabilities are key drivers in developing a balanced Australian Defence Force. Importantly, the committee notes that Australia must continue
to monitor developments in the region when considering new and improved air combat capabilities.

The Australian Defence Force’s current capability planning is guided by the defence white paper and subsequent defence policy updates released in 2003 and 2005. In examining the existing guidance and the planning for a future air combat capability, the committee notes that the introduction of a new platform is underpinned by strategic policy, cost-effective delivery of capability and the constraints of providing a well-balanced Australian Defence Force.

A key decision in transitioning to a new air combat capability is the withdrawal from service of the F111 in 2010. Many commentators believe this retirement date is premature, and the report discusses the technical and maintenance issues in extending the aircraft’s in-service life past 2010. The report concludes that industry could support the F111 until 2020 but there are risks, including the ability to sustain critical skills amongst the current workforce. Further, the committee notes the increasing severity of the risk profile in extending the F111 beyond 2010.

The Australian Defence Force’s future capability planning is examined in the report, with particular attention being given to the acquisition of the Joint Strike Fighter. The unique nature of the Joint Strike Fighter project and Australia’s decision to join the international program provide opportunities for Australian industry that would not be available if a more traditional capital acquisition strategy had been undertaken.

However, any delay in the Joint Strike Fighter project would be unacceptable, and the committee notes the government’s decision to purchase the Super Hornet aircraft to address any potential capability gap which may arise during the transition to the Joint Strike Fighter.

The committee concludes its report with a comparative analysis of the Joint Strike Fighter and the FA22 Raptor, covering issues such as capability, availability and cost. Irrespective of whether the FA22 Raptor is available for export sale to Australia, the committee notes the purchase of the Joint Strike Fighter is considered by Defence to provide the most effective and efficient air combat capability whilst maintaining a balanced Australian Defence Force.

In conclusion, I would like to thank all those who contributed to this inquiry through the submissions and the discussion with the committee. I thank the committee members and I thank my deputy chairman. I would also like to take this opportunity to thank the secretariat. I notice some of them are in the House at the moment. I thank them very sincerely for the hard work that they put into this report and their efforts throughout the inquiry process. I commend the report to the House.

Foreign Affairs, Defence and Trade Committee
Report

Mr BAIRD (Cook) (4.45 pm)—On behalf of the Joint Standing Committee on Foreign Affairs, Defence and Trade, I present the committee’s report entitled Australia’s trade with Mexico and the region, together with evidence received by the committee.

Ordered that the report be made a parliamentary paper.

Mr BAIRD—by leave—Since the commencement of diplomatic relations in 1966, Australia and Mexico have developed a modest yet important economic relationship. Mexico is Australia’s largest trading partner in Latin America and our 33rd largest trading partner. Australia is Mexico’s 26th largest trading partner.

In examining the state of economic relationships between Australia and the other
nations of the region, the committee noted the growth of trade and investment ties, albeit from very small bases. Whilst there was little conclusive data available to the committee, encouraging expansion potential and progress have been identified in areas such as energy, mining, agribusiness, food commodities and the provision of professional services.

Increasing imports and a burgeoning education sector have seen the Australia-Mexico bilateral relationship grow significantly in recent years. The joint experts group established in May 2006 to explore possible directions for economic relations, including the possible negotiation of a free trade agreement, has reinforced the importance of this relationship to both nations.

There are approximately 30 to 40 million members of the 'middle class' in Mexico, which provide a significant potential buying power for Australian products. Australia's main exports to Central America are dairy products, in particular milk, cream, butter and cheese. Whilst still modest, two-way merchandise trade with Central America has increased significantly over recent years.

In summary, the committee has concluded that despite the challenges of distance, poor transport links, language and cultural differences, and unfamiliar business environments, there is significant potential within the Australia-Mexico trade relationship. As such it became clear to the committee that a free trade agreement (FTA) with Mexico is a highly desirable outcome to the Australian and Mexican governments' quest to progress and strengthen this relationship.

For both countries there are challenges involved in pursuing a free trade agreement. Agriculture, for example, is a sensitive area, and the committee recommends that issues relating to agriculture should be determined at an early stage of any negotiations. The committee also acknowledges that the current political and business conditions in Mexico are not ideal for an FTA and some time may be needed to develop such conditions.

In conclusion, the committee would like to extend sincere thanks to all the officials of the Australian Embassy in Mexico City that assisted the delegation with the visit by the trade committee to Mexico. They did an outstanding job for the delegation. The visit proved very successful in terms of contacts made, opportunities identified and challenges addressed.

The committee would also like to acknowledge and thank the officials and businesspeople in Mexico for their hospitality and input.

In closing, I am grateful to all those who gave evidence. I would also like to thank the other members of the committee, my colleagues and the members of the secretariat, particularly Mr Rob Little.

Mr Speaker, I commend the report to the House.

PARLIAMENTARY ZONE
Approval of Proposal

Mr BALDWIN (Paterson—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (4.49 pm)—I move:

That, in accordance with section 5 of the Parliament Act 1974, the House approves the following proposal for work in the Parliamentary Zone which was presented to the House on 11 September 2007, namely: Humanities and Science Campus Square, Stage 1.

Question agreed to.

AUSTRALIAN CITIZENSHIP AMENDMENT (CITIZENSHIP TESTING) BILL 2007

Consideration of Senate Message

Consideration resumed from 11 September.
Mr ANDREWS (Menzies—Minister for Immigration and Citizenship) (4.50 pm)—I move:

That the amendments be agreed to.

During my summing up speech in the House on 8 August this year I proposed amendments to the Australian Citizenship Amendment (Citizenship Testing) Bill 2007. These amendments were subsequently moved and passed in the Senate. I will now explain the two amendments. The first amendment clarifies the operation of proposed section 23A(1). The Senate Standing Committee on Legal and Constitutional Affairs recommended that new section 23A(1) in item 5 of schedule 1 to the bill be amended to clarify ambiguity. Although legal advice indicates there is no ambiguity, this proposed government amendment inserts a note at the end of the new section 23A(1) to make clear that a test approved by the minister under section 23A(1) must relate to the eligibility criteria referred to in new paragraphs 21(2)(d), (e) and (f). These criteria relate to the requirements for applicants to, first, have an understanding of the nature of the application for citizenship; second, possess a basic knowledge of the English language; and, third, have an adequate knowledge of Australia, including responsibilities and privileges of Australian citizenship.

The second amendment clarifies the operation of proposed section 23A(3). This proposed government amendment inserts a note into proposed section 23A(3) in item 5 of schedule 1 to the bill to make clear that the eligibility criteria for sitting a test cannot be inconsistent with the act and, in particular, the general eligibility criteria for citizenship contained in proposed section 21(2) of the bill. The note will alleviate concerns that have been raised regarding the power to determine eligibility criteria for sitting a test. For example, a determination could not legally provide that only people of French-speaking background are eligible to sit the test. I commend the amendments to the House.

Mr BURKE (Watson) (4.52 pm)—The opposition supports the amendments. While the minister has stated that these amendments are the result of the Senate inquiry, the minister neglects to mention that these amendments were also proposed on the floor of this House by the opposition—in fact, they were suggested on first sight of the bill at the briefing at which a member of his staff was present when the opposition was formally briefed. These ambiguities were raised immediately by the opposition. An issue as important as Australian citizenship certainly dictates that care should be taken. Legislation should never be presented on something as important as Australian citizenship which, on the face of it, has been put together in a clumsy fashion. Labor is pleased that, while the minister did not seek to bring them to the House initially, these amendments were finally cleaned up by the Senate.

Question agreed to.

NATIONAL GREENHOUSE AND ENERGY REPORTING BILL 2007

Second Reading

Debate resumed.
The DEPUTY SPEAKER (Hon. IR Causley)—The original question was that this bill be read a second time. To this the honourable member for Kingsford Smith 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.

Mrs MOYLAN (Pearce) (4.54 pm)—It is a great privilege to speak on this very important bill. The National Greenhouse and Energy Reporting Bill 2007 establishes a single national framework for corporations to report greenhouse gas emissions, energy consumption, energy production and greenhouse gas reductions, removals or offset projects from 1 July 2008.

In July this year the Prime Minister announced a significant policy. In my view, one of the most pressing issues of the 21st century is the fight to reduce greenhouse gas emissions. The emissions trading scheme, which will commence no later than 2012, is the most comprehensive emissions trading scheme in the world. In his second reading speech, the Minister for the Environment and Water Resources said it would be:

...broader in coverage than any scheme currently operating anywhere.

Approximately 70 to 75 per cent of total emissions will be covered by this legislation. Industrial energy and mining emissions will be almost entirely covered, and the scheme will include large emitters as well as transport and other fuels.

The emissions trading scheme is a significant strategy and part of the government’s $3.4 billion funding package to address climate change. The bill lays the foundation for an emissions trading scheme that requires robust reporting of emissions liabilities to ensure that informed decisions can be made in the lead-up to the implementation of the scheme’s commencement. In particular, it will inform the development of a permit allocation and incentive for early abatement measures. Importantly, from July next year it establishes a single national framework for reporting greenhouse gas emissions and abatement actions by corporations.

One of the fears that many in the industry have had was that the state and territory governments might develop systems to manage greenhouse emissions which would result in a highly undesirable hotchpotch of systems with a great deal of duplication of effort by those required to report. Already, multiple reporting programs have been developed in isolation and each has slightly different requirements. In some cases corporations are preparing reports for eight different programs. This inflicts a high cost on the Australian economy—an unnecessary cost that will not do anything to deal with the problem of greenhouse gas. This difficulty will be eliminated under this bill while still achieving all the necessary outcomes to reduce greenhouse gas emissions. Earlier this year, the Council of Australian Governments agreed to streamline the reporting obligations of corporations, and this bill gives effect to that decision. Ultimately it eliminates duplicative reporting and reduces red tape that such a fragmented system would indeed impose.

For some time, major corporations of Australia have expressed a strong preference for a system to be developed sooner. I think this is in recognition that corporations must look to future investment decisions and, by establishing a single national system, corporations will be able to base their future investment decisions on greater certainty. This should also drive investment decisions that use existing and new low-emissions technology—particularly important for large industries that have considerable investment in plant and equipment.
Addressing climate change will require careful and staged management, but there is little doubt that it will present opportunities for adaptive and new industries to emerge and provide new employment opportunities. There is no doubt in my mind that this will be the case. Our near neighbours, for example, are keen to learn from and use Australian technology and know-how. This opens up great opportunities for Australia to export new products and new technologies. On each occasion I have met with senior leaders in China they have asked me: ‘How can Australia help? We want to clean up our industries. We want to be more efficient in our energy use. What can we learn from Australia?’ So I do believe there will be many opportunities.

I was reflecting on this bill because there are some people who feel somewhat panic stricken about the changes that must necessarily come about if we are to deal with greenhouse gas emissions. I was thinking what a terrible time it must have been for some when we moved from the horse and buggy to the motor car and how, for others, it opened up fabulous opportunities for new technologies, new development and new enterprises. So I think it is with this change that we are undertaking. It is a very major, very significant change, but we need to be thinking ahead rather than lagging behind.

Under this legislation, assessment results of the trials monitoring are to be verified around 2010. Australia will then introduce full-scale trading and establish links with other emissions trading systems. I believe that will produce many opportunities for Australia, although I can understand the anxiety that some in industry feel about having to report and reduce greenhouse gas emissions. There are some 700 companies who are expected to report on the greenhouse gas emissions, energy use and energy production outlined in this bill. They will be required to register with the scheme and report annually if their energy use or emissions are over a specified amount. An online system for comprehensive activity reporting will assist in this requirement, and this system is being developed for the government’s Greenhouse Challenge Plus Program. This bill provides for the creation of a new statutory position, that of a greenhouse and energy data officer to administer the scheme.

As we have seen, the government is highly committed to deepening international cooperation with a view to developing common approaches on emissions trading and offsets. While there have been early undertakings for cooperation between Australia and New Zealand around emissions trading in the two countries, we have now seen, as a result of the Prime Minister’s leadership, some of the major emitters agreeing to action and further meetings to determine future action. Australia has committed $60 million for 42 projects in the first round of action plans focusing on clean energy technologies. These projects include research into enhanced coal bed methane postcombustion capture at coal-fired power stations and carbon capture in storage.

Australia is also a key player in the Asia-Pacific Partnership on Clean Development and Climate, known as the AP6 group. The AP6 partnership includes Australia, India, South Korea and the United States. These countries account for almost half of the world’s population, gross domestic product and greenhouse gas emissions. They also bring together a mix of developed and developing countries. Australia is also pursuing bilateral partnerships with major regional partners to encourage the adoption of low-emissions technologies. The coordination group will provide strategic guidance and impetus to ongoing cooperation between Australia and China on clean coal and will play a leading role in negotiations in the
United Nations Framework Convention on Climate Change.

Domestically, the government has committed $2 billion to address practical climate change initiatives, and these include investment in the Low Emissions Technology Demonstration Fund, including support for the world’s largest carbon capture and storage project, and supporting solar innovation through the Solar Cities project. I am sad to say that Western Australia recently missed out—it was not for lack of trying on the part of the member for Hasluck, me and other members and senators from Western Australia, but it was a highly competitive process for these projects and we did not make it on this occasion. It is an excellent program. Some of the other projects include: incentives to farmers to reduce emissions and avoid land clearing, saving 1.3 million tonnes of emissions; a $3 billion commitment to renewable energy by 2010; a phase-out of inefficient light bulbs, saving four million tonnes of emissions; and the introduction of the mandatory renewable energy target.

For practical reasons agriculture and land-use emissions will be excluded from this legislation; although energy use in agriculture will be captured under these provisions. The farm community that I represent will be pleased at the way in which this is being developed, because the Australian Greenhouse Office will undertake research and development in partnership with industry to consider ways to reduce methane from livestock systems and nitrous oxide from land management systems. According to the Australian Greenhouse Office, agriculture is Australia’s largest source of methane and nitrous oxide emissions. The Australian Greenhouse Office lists the emissions that primarily come from agriculture: methane from enteric fermentation in livestock, nitrous oxide from inefficient use of nitrogen in agricultural soils, methane and nitrous oxide from the burning of savannas, and small contributions from manure management, rice cultivation and the field burning of agricultural residues.

As the Australian Greenhouse Office points out, emissions from livestock and agricultural soils represent a loss of valuable carbon and nitrogen resources. For example, it is estimated that methane emissions from livestock represent a loss of up to 15 per cent of potential energy that could otherwise be used for animal production. Similarly, the loss of nitrous oxide from soils represents a loss of valuable nitrogen that could otherwise be used for plant production. Reductions in agricultural emissions will therefore also lead to productivity benefits for agricultural industries and provide a win-win for agricultural production and environmental sustainability. The Australian Greenhouse Office is working with industry to research and develop ways to reduce greenhouse emissions from agriculture. That seems the most sensible course of action.

I am aware that the majority of farmers are very keen, of course, to develop contemporary practices that abate greenhouse emissions, as they realise that future productivity and profitability rest in finding and implementing improved agricultural practices which contribute to the reduction of greenhouse gases, thereby avoiding worsening weather conditions and adverse situations. Most farmers are conservation minded and they recognise that investment in good environmental management is important to the future of farming.

I saw that firsthand when I recently visited the farm of the Hardie family in Williams, in my electorate. I saw the work that they have done—work which they have meticulously documented. They have taken a very scientific approach to conserving water by using the contours of banks, replenishing local streams and making sure that the land they
have continues to be productive and not affected by salt encroachment. It is very impressive work. I think many farmers demonstrate their interest in good farm management.

The agricultural sector is vulnerable to the impacts of climate change such as the increased risk of heat stress for intensively housed animals, the reduced annual average rainfall over much of the Australian continent, the increase in mean annual temperature and atmospheric carbon dioxide concentrations, the increased frequency of extreme weather events such as flooding and drought, and the altered distribution and survival of pests and weeds, which are likely to have a significant impact on agricultural production in some regions. Again, I thank the Australian Greenhouse Office for this information. Most farmers are well aware of the role they play.

I think the way the government is structuring this—leaving agriculture out but looking at other measures—is a very sensible way to go. The next step, following the tabling of this bill, is that the government will conduct further consultations with industry, state and territory governments and other stakeholders on the detail of the regulations and other legislative instruments. Regulation to underpin the administration and technical arrangements of the legislation will be developed well in advance of the scheme’s commencement to provide industry with certainty as to their obligations under the bill. I think that is what industry are really calling for. Industry frequently have to make fairly long-term decisions on some very big cost items, and it is much better for them to have certainty as to what their obligations will be in the future to reduce greenhouse gas emissions. I think this will give them that greater certainty. There will be ongoing work to ensure the scheme is linked closely to the future Australian emissions trading scheme, to enable companies to meet their reporting obligations under the relevant government programs, including the Energy Efficiency Opportunities program.

I notice that, in the second reading speech by the Minister for the Environment and Water Resources on this legislation, he said:

In keeping with the need for the reporting system to underpin emissions trading, the bill allows for a range of enforcement approaches, including criminal offences for corporations which provide false information. It establishes a system for monitoring compliance with the scheme, including a system of infringement notices and enforceable undertakings. These provide a range of possible alternatives to heavy penalties.

I note, further, that the minister said:

It is anticipated that corporations will improve their reporting processes over time. The emphasis of the compliance and enforcement regime in the initial years of the scheme will accordingly be on encouraging compliance, rather than on punitive measures.

And he said:

As the scheme matures, a more stringent approach will be appropriate, particularly with regard to data that will inform emissions trading. I think that is a responsible way for government to work.

There has been some criticism of the government by the opposition, who say that we are slow to react to climate change. I do not believe that is the case at all. The Prime Minister established the Australian Greenhouse Office very soon after the government was elected in 1996, and I think they have done an outstanding job. There has been a continuous flow of measures addressing environmental issues. I notice that the Leader of the Opposition is looking to impose a 60 per cent unilateral cut in greenhouse gas emissions by 2050. As we all know, the member for Griffith has a habit of making statements that sound plausible as headlines but have little substance. There is no realistic way of
making them work in practicality—or at least we have not seen any evidence of that. I listened recently to a speech by Bill Clinton and I am reminded that he said he wished that he had spent more time looking at trend lines rather than headlines. I think the opposition are very good at creating headlines, but I do not think they are able to provide the Australian public with a realistic way of making these headlines work in practicality in relation to the abatement of greenhouse gases. I think that, for the Australian public and for industry, it is very reassuring to have a government that is willing to be patient, to consult with all the necessary parties in order to get an efficient, reliable and accountable system, and to set environmentally and economically responsible targets. This bill is another example of the Howard government’s commitment to tackling climate change. I support these measures.

Debate interrupted.

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Equine Influenza

Mr McGauran (Gippsland—Minister for Agriculture, Fisheries and Forestry) (5.13 pm)—Mr Speaker, I seek the indulgence of the chair to add to an answer.

The SPEAKER—The minister may proceed.

Mr McGauran—During question time today, the member for Hotham asked me to confirm that, in November 2005, I agreed to the release of three horses imported from France, including one named Reign of Fire, and that this was done outside the normal allowable period determined by AQIS. The member for Hotham then asked if these horses travelled to Sydney and Newcastle race meetings. I have received advice from AQIS and can advise as follows. AQIS records show that, on 4 October 2005, three horses were indeed imported from France into Melbourne. The member for Hotham got that right—but wait. The horses were imported under standard import conditions relating to the temporary importation of horses. These standard conditions required, amongst other things, that at the end of their two weeks quarantine at Spotswood quarantine station in Melbourne they would be released under quarantine surveillance. The three horses from France were released as scheduled on 19 October 2005—in other words, at the completion of their 14-day confinement.

I wish to state categorically to the House that standard procedures were followed at all times. The temporary import permit was issued in the normal manner by the relevant AQIS officer and neither I, my office nor anyone acting on my behalf directed AQIS in any way. I was blissfully unaware of these three horses imported temporarily from France and quarantined at Spotswood.

However, I can also advise the House that the member for Hotham has incorrectly fingered a six-year-old Western Australian bay stallion in his question to me today. And, on his behalf, I apologise to the owners and breeders of Reign of Fire, the Byrne-Quinns. In fact, the horses that the member for Hotham referred to were in Australia from France to perform in a theatrical and equestrian extravaganza known as Cavalcade—Reins of Fire. It was not a horse called Reign of Fire, which is a stallion over in Western Australia, but an equestrian event—a show called Cavalcade—Reins of Fire. Not one of the three horses is called Reins of Fire, and none of them are here for breeding or racing purposes; they are here for show purposes. They performed at five venues around Australia from 1 to 20 November 2005.

In answer to the member for Hotham’s final question as to whether the horses subsequently travelled to Newcastle and Sydney race meetings, I can confirm that Cavalcade—Reins of Fire had finished its performance and returned to France.
cado—Reins of Fire performed at the Newcastle Entertainment Centre and the Sydney Entertainment Centre, quite a long way, in logic and in distance, from the racetracks in Newcastle and Sydney. I think it was lazy research by the member for Hotham.

Let me recap. The implication is that I intervened to short-circuit the quarantine requirements. Wrong. I did not even know the horses were here; I would never do such a thing, and AQIS never did such a thing. Secondly, the member for Hotham implied one of them was a racehorse and he raced at the Newcastle and Sydney racetracks. No, there is no racehorse amongst these three called Reign of Fire. There is a horse in Western Australia called that—poor thing, being dragged into this parliamentary debate—but the show is called Reins of Fire.

A little bit of research by the member for Hotham would have revealed all this—it is all on the internet because the show was documented by way of photo and commentary by the owner, Mr Jean-Marc Imbert. It is a great website; it has photos. It has a photo of the Cathay Pacific plane that brought the stars to Australia. It has a commentary on the journey of the horses and then it has a description of the horses. Nikito is a crossbred gelding. He is a 21-year-old. I do not think he was racing at Newcastle or Sydney. Then there is the stallion Yelo. He is a crossbreed. He is seven years old and he was not initially going to come to Australia but the horse marked to come to Australia by Jean-Marc had too high a blood count. I do not think Yelo, who is a crossbreed, was racing in Sydney or Newcastle. Finally, there is a chestnut trotting-bred gelding. He was not going to race with the thoroughbreds at Newcastle.

Moreover, the catalogue put together in stories and pictures by Jean-Marc Imbert, who obviously loves his horses and was the director and no doubt a participant in the show, details their quarantine issues, compliments Australian quarantine authorities and talks about their two-week stay in the Spotswood quarantine station. In part of this commentary to accompany the photos, Jean-Marc says this, lovingly reproduced for the public interest:

We will settle in and allow the horses to rest after their long trip and then we begin rehearsals for the show. I am sure Australian audiences will love what we have for them, we travel all over Europe and our performances are very popular.

So, Member for Hotham, apologies are in order here. Firstly, we have an implication that somehow the Minister for Agriculture, Fisheries and Forestry intervened in the early release of three racehorses and, secondly, that one of them was Reign of Fire. Poor old Reign of Fire; he looks like a nice horse. He is a six-year-old bay stallion in Western Australia owned by Mr and Mrs Byrne-Quinn and trained by Bernadine Dudley. I offer them my heartfelt apology that the member for Hotham has tried to drag them into his smutty little attack on the minister for agriculture. So there you are. How does the member for Hotham explain this: Reins of Fire is the name of the show with three performing horses?

The SPEAKER—Is the minister drawing his answer to a conclusion?

Mr McGAURAN—Neither I nor AQIS had anything to do with an early release and I am awaiting an apology.

Mr Crean—What about the workers who went out and didn’t shower? Where is the answer to that question?

Mr McGAURAN—That is a matter for Justice Callinan.

Mr Crean—It is a matter for you.

Mr McGAURAN—Where is my apology?
Mr Crean—Where is your answer?
Mr McGauran—Where is my apology?
Mr Crean—Where is your full answer?
The Speaker—Order! The minister has, I think, more than added to the answer.

NATIONAL GREENHOUSE AND ENERGY REPORTING BILL 2007

Second Reading

Debate resumed.

The Speaker—The original question was that this bill be now read a second time. To this the honourable member for Kingsford Smith as moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Mr Quick (Franklin) (5.20 pm)—It is somewhat difficult to put into words the feelings one has at this special time. Ending part of your life’s work is never an easy choice, but I guess making the choice yourself, rather than having someone else do it for you or to you, does have its blessings. This is my fifth and last term and, having now served into my 15th year, I have set a record for the ALP in the seat of Franklin. This is a record I am very proud of and it is something I will cherish for all my days.

Fourteen years and 184 days ago, I was elected to the House of Representatives. Being the 869th person elected to the House out of the 1,018 elected since 1901 enables me to claim to be part of an exclusive club. One of my deep regrets is that my father did not live long enough to see me here in the House. I know that he would have been very proud of me and what I have achieved here.

The day of 13 March 1993 was momentous for several reasons: firstly, because Tasmania was the only state on daylight saving time and the swing to Labor was so great that I was able to claim the seat very, very early in the evening. In fact, it was the first seat to be declared on the night. Secondly, Franklin had returned to the Labor fold after 17 years in the wilderness.

As a member of the Centre Left at the time, I was surprised in 1992 to receive the party’s nomination. The Left had tried unsuccessfully to win the seat for the past seven elections and were apparently willing to give me the opportunity as part of other factional deals they had organised. Even though I did not have a high profile within the electorate, I had taught in several schools and been a member of several sporting teams. I was convinced that, by dint of a lot of hard, grassroots networking over many years, I could win the seat back for the Labor Party. I had no wealthy or influential friends to recommend me as I entered the political fray. The only promise I made was that I would win the seat of Franklin and, having done so, work tirelessly to ensure that the electors of Franklin would be served, represented and advocated for at all levels of government without fear or favour.

I have tried in my time in the House to be honest and true to myself and to those who have graciously sent me here for the five terms. Being a member of the smallest group within the ALP at the time—the independents—enabled me to express my individuality more openly, more freely and with no obligation to a union or a union warlord that would dictate how I must vote on a particular issue within the caucus or in the House. Sadly, in the world of politics, party representatives are often blinkered by dogma and rhetoric that, in my mind, belong to ages past. Individuality, personal beliefs and a commitment to what is best for your electorate are often cleansed from one’s persona ‘in the best interest of the party’. Having been here for five parliamentary terms, I have seen people from the three parties suffer and
be punished for standing up for what they believe is right, proper and the just course of action to take. The withdrawal of paid positions within the party, the lack of advancement prospects and the ultimate sanction—exclusion and banishment—are all tools used to coerce members to toe the line.

Sadly, so many in this place are reluctant to tell it as it really is. There are so few willing to acknowledge that neither party has a mortgage on good policy and so few to articulate this fact. Showing your humanity and deeply held beliefs in this place is considered a sign of weakness and vulnerability. What a shame this is! Politics is a lonely business. If it were not for the support of one’s loving family and one’s very dear and close friends, as well as one’s dedicated and long-suffering staff, one would soon bow to conformity and all that that entails.

Much has changed since 1993. After three years of the joys of being on the Treasury benches and enjoying the fruits of government largesse, I have spent the past 12 years suffering in opposition. Some would argue that unless you are holding ministerial or shadow ministerial office you are not a real contributor in the House. I would certainly beg to differ. During my time in the House I have had the privilege to have served on many fine House and joint standing committees—science and innovation, Aboriginal and Torres Strait Islander affairs, family and human services, education and employment, and joint native title. In most cases, the unanimous reports handed down by these committees have helped to shape legislative changes that have benefited countless Australian families.

I have been privileged to represent the parliament on several overseas delegations and intercountry exchanges. Memories abound of my visit to Auschwitz; my first glimpse of the pyramids; standing in the trenches at Anzac Cove reading my father’s diaries; visiting Kuwait and seeing the aftermath of the first Gulf War; being in Tallinn, Estonia, just after the Russians left after 50 years of occupation; standing at the Khyber Pass and viewing Afghanistan in the distance; travelling up the Mekong River and seeing the effect of the unexploded ordnances in Laos; and having audiences with President Hu Jintao, President Musharraf, the Swedish king and the Crown Prince of Japan—what amazing memories to cherish for the rest of my life.

Who we are and what beliefs we hold dear have been influenced by our parents, our friends and our many and varied life experiences. I was fortunate to have been brought up by parents whose beliefs and deep faith had been forged by World War I, the Depression and their roles in their local church. As a child, along with my brother and two sisters, our family crisscrossed Australia from Victoria to South Australia to Tasmania and back to Victoria as Dad ministered to various parishes.

After a year and a term as a teacher with the Tasmanian education department, I, along with my brother, emigrated to Canada and sought to start a new life in British Columbia. I arrived in the United States in 1966 as the civil rights movement was in full swing and the Vietnam War was also impacting on American society. I was confronted with many experiences, especially in the Deep South, that would shape my life forever. Crossing America from Florida to Washington State on my way to Canada opened my eyes to a world I had only read about. Now I was experiencing it firsthand.

Rather than teach, I wanted to be in the Canadian outdoors and so worked variously for the British Columbia highways department and the Pacific Great Eastern Railway. When winter arrived, heavy snow fell and
freezing conditions prohibited most outdoor work. My brother and I headed for warmer climes and lived in a Mexican village out from Guadalajara for three months. I eventually returned to Tasmania after an absence of two years and resumed my teaching career for the next 19 years.

In 1988 I was fortunate to gain a position on Senator Michael Tate’s staff for the next five years. I very much appreciated the opportunities he gave me to work throughout the state of Tasmania. This time spent under his tutelage gave me a wonderful glimpse into the world of Australian politics and set me up for the career I have enjoyed in this House.

There are many people I wish to acknowledge today who have assisted me in my time here. To the clerks, who have advised and guided me in my duties as a member of the Speaker’s panel: I thank you most sincerely. Being part of the panel has given me the opportunity to better understand the processes of parliament and to hear some fine contributions by members. To the Serjeant-at-Arms Office, and Barry Gwyther in particular, who is sitting behind me, for literally saving my life last year when I was seriously ill and unable to find a doctor: a huge thankyou. Thanks also to the Serjeant-at-Arms Office for their instant responses to requests that often came out of left field. Thanks also to the people in the transport office, who have organised cars, changed booking requirements and requests at the last minute and have always had a white car waiting there for me. To those behind the glass window in the broadcast booth, I say a special thankyou. You have been part of my chocolate run, and I have made friends with many of you. Keep up the wonderful work you do behind the scenes. A very special thanks to the many security officers here in the house. Thanks for your friendship over the years and for the support you have given to me and my visitors. To Ann, a special thanks for her wonderful friendship.

To the many educators in the Parliamentary Education Office: a huge thankyou. As a member of the advisory committee for many years and as a teacher in my previous life, I have seen you all working with countless thousands of youngsters who visit the parliament and experience your expertise and wisdom by exploring firsthand how parliament operates through role-play activities.

To Ross Peake of the Canberra Times: thanks for your friendship over the years and a special thanks for assisting my daughter Sarah when she first began her career in journalism.

Lastly and most deservedly, a special thanks to my many friends in the Comcar fleet. Firstly to Murray in Hobart, who has been there for me over all these years: it has been great knowing you, and I wish you all the best for your future. To the drivers here in Canberra: I have really enjoyed your friendship, camaraderie, tact and honesty over the years. I am going to miss the opportunity to see you on the shuttle and to share our wine and movie experiences and our footy disappointments.

My wonderful staff are here in the House today. To Roger, Glenda, Katrina and Vicki: you have been part of my life and part of my extended family. You have seen and experienced the highs and the lows, the disappointments and the marvellous victories, the treachery and the true friendships that make up the 15 years in office. It has been a great office, with everyone sharing the responsibilities for getting the jobs done. Your contributions are immeasurable.

The production of our newsletter, the Franklin Focus, has been so amazingly successful and has really helped in securing the five election victories. Very special thanks to everyone at Livingstone Printers for all you
have done to ensure it got to Australia Post on time. To Geoff Lucas at Blacksnake Publishing: many, many thanks for your production work. The Focus is so highly regarded because of your ideas, suggestions and production expertise.

They say that you do not make many friends in politics, and I guess they are right. I can honestly say I have enjoyed many friendships across the chamber. A special and heartfelt mention must be made of my mate from the Mallee, John Forrest, another member of the class of '93. John, I have really treasured your long friendship. Thanks from the bottom of my heart for being such a support for my mum over all those years when she lived in Nhill by herself.

To the many colleagues who met for the PCF breakfast every fortnight: thanks for your support and witness. I will cherish what we have achieved in this place. And to Peter Rose, our wonderful chaplain, who is behind me, a special thanks for your wonderful chaplaincy to us and especially to me in my recent times of darkness and despair.

To my friends here who have stuck by me through my outspoken leadership statements, my anti-war stands and my decision to oppose at all costs my replacement, I can never thank you enough. Often I have compromised you and caused you grief and pain because people have heaped it on you too due to our deep and long friendship.

To Rod Sawford, Bob Sercombe, Gavan O’Connor, Kelly Hoare, Ann Corcoran and Bob McMullan: you all have been there for me in the good times and the bad. Thankfully, we have had more great times than downs. I look forward in retirement to keeping these treasured friendships going for many years to come.

To my wonderful neighbours back in Hobart, Kate and Lucie, who have kept an eye on my house during my absences, tended my gardens and collected the mail: thanks for your kindness, generosity and caring concerns.

To my very dearest and best ever friends, Shane and Julie Jepson, John and Stephanie Sheppard and John and Helen Brownlie and all their wonderful children: you have been my lifeline to sanity. You have always been there for me with phone calls, text messages and emails over countless years. You have been part of my family and my team and have advocated on my behalf. You have allowed me in return to be an integral and real part of your family. To John Brownlie’s mum, Maree, my second mum: thanks for your loving support as well.

To Alma, Sarah and Hannah: a heartfelt thanks for your loving support. It has not always been easy as a family, but your love and belief in me has always sustained me. I apologise if I have not always acknowledged it and not always been there for you.

We as politicians sit together with huge communication resources at our disposal to implement social change. We come to this House as empty vessels, as if to a well of knowledge, often only returning home again as little more than an empty vessel. No wonder community members despise or ridicule us. No wonder we lose elections and the love of the community we try to represent. Only when we can assist people to have processes which can lead to improvements in their communities and which improve their lives will we be greeted at home with warmth.

Australia in 2007 is a nation faced with a burdening household debt, social suburban isolation in a land of plenty, an ever-increasing gap between the have and have-nots, an epidemic of childhood obesity and type 2 diabetes and the challenges of global warming. As well we see the increasing burden to our society from youth suicide and alcohol and illicit drug abuse. We have failed...
to honour our obligation to our Indigenous brothers and sisters to resolve their many problems. This leaves those who will enter the new parliament with many mountains yet to conquer. As Martin Luther King so eloquently put it in a speech made in November 1956:

... through our scientific genius we've made of the world a neighbourhood, but through our moral and spiritual genius we've failed to make of it a brotherhood ...

Like Paul of old, I think I can rightly say:

I have fought the good fight, I have finished the course, I have kept the faith ...

I bid you all a fond farewell.

Debate (on motion by Dr Stone) adjourned.

FINANCIAL SECTOR LEGISLATION AMENDMENT (DISCRETIONARY MUTUAL FUNDS AND DIRECT OFFSHORE FOREIGN INSURERS) BILL 2007

Report from Main Committee

Bill returned from Main Committee with amendments; certified copy of the bill and schedule of amendments presented.

Ordered that this bill be considered immediately.

Main Committee's amendments—

(1) Schedule 2, page 6 (after line 11), after item 3, insert:

3A Subsection 3(1)

Insert:

corporate agent means a body corporate that is appointed under section 118 as an agent in Australia for the purpose of that section.

(2) Schedule 2, page 6 (after line 27), after item 5, insert:

5A Subsection 3(1) (definition of senior manager)

Repeal the definition, substitute:

senior manager of a general insurer or a corporate agent means a person who has or exercises any of the senior management responsibilities (within the meaning of the prudential standards) for the insurer or agent.

(3) Schedule 2, page 10 (after line 25), after item 9, insert:

9A At the end of subsection 24(1)

Add:

; or (d) a director or senior manager of a corporate agent.

Note: The heading to section 24 is altered by omitting “or authorised NOHCS” and substituting “, authorised NOHCS or corporate agents”.

9B At the end of subsection 24(4)

Add:
(4) Schedule 2, page 10, after proposed item 9B, insert:

9C Paragraphs 25(1)(c) to (e)
Repeal the paragraphs, substitute:
(c) in a case where the person is an individual:
(i) the individual has been or becomes bankrupt; or
(ii) the individual has applied to take the benefit of a law for the relief of bankrupt or insolvent debtors; or
(iii) the individual has compounded with his or her creditors; or
(d) in a case where the person is a corporate agent:
(i) the corporate agent knows, or has reasonable grounds to suspect, that a person who is, or is acting as, a director or senior manager of the corporate agent is a disqualified person; or
(ii) a receiver, or a receiver and manager, has been appointed in respect of property owned by the corporate agent; or
(iii) an administrator has been appointed in respect of the corporate agent; or
(iv) a provisional liquidator has been appointed in respect of the corporate agent; or
(v) the corporate agent has begun to be wound up; or

(5) Schedule 2, page 10, after proposed item 9C, insert:

9D Subsection 25A(1)
Omit “or (c)”, substitute “, (c) or (d)”.
9E Subparagraph 25A(5)(a)(iii)
Omit “and”, substitute “or”.
9F At the end of paragraph 25A(5)(a)
Add:
; or (iv) if the person is, or is acting as, a person referred to in paragraph 24(1)(d)—to the corporate agent concerned, and to any foreign general insurer for which the agent is the corporate agent; and

(6) Schedule 2, page 10, after proposed item 9F, insert:

9G Subsections 26(6) and (8)
Omit “or authorised NOHC”, substitute “, authorised NOHC or corporate agent”.

(7) Schedule 2, page 10, after proposed item 9G, insert:

9H At the end of subsection 27(1)
Add:
; or (d) a director or senior manager of a corporate agent.

Note: The heading to section 27 is altered by omitting “or authorised NOHC” and substituting “, authorised NOHC or corporate agent”.

9J Subsection 27(2)
Omit “or authorised NOHC”, substitute “, authorised NOHC or corporate agent”.

9K Paragraph 27(2)(b)
Before “does not meet”, insert “if the person is an individual—”.

9L Subsection 27(3)
Omit “or authorised NOHC”, substitute “, authorised NOHC or corporate agent”.

9M Paragraph 27(3)(b)
Omit “or NOHC”, substitute “, NOHC or agent”.

9N Subsection 27(3B)
Omit “or an authorised NOHC”, substitute “, authorised NOHC or corporate agent”.

9P Subsection 27(5)
Omit “or authorised NOHC”, substitute “, authorised NOHC or corporate agent”.

9Q Subsection 27(5)
Omit “or NOHC”, substitute “, NOHC or agent”.

9R After subsection 27(5B)
Insert:

(5BA) The power of a corporate agent to comply with a direction under this section may be exercised on behalf of the agent as set out in the table:

<table>
<thead>
<tr>
<th>Power to comply with a direction</th>
<th>Item</th>
<th>Who may exercise the power</th>
<th>How the power may be exercised</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The chair of the board of directors of the agent</td>
<td>by signing a written notice.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>A majority of the directors of the agent (excluding any director who is the subject of the direction)</td>
<td>by jointly signing a written notice.</td>
<td></td>
</tr>
</tbody>
</table>

9S Subsection 27(5C)
Omit “and (5B)”, substitute “, (5B) and (5BA)”.

9T Subsection 27(5C)
Omit “or an authorised NOHC”, substitute “, authorised NOHC or corporate agent”.

9U Subsection 27(7)
After “general insurer”, insert “or corporate agent”.

9V Paragraphs 27(7)(a) and (b)
After “insurer”, insert “or agent”.

(8) Schedule 2, item 49, page 20 (lines 28 and 29), omit “in Australia; or”, substitute “in Australia.”.

(9) Schedule 2, item 49, page 21 (lines 1 and 2), omit paragraph 118(4)(c).

(10) Schedule 2, page 21 (after line 2), after item 49, insert:

49A Subsection 118(4A)
Repeal the subsection, substitute:

(4A) If:
(a) a foreign general insurer has given written notice under subsection (4) of the appointment of an agent of the foreign general insurer and the notice specifies:
(i) the name of the agent; and
(ii) the place of residence, head office, registered office or principal office of the agent; and
(b) a body corporate that is a subsidiary of the foreign general insurer is not incorporated in Australia; and
(c) no written notice has been given to APRA of the appointment of an agent of the subsidiary;
the agent specified in the notice referred to in paragraph (a) is taken, from the time when that notice was or is given:
(d) to have been, or to be, the agent of the subsidiary for the purposes of this Act; and
(e) to have had, or to have, the place of residence, head office, registered office or principal office specified in that notice.

(11) Schedule 2, item 52, page 21 (line 13), omit “in Australia; or”, substitute “in Australia.”.

(12) Schedule 2, item 52, page 21 (lines 14 and 15), omit paragraph 118(6)(c).

The DEPUTY SPEAKER (Hon. BK Bishop)—The question is that the amendments be agreed to.
Question agreed to.
Bill, as amended, agreed to.

Third Reading

Dr STONE (Murray—Minister for Workforce Participation) (5.38 pm)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

CORPORATIONS (NATIONAL GUARANTEE FUND LEVIES) AMENDMENT BILL 2007

Report from Main Committee

Bill returned from Main Committee with an amendment; certified copy of the bill and schedule of amendment presented.
Ordered that the bill be considered immediately.

Main Committee’s amendment—
(1) Schedule 1, item 1, page 3 (lines 11 and 12), omit “the minimum amount in relation to the NGF in force at the time the determination is made”, substitute “150% of the minimum amount in relation to the NGF on 1 July in the financial year”.

The DEPUTY SPEAKER (Hon. BK Bishop)—The question is that the amendment be agreed to.
Question agreed to.
Bill, as amended, agreed to.

Third Reading

Dr STONE (Murray—Minister for Workforce Participation) (5.40 pm)—by leave—I move:

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

FINANCIAL SECTOR LEGISLATION AMENDMENT (SIMPLIFYING REGULATION AND REVIEW) BILL 2007

Report from Main Committee

Bill returned from Main Committee with amendments, appropriation message having been reported; certified copy of the bill and schedule of amendments presented.

Ordered that the bill be considered immediately.

Main Committee’s amendments—
(1) Schedule 1, item 53, page 17 (line 12), after “Part III”, insert “(other than a provision of Division 3A of that Part)”.
(2) Schedule 1, page 26 (after line 14), after item 65, insert:

65A Section 49D
Repeal the section.

(3) Schedule 1, page 28 (after line 6), after item 71, insert:

71A Subsection 16C(4)
After “Prudential Rules”, insert “or in the prudential standards”.

(4) Schedule 1, item 149, page 44 (lines 25 and 26), omit the item.
(5) Schedule 1, item 150, page 45 (after line 2), after paragraph (a) of the definition of modifiable provision, insert:

(aa) section 35C (except so far as it applies in relation to self-managed superannuation funds);

(6) Schedule 1, item 150, page 45 (lines 7 and 8), omit paragraph (f) of the definition of modifiable provision.
(7) Schedule 1, item 154, page 52 (line 17), after “under”, insert “section 129 or 130 or under”.
(8) Schedule 1, item 154, page 52 (after line 18), after subsection 336F(3), insert:

Note 1: See section 130B in relation to requirements under section 129 or 130.

(9) Schedule 1, item 154, page 52 (line 19), after “Note”, insert “2”.
(10) Schedule 1, page 60 (after line 20), after item 172, insert:

Income Tax Assessment Act 1936

172A Paragraph 121AO(2)(a)
Omit “the Life Insurance Actuarial Standards Board established under the Life Insurance Act 1995 issued a capital reserve adequacy standard applicable to the company”, substitute “a prudential standard made under section 230B of the Life Insurance Act 1995 in relation to capital adequacy applied to the company”.

(11) Schedule 1, page 72 (after line 33), after item 207, insert:

207A Paragraph 87(1)(c)

Omit “prescribed by the regulations”, substitute “specified in the prudential standards”.

(12) Schedule 1, page 75 (after line 7), after item 212, insert:

212A Paragraph 95(1)(d)

Omit “prescribed by the regulations”, substitute “specified in the prudential standards”.

(13) Schedule 1, item 238, page 81 (lines 25 to 27), omit the item.

(14) Schedule 1, item 260, page 88 (lines 12 to 13), omit the item, substitute:

260 Subsection 16C(4)

Omit “Prudential Rules or in”.

The DEPUTY SPEAKER (Hon. BK Bishop)—The question is that the amendments be agreed to.

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Dr STONE (Murray—Minister for Workforce Participation) (5.42 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

SYDNEY HARBOUR FEDERATION TRUST AMENDMENT BILL 2007

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that the bill be considered immediately.

Bill agreed to.

Third Reading

Dr STONE (Murray—Minister for Workforce Participation) (5.42 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

NATIONAL GREENHOUSE AND ENERGY REPORTING BILL 2007

Second Reading

Debate resumed.

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

Mr BARRESI (Deakin) (5.43 pm)—Before I start my contribution on this bill, may I simply say, as the first speaker after the member for Franklin, that in the last two days we have been privileged to hear two magnificent valedictory speeches, one from the member for Franklin and one from the member for Cook—two men of outstanding principle and values who have held true to their beliefs and values right through their terms. I wish both of them well as they leave this parliament. It has been a privilege to serve with both gentlemen.
Like many Australians, I am deeply concerned about climate change. Therefore, I welcome the opportunity to speak on the National Greenhouse and Energy Reporting Bill 2007. Research undertaken by the world’s leading scientists, including the Intergovernmental Panel on Climate Change, has suggested that the earth is warming and that human activity is partly responsible. The planet’s temperature has already risen by around 0.7 degrees Celsius over the past 100 years and may rise between one and 6.4 degrees Celsius this century.

Already we are starting to feel the impact of climate change. It is no accident that 11 of the past 12 years have been the warmest since the 1850s, with 2000 being the warmest year on record. It is also no accident that most of our cities, major regional centres and country towns are now on severe water restrictions following a decade of below average rainfall. If action is not undertaken to address climate change, we are told that we run the very real risk of rising sea levels and severe changes in weather patterns. I also appreciate that not everyone shares the view of the IPCC, disputing the science and its conclusions. Some claim that the rise in temperatures is a result of fluctuations that naturally take place throughout the earth’s life cycle. The question that we need to answer is: what if we are wrong in this assessment? Governments have all resolved that action is needed urgently.

The bill is one part of the response required by governments. It would deliver an effective means to help combat climate change by laying a solid foundation for the deployment of a cap-and-trade emissions trading system. Australia’s emissions trading system will cover around 70 per cent of all sources of greenhouse gas emissions. This will be more comprehensive than the state based systems, which cover about 45 per cent, and it will produce better results than any of the systems currently operating in Europe. This legislation is a clear demonstration of the federal government’s commitment to take the threat of climate change seriously.

An emissions trading system underpinned by this legislation would build upon more than a decade of hard work to cut greenhouse gas emissions. At a national level, the federal government has invested in infrastructure and research in areas such as clean coal and solar power, as well as urgent investments in water preservation and conservation. Too often, not enough credit has been given by its critics to the various initiatives that this government has introduced during its 11½ years in office. We have seen initiatives that go beyond what any previous government had even imagined possible in the area of climate change and greenhouse gas emissions. For example, $500 million is being made available to help pioneer low-emissions technology such as clean coal, and $100 million has been made available for renewable energy development initiatives. We have $75 million for five solar cities, and yet you would be hard pressed to find anyone who even knows that those cities are being constructed as solar cities. We have the much-discussed $10 billion to restore the health of the Murray-Darling river system. We have also had $2.2 billion put into the Australian water fund to improve the management and use of water resources. These in themselves are only part of the response by this government and they are very significant statements of the government’s seriousness on this issue.

Meeting the challenge of climate change and emissions reductions in our homes is something that the federal government has also invested in, recognising that each Australian wants to make a difference to the world we live in. Whether it is in our own homes or in our communities, all of us want to directly contribute to effectively managing climate change issues. While such individual
action makes a small contribution, it is a powerful statement of what we truly value: our environment. Of course, the cumulative effect of such individual action does make a significant contribution to our environmental management, and the federal government has encouraged such individual and community action through programs such as rebates to help homes and community groups install solar panels and hot water systems.

The Prime Minister recently announced $50,000 rebates for schools to invest in water-saving technology and solar panels. This initiative has been welcomed by all the schools in my electorate as a way of making their contribution to the environment and as an educational tool for young kids going through the schools. The Australian Greenhouse Office, which was established to coordinate ways to reduce emissions, was the first of its kind in the world. Also, in the last budget, the Treasurer announced $200 million to help fund the protection of the world’s rainforests—the lungs of the earth—through a reafforestation program in developing nations. These are good local initiatives on top of the big national initiatives. They certainly signify the seriousness with which this government takes the issue of greenhouse gases, climate change and the setting in place of an emissions trading system.

Almost 20 per cent of global greenhouse gas emissions are from clearing the world’s forests. If the world were to halve the rate of global deforestation, it could reduce greenhouse gas emissions by three billion tonnes a year, which is more than five times Australia’s total annual emissions and about 10 times the emissions reductions that will be achieved during the first commitment period of the Kyoto protocol.

The federal government has invested over $3.4 billion in finding ways to reduce greenhouse gas emissions. Thanks to these practical initiatives, Australia is well on track to meet its Kyoto target, in contrast to Kyoto signatories such as the United Kingdom, France, Canada and even Japan. In 2005, Australia emitted 559 million tonnes of CO₂. This figure is 102 per cent above the 1990 figure, and our Kyoto target is 108 per cent above the 1990 figure. It means that growth in greenhouse gas emissions was two per cent despite growth of 61 per cent in the economy. So we have the economy booming ahead—particularly the energy resource area—with 61 per cent growth and we have seen emissions levels from Australia increasing by two per cent. Australia is pulling its weight in this area; it is not lagging behind.

The ALP’s response on climate change is best summed up as extreme and unbalanced, and it ignores the intricate economic circumstances of our country. Unlike the scientific approach taken by those more actively involved in the climate change debate, the Labor Party have approached this issue with an almost religious zealotry in an attempt to turn the debate away from scientific fact into a more divisive believers versus nonbelievers scenario. The ALP’s shallow approach to climate change is best summed up in their often used catchcry ‘Sign Kyoto’—a simple message that is designed to fool Australians into thinking that the government does not take climate change seriously.

Far from being at the forefront of this important debate about the world’s future, the Labor Party and the opposition leader would jeopardise Australia’s role in creating an agreement beyond Kyoto and 2012, which was agreed to at APEC through the Sydney declaration, which was signed off by 21 leaders in the Asia-Pacific region. In fact, the ALP’s hypocrisy on this can be summed up by the inaction of the Leader of the Opposition last week in his now famous meeting with the President of the United States,
George Bush. For all the rhetoric of those on the other side about signing Kyoto, when the opportunity was presented to the Leader of the Opposition to raise the issue of Kyoto and climate change with the President of the United States, what happened? He squibbed it. He squibbed the opportunity to push the claim that Kyoto should remain the flagship for international action—because deep down those on the other side know that the world has moved on beyond Kyoto. If Labor were really serious about climate change, they would check the facts on the Kyoto agreement and, rather than harping back to the catchcry of ‘Sign Kyoto’, they would realise that we are now into the next phase of international action.

The Kyoto protocol does not provide a comprehensive or environmentally effective long-term response to climate change. Of the 175 countries that ratified the protocol, only 35 signed up to greenhouse gas emission reduction targets. None of those is a developing country and many of them are failing to meet the targets that have been set, including the United Kingdom, Canada and Japan. Significantly, the protocol does not provide a clear pathway for action by developing countries, some of whom have much higher levels of greenhouse gas emissions than developed countries, such as Australia. Without commitments by all major emitters, the Kyoto protocol will be largely ineffective, as it will only deliver about a one per cent reduction in the growth of global greenhouse gas emissions. To put it another way, global greenhouse gas emissions are still expected to increase by 40 per cent on 1990 levels by 2012 under the protocol compared to an increase of 41 per cent without it. So, apart from all that effort and all that bluster, all we are seeing is a one per cent growth from actually doing nothing.

It is often said that the 21st century is the Asia century. If that is the case, why have an emissions trading scheme, an international climate action change program, which does not include some of the world’s largest polluters? We want them included not so that there can be punitive measures but simply to entice them to be part of the international response so that they too can play their part—because emissions, as they move around the globe, do not know borders; there are no boundaries.

For example, one of these Asian giants is China. China currently contributes 14.7 per cent of our global greenhouse gas emissions. Australia’s contribution stands at 1.4 per cent—and, while it is a significant 1.4 per cent, it is minuscule by comparison. On current trends, China’s contribution is set to rise to 22.9 per cent by 2050. Currently, China is the second biggest greenhouse gas emitter in the world, and it will overtake the No. 1 emitter, the United States, by 2050. It is therefore vital that all greenhouse-gas-emitting countries work together to achieve an effective international response to address climate change. The USA accounts for 23.8 per cent of global greenhouse gas emissions, followed by the EU with 14.3 and China, as I mentioned, with its 14.7 per cent.

Given these figures, it is extremely encouraging to see China working in cooperation with Australian scientists and engineers to develop a clean coal plant. It is also encouraging to see the large resource companies, such as BP Australia, investing in major solar photovoltaic production plants in China. By sharing Australian know-how and working in partnership with our neighbours, Australia can help to drastically reduce global greenhouse emissions. These are practical actions that this country is taking with our partners overseas.

It is for that reason that I so strongly support our involvement in the Asia-Pacific Partnership on Clean Development and Cli-
mate, towards which Australia has committed $100 million. The Asia-Pacific Partnership on Clean Development and Climate brings together key countries—such as China, India, Korea, Japan and the United States—to explore ways to develop, deploy and transfer cleaner, more efficient technologies to help cut global greenhouse gas emissions. The importance of this partnership is clear, when you consider that these six partners account for almost half of the world’s greenhouse gas emissions.

The recent APEC summit in Sydney demonstrated that Australia can draw together the leaders of the world’s largest greenhouse gas emitters and forge a consensus on tackling climate change. One of the important agreements to come out of the APEC meeting was the agreement of all nations to help build a post-2012 international climate change agreement. Those on the other side have been critical of this agreement because it states aspirational targets. Far from them criticising, I urge those on the other side to embrace the action that took place in Sydney last week. I certainly urge them to support the government’s efforts in setting up this partnership and to work within it.

The framework for any new agreement would strengthen and deepen the current arrangements leading to reduced global emissions. This is necessary to get a global framework underway for the post-Kyoto period. It is in line with other APEC commitments, which include working towards achieving an APEC-wide reduction in energy intensity of at least 25 per cent by 2030, using 2005 as the base year, and working to increase forest cover in the APEC region by at least 20 million hectares by 2020—a goal which, if achieved, would store some 1.4 billion tonnes of carbon, which is the equivalent of around 11 per cent of annual global emissions, based on 2004 figures. That is a significant contribution which certainly should be embraced. Another commitment is to establish an Asia-Pacific network for energy technology to strengthen collaboration on energy research in the region in such areas as clean fossil energy and renewable energy.

Following more than a decade of hard work, Australia has achieved a great deal to help cut greenhouse gas emissions, both at home and internationally. Indeed, I believe Australia is leading the world when it comes to tackling climate change. Irrespective of what the critics out there may say and what the various action groups that have been established around the country may say, the fact is indisputable: this country has led the way, is making a significant contribution and is not shirking its responsibility.

Australians are renowned for their innovation and their ability to work together to overcome difficult challenges. This has certainly been the case when it comes to the challenge of climate change. The people in my electorate of Deakin are no exception. I would like to praise the many community groups, sporting clubs and schools within Deakin who made a contribution to reducing their environmental footprint. Much of this has happened under the various grants and schemes set up by this government, particularly the very popular Community Water Grants scheme. I would like to commend those groups and members of local groups, whether it be those down at Wurundjeri Walk, Blackburn Lake, the Creeklands area, Antonio Park, Loughie’s Bushland or over at Cheong Park. All of these and many more groups like them have dedicated themselves to care for our precious natural local environment. By working together as a community, we in Deakin have achieved a lot, and I look forward to working with those groups to achieve even more.
One such project which we have worked on for the last three years has been the preservation of bushland around the Blackburn Lake area, infamously known in Deakin now as 1 Lake Road, Blackburn—and the Minister for the Environment and Water Resources certainly knows about that piece of land. It is set adjacent to the environmentally significant Blackburn Lake Sanctuary. When it became clear that the state government’s lax planning laws would fail to protect this important piece of open space from developers, the federal government stepped in with $1.8 million in federal funding to protect it. Now that the open space at 1 Lake Road has been preserved, I am working with members of the local community to investigate the possibility of establishing a sustainable living centre within that Blackburn Lake precinct—a centre where the community, school groups and residents can go to find examples of the latest and best ways to make their contribution to environmental sustainability and the protection of our environment.

It is a visionary project that seeks to showcase biodiversity and conservation whilst acting as a centre of excellence in the development and demonstration of environmentally sustainable technologies. On behalf of the local community, I would like to congratulate everyone who has been involved in this project—in particular, the tireless and passionate John Bergin, from the Blackburn area.

By working together, at both the local community and national levels, Australia has managed to significantly reduce its impact on climate change. However, with Australia only accounting for 1.4 per cent of the world’s greenhouse gas emissions, the greatest opportunity for reducing the emissions is through cooperation with other nations. As a keen bushwalker who has climbed the magnificent Cradle Mountain in Tasmania and fully walked the Kokoda Track in Papua New Guinea, I have a deep love and respect for the environment and, like most Australians, I realise that there is still much more to be done when it comes to climate change. As a local representative and a member of the federal parliament, I will continue to work hard at local, national and international levels to foster a cleaner and safer environment so that future generations have a better environment to live in.

Mr HAYES (Werriwa) (6.03 pm)—I say from the outset that I certainly will be supporting the amendment moved by the member for Kingsford Smith, but I will return to that a little later. The National Greenhouse and Energy Reporting Bill 2007 establishes a single national framework for reporting greenhouse gas emissions, emissions reduction actions and energy consumption and production of corporations from July 2008. As I understand it—and I have no reason to doubt this—this is an absolutely essential precursor to establishing an emissions trading system. By the 2010-11 financial year, the reporting framework will apply to approximately 700 companies that emit more than 50 kilotonnes of greenhouse gases. However, the fact remains that this particular bill is being rushed through this parliament so that this government can claim that it has passed primary legislation to enable the establishment of an emissions trading scheme.

I concede that the bill is necessary. It certainly underpins the introduction of a national emissions trading mechanism. However, the bill’s has major shortcomings. Firstly, there is the provision of excessive reporting powers to the Commonwealth, which could be used, quite frankly, to usurp and marginalise some of the existing state laws and programs dealing with similar matters. Secondly, the timetables are so constrained—and they are certainly constrained from Labor’s point of view—that, under the way the bill is drafted currently, they would
not be able to allow an emissions trading scheme to be introduced by 2010, which, I remind the House, is Labor’s policy.

All members of the Senate Standing Committee on Environment, Communications, Information Technology and the Arts that sat to consider this bill when it was referred to them have recommended significant amendments to this piece of legislation, particularly in relation to the excessive reporting powers as drafted therein. Labor recognises the urgent need for progress on emissions trading, but it does not excuse the poor process or a lack of genuine consultation not only with industry or environmental groups but also with the community at large.

The bill, which was introduced in this place in August of this year, includes the following elements: mandatory registration and controlling corporations with a national scheme; the requirement of registered corporations to keep records and provide reports; requirements concerning the security and disclosure of information under the scheme; compliance and enforcement of arrangements; administrative arrangements, including the establishment of a position of a greenhouse and energy data officer; and compliance monitoring arrangements. I have no issue with those. I think they are matters that are required as natural precursors to establishing a mechanism upon which to base a national trading scheme.

This bill was referred to the Senate Standing Committee on Environment, Communications, Information Technology and the Arts, and that committee convened on 3 September of this year—not all that long ago, you would say. At that stage the committee heard evidence from a range of groups. One of the consistent areas of complaint throughout the evidence that was taken by that committee was the fact that there was little if any consultation with key stakeholders within the environmental area, within industry and within the community. Regardless of who they were, whether they were expert witnesses, state governments, industry groups or environmental groups, all agreed that, while the objectives of this legislation are sound and are necessary to underpin a proper emissions trading scheme, this bill as it is drafted—as it is poorly drafted—is riddled with problems.

The inquiry heard that the bill would deliver unintended consequences, such as a significant rise in compliance costs; would produce a fractured system, which may not include as a consequence all the major emitters; would undermine state laws on climate change; and could conceivably cut across other state laws which, while not directly or primarily connected to greenhouse emissions, would nevertheless be involved in emissions and pollution control issues. The Investor Group on Climate Change—not an insignificant group—were of the opinion that the time frames for introducing a practical emissions trading system are far too slow. They were calling for better quality in the drafting of this piece of legislation in order to deliver a trading mechanism sooner. I will come back to the issue of the investor groups.

Whilst everyone is talking freely these days about aspirational targets, one of the main things that industry want is certainty. Industry want to know how they are going to raise capital to invest in a number of these technologies which will deliver greenhouse abatement benefits. To do that they need to have certainty in relation to raising funds, whether publicly or privately, and that is why industry say that they are on the outside and are what some might see as needing to be dragged into this tent. The people who I deal with in the industry, quite frankly, are looking for leadership. They are looking for government leadership when it comes to proper
attention to greenhouse gas emission. Industry are not our problem at the moment; a lack of direction from this government is.

As a consequence of its drafting, the bill sets in place a number of issues. According to the evidence of those who participated in the inquiry, for those in the business community who are looking for an investment opportunity it sets in place a slowness for Australia to actually take action on climate change. It is all very well to have an issue brought to the parliament at this stage of the electoral cycle—at a time when the government is trying to demonstrate some credentials, after 11 years, in relation to environmental concerns, particularly the emission of greenhouse gases. But this hastily cobbled together piece of legislation, which is, as I said, a precursor to the development of a national trading scheme, has been put together with no consultation. And the Senate inquiry, having heard evidence from those who appeared only very recently, on 3 September, had to deal with the consequence of this very hasty attempt by the government to try to establish some meagre environmental concern.

I indicated that there would potentially also be issues in relation to the application of this bill to existing state law. That is a real and present danger as a consequence of the drafting of this legislation, particularly in terms of New South Wales. Madam Deputy Speaker Bishop, you are probably familiar with the greenhouse gas reduction scheme that operates there. In a previous life I had much to do with the New South Wales greenhouse abatement certificates issued to commercialised projects and, indeed, with those issued to commercialised projects in Queensland, of all places, as a consequence of the New South Wales system of gas abatement certificates. It is important that the stakeholders in this legislation also include those states which are, by default, running their own de facto mechanisms in this respect. If anything, from what we can see, this legislation is simply moving to usurp those mechanisms which are available in many states presently.

The Labor members on the committee that dealt with this matter on 3 September all supported the urgent implementation of the comprehensive mandatory greenhouse emissions energy reporting scheme. That is not something that is going to be contested. It is something that must be achieved. Unfortunately, the time constraints imposed by the bill make it difficult to think that this bill as it is currently structured could actually lead to the development of an emissions trading scheme by 2010.

In the absence of federal leadership on climate change, state and territory governments have been taking steps—disparate as they may be across the nation—to address the issue of greenhouse gas emissions. As a consequence, Labor members on the committee had the view that clause 5 should be amended to rein in the proposed overly broad Commonwealth powers, which can extend over state laws. Labor members also want to amend clauses 27(1) and 27(2)(c) so that it is necessary to provide reporting information to state governments. I do not think it should be the objective of government to simply impose some exclusivity when it comes to addressing greenhouse gas emissions when there are clearly measures at a state level which are making inroads. We should be looking for a degree of harmonisation, but certainly keeping those states which are applying themselves well in this area in the loop. Rather than reducing uncertainty, this legislation, as I read it, has the potential to deliver unintended consequences, such as legal ambiguities, which will increase the compliance burden of this scheme.
There is no doubt that the sooner we act on emissions trading the longer the economy will have to adjust to the market signals and the better placed we will all be to prosper under the growing international approach to carbon markets. That is just an economic fact of life. I mentioned earlier the timely nature of this bill—and probably put it somewhat facetiously—with the bill coming in at this point in the electoral cycle. The fact remains that in the 11 budgets delivered by this government there has not once been a mention of ‘climate change’. In the whole 11 years of this government—this government which wants to contend that the single biggest thing that occurred at APEC recently was the statement in relation to aspirational targets and the fulfilment of the government’s objective in that respect—not once has it listed climate change in its budgets as a line item.

Yesterday in the matter of public importance debate the member for Kingsford Smith, whose amendment I am supporting, read the following statement:

Climate change is a serious issue. It is a global problem and the solution will also have to be global. The cost of adjustment must be distributed fairly evenly among developing economies as well as developed ones. We have a comprehensive national response to limit our greenhouse gas emissions.

That statement was made on 28 August 1996 by the current Prime Minister. Climate change has dominated real politics now for some time, yet the language of the Howard government remains the same as that enunciated back on 28 August 1996.

Recently there was a contention by some in this place that climate change really was not an issue of concern. You may remember, Madam Deputy Speaker Bishop, a report of the Inquiry of the House of Representatives Standing Committee on Science and Innovation into geosequestration. I am a member of that committee and enjoy my participation on it. The committee gains a very real insight into the issues referred to it, particularly by having access to some of the best scientific and academic resources available in dealing with the various subjects referred to it. The minister had referred to the committee for inquiry the science of geosequestration. This is effectively the science of carbon capture and storage of CO\textsubscript{2} as a consequence of energy production. The committee looked at the science of capturing that CO\textsubscript{2}, putting it into liquid form and storing it in the earth. This is something that the government, to its credit, is investing in as a real and viable technology in addressing the issues of CO\textsubscript{2} emissions, particularly in relation to power generation.

As I said, I am a member of that committee. This particular inquiry took around 13 months, during which we heard evidence from a range of highly credible witnesses, including representatives from industry, academia and CSIRO. Throughout the committee’s deliberations there were those who certainly had concerns in relation to the efforts of government or alternately wanted to have their position on this technology recorded—enough on the history of that. The point of the matter is that the majority of the government’s elected members on the committee produced a minority report. The member for Tangney, the member for Lindsay, the member for Hughes and the member for Solomon all combined to write a dissenting report, which, as I understand it—and I have only been here a short time—is a pretty rare occurrence. The government has six members on the committee, so the majority of government members on the committee all combined to write a minority report.

The basis of their dissenting report was that they wanted to record their view that they do not believe in climate change. They are climate change deniers. These four members of the committee produced a report de-
nying the fact that climate change has been caused in any way by greenhouse gas emissions and saying that the jury is out as to whether greenhouse gas emissions have been contributed to by man. This dissenting report said:

Another problem with the view that it is anthropogenic greenhouse gases that have caused warming is that warming has also been observed on Mars, Jupiter, Triton, Pluto, Neptune and others.

This dissenting report wanted to question whether there is any reputable science underpinning the notion of greenhouse gas emissions contributing to climate change and wanted to cite what is occurring on other planets and moons. If they are the majority of people that this coalition government put on their committee to look at the consequence of carbon capture and storage, how many other people—(Time expired)

Mr JOHNSON (Ryan) (6.23 pm)—I am pleased to speak on this very important bill, the National Greenhouse and Energy Reporting Bill 2007, in the parliament today in my capacity as the federal member for Ryan—a beautiful part of the western suburbs in Brisbane. I have the great honour of representing the people of that electorate and those suburbs and I will continue to do that with much energy and much enthusiasm. I look forward to working with them in the weeks ahead and discussing some of the very important issues that concern them.

Among those important issues, of course, are the state of our environment and climate change. There is no doubt that climate change is an issue that has captivated the minds of Australians and indeed people around the world. I will state on the record that I have great anxiety about the impact of climate change. It is important that the government does all it can to address the potential impact of climate change on our environment. I know that climate change is something that very deeply concerns the people in my electorate of Ryan. The University of Queensland is in my electorate, and there are many people in my electorate with lots of qualifications and experience in this area. They have given me the benefit of their thoughts and experiences on this issue. There are also many schools in my electorate, and they are well represented by young Australians who think seriously about the future. As a very good local member—I like to think I am, having been re-elected and having increased my majority at the last election—it is very important for me to listen to their concerns. I hosted a school here in the parliament only a few days ago, and very serious policy issues were raised by students about what the government is doing on not just climate change but a whole range of important issues.

But being concerned about problems is not enough. Being concerned about this specific issue of climate change alone is not enough. We need solutions, but we need solutions that are genuine, practical and can work. The Ryan electorate tell me as their local member that what is in the best interests of them as individuals, their families and future generations of Australians as well as the rest of the world is solutions that can work. At the end of the day, this is a global problem and a challenge for not only Australia as one member of the international community but also the rest of the world, and we must all come together as nations of the world to address this problem. That is the only way that a meaningful and substantial impact will be made on this problem. In Australia, we could take initiatives overnight that would mean that we do not have any emissions at all. The global impact of that would be very minimal indeed. That is not to say that we should not do our bit, because, as part of a philosophical approach to problems, we as a country and as individuals must do
The Howard government is working very hard in a very practical way to make an impact. I want to address that through talking about this bill.

I thought I might initially in my remarks to the parliament give some examples of emissions from individuals and put some figures to that conduct because I thought it might give some flavour to the challenge we face. For example, every year the average Australian in driving their vehicle produces 3.78 tonnes of CO₂ emissions. For those of us who have the privilege of taking flights on aeroplanes and have travelled from Australia to Europe, that flight produced the same amount of CO₂ as a vehicle emits in two years. One year of lighting for the average sized home in our country produces some 400 kilos of CO₂ emissions.

For those of us who like Aussie beef—and I certainly count myself as one who very much likes to dine on Australian beef, and I would suggest that many in this parliament also enjoy a good steak—one kilo of beef cooked and ready to eat produces 3.7 kilos of CO₂ emissions. One kilo of prawns produces eight kilos of CO₂ emissions. I know that prawns are very popular amongst Australians, and those who come from Queensland enjoy prawns very much indeed. One bottle of champagne produces 1.7 kilos of CO₂ emissions as well.

So what can we do in Australia? Should we not eat any prawns or beef at all? Should we stop drinking? I am sure that many of those who sit opposite enjoy a fine glass of champagne. The hardcore greens, extremists and radicals in our society and in political parties might call for such absurd action as banning all dining on prawns and beef. I am sure that some even think that we should not even hop on aeroplanes. That is the extreme view of the world that some would take—but that would be going back to the Dark Ages.

We are not going to destroy our coal industry. We are not going to eat only vegetables. We have to be realistic about what we can do. We have to be practical and pragmatic.

I am certainly very critical of the Leader of the Greens, Senator Bob Brown, who, as many will know, flagged the idea of destroying our $25 billion coal industry pretty much overnight by closing it down. Of course, that would render obsolete some 30,000 jobs. I would like to think that the wiser heads in the Labor Party do not support that kind of very hardcore dark-green philosophy—which is the way I would label it. We need to be smart in how we approach this problem. The effect of climate change is potentially very damaging to our world, so we have to come together in a very strategic fashion to address this problem not only locally but also globally. But we are not in the business of saying, ‘Damn our economy. Damn jobs. Damn the economic security of Australians who work in industries which are critical to the economic prosperity of our country.’ We are not in the business of accepting environmental vandalism and environmental extremism. All those who claim that that could be a solution really should hang their heads in shame.

The Howard government offers a number of very practical solutions. One that I am very supportive of is the $1,000 rebate for solar hot water systems. We have also heard about the replacement of inefficient light bulbs with energy-efficient compact fluorescent light bulbs and the offer of $50,000 green vouchers to schools to improve their energy efficiency. I want to pay tribute to my wife here because, long before it became fashionable, she changed all the light bulbs in our home. So, as a good husband, I want to pay tribute to the boss in the house. She made sure that, in our small way, we made our contribution on this very important issue.
I want to talk a little about the green vouchers for schools. The Australian government has offered some $50,000 for every school in the country to install hot water systems and rainwater tanks to improve energy and water efficiency. All Australian primary and secondary schools are eligible for this funding. Rainwater tanks above 10,000 litres capacity and solar hot water systems, along with their associated infrastructure and fittings, can be purchased with this grant. This will cost the Australian taxpayer some $336-plus million. It is something which I will encourage all the schools in the Ryan electorate to take up.

I have already approached school principals to let them know about this. Some have been very receptive and very enthusiastic. At those who have been less than enthusiastic, I express my astonishment. I express my dismay that some principals would try to remain at arm’s length from my overtures in promoting this wonderful Australian government policy which really does make a difference. I say to those principals: ‘Get off your backsides and promote this policy amongst the P&Cs and amongst the school community, because this is good for the schools, good for the kids in terms of their education and of course will make a real impact. Take the politics out of it. This is something that really does make a difference. I say to those principals: ‘Get off your backsides and promote this policy amongst the P&Cs and amongst the school community, because this is good for the schools, good for the kids in terms of their education and of course will make a real impact. Take the politics out of it. This is something that really does make a difference.

The Australian government has invested $26.1 million to establish a new greenhouse and energy reporting system under this bill. For the first time this will create a national reporting scheme for business and industry. Under the current arrangements, hundreds of Australian corporations must issue multiple reports, using the same data, to each state and territory in which they operate. Needless to say, this is an inefficient and wasteful arrangement, given that each state and territory has different legislation and different reports must be produced. This bill supersedes the patchwork of separate state and territory reporting arrangements, cutting red tape and drastically reducing the costs of duplication, which are estimated at some $1.7 million. It establishes a single national framework for reporting greenhouse emissions and abatement actions by businesses from 1 July 2008.

The reporting scheme will improve the data so that it covers over 70 per cent of greenhouse gas emissions in those sectors covered by the analysis, compared with the current coverage of 61 per cent. This will streamline the reporting of data into one organisation which will use it as the basis for informing the Australian emissions trading system. The new statutory position of a greenhouse and energy data officer will be created under this bill to oversee and administer the scheme. The robust reported data will allow informed decisions to be made on the Australian emissions trading scheme, rather than the uninformed blanket carbon targets set by the opposition, which are really pie-in-the-sky targets and bear no relation to reality at all. So this robust reporting data that will allow informed decision making is very important.

The bill makes it mandatory for businesses which exceed the appropriate thresholds to annually report their greenhouse gas emissions and energy use. The thresholds for the scheme have been set at a level which will capture a significant proportion of Australia’s emissions. However, at the same time the bill remains small business friendly, as
no report is necessary for those businesses which do not exceed the thresholds. The thresholds at which companies will be obliged to register and report will be phased in over three years from 2008, which will allow businesses which currently do not report under the existing patchwork scheme to prepare for the new, nationally consistent scheme. In order to ensure that a national reporting system can obtain information from the state and territory governments, the bill establishes data security and confidentiality protection arrangements.

This bill, as I have already indicated, is the foundation for the Australian emissions trading scheme, which will be a very comprehensive scheme that I think we can be very proud of. This world-leading scheme includes all large emitters, industrial energy and mining emissions and transport and other fuels emissions, which covers some 70 to 75 per cent of Australia’s total emissions.

The trading scheme is a key initiative of the Australian government to combat climate change in a very practical but still pro-business, pro-investment and pro-growth manner. The trading scheme will, of course, rely on confidence in the market. This bill provides the basis of that confidence via its rigorous compliance and enforcement arrangements. The creation of the Australian emissions trading scheme will allow for the market to price carbon, allowing companies to take into account externalities. For instance, coal is currently a very cheap source of energy because the negative externalities—namely greenhouse gases—are not borne by the producer. If the market sets an appropriate price then the impetus for the coal industry to invest in new clean coal technology will be there all the more. It will make clean and renewable energy technology more competitive, as the start-up costs are usually higher, although there are very few externalities. The Australian emissions trading scheme will also take into account offsets: certified emissions abatement from activities outside the trading scheme, such as reforestation in Australia or in other nations.

On the setting of carbon prices, the Inter-governmental Panel on Climate Change’s fourth report makes it clear that climate change is a very serious problem; however, our challenge is to manage this serious global challenge with as few economic consequences as possible. That is the clear distinction between the two sides of politics in this country. We think we can make a major impact without damaging our economy—without damaging jobs or industries that clearly provide economic sustenance to the people of Australia. I think we are going about this in a realistic fashion, whereas the opposition are just trying to be idealistic. Of course, they are in opposition, so they can make comments and throw out statements without any consequence whatsoever, but I think that once one is in government one realises that one cannot be so irresponsible.

One of the suggestions is to price carbon and other greenhouse emissions, which is what the Australian government’s trading scheme seeks to do. By allowing the market to price greenhouse gas emissions, as opposed to government taxes, it will allow flexibility in the market for quicker reductions in emissions. Those businesses or industries which are better able to reduce their greenhouse gas emissions can sell their permits to firms or industries, such as the coal industry—which we must acknowledge will take longer to adjust—without any detrimental impact on both the industry and the overall economy.

I would like to remark on a couple of points concerning my electorate, Ryan, that are relevant to the renewable energy industry—a $5 billion industry in Australia that is clearly going to grow in the years ahead. I
want to pay tribute to a handful of Ryan constituents who are making an impact in their own way. Mr Murray Craig of Solar Centre in the Ryan electorate very generously donated a solar hot water panel, valued at some $3,500, to the Jamboree school fete that was held several weeks ago. I was pleased to be able to make the presentation to another Ryan resident who had the good fortune of winning that solar panel. I want to pay tribute to Mr Craig’s spirit of community in the Ryan electorate and his support of the school. Being a resident of the Ryan electorate, he gave the school a solar panel from his business. I am sure that solar panel was well received by the winner and the school appreciated the purchase of the tickets for the prize.

I had the privilege of launching a small business called BFA Solar, established by Dane Muldoon and his father, John Muldoon. They set up this business to become part of the solution, in a sense, by offering solar. It is another business that, I guess, is a competitor to Murray Craig of Solar Centre, but BFA Solar are also going gang busters with their solar product.

I regret very much that time is getting away from me. I just want to finish up on the point about this being a global issue. We in Australia emit some 1.8 per cent of emissions. I think it is important to keep this in perspective. I know that a lot of people get very excited about this issue and that they think that if we end all our emissions we will save the world. Let us just note the contribution of the big nations of the world. A powerful country such as the United States makes a contribution to emissions of 24 per cent, followed by China, with some 14 per cent. Both countries are, of course, members of APEC. India is not a member of APEC, but its contribution to global emissions is some 4.2 per cent. Russia’s contribution is even more, at 6½ per cent. Developing countries will account for almost 70 per cent of carbon by 2050 and we must come to a result that is global in nature.

In Australia, it would be wonderful if we could press a button or flick a switch overnight and all our emissions would disappear without compromising our economy and our prosperity. I remind the good people of Ryan who have very kindly approached me that we are one player in the world. It requires all players to come together. Of course, better technology will be a big part of the solution. I am a strong supporter of solar technology and all the options, including wind and biomass. I am a big supporter of nuclear as well. I praise the British government and the new Prime Minister, Gordon Brown, for putting nuclear on the table. We cannot just bury our heads like ostriches and automatically take away one tool in the kit. I commend this bill very strongly to the parliament. (Time expired)

Mr WINDSOR (New England) (6.44 pm)—I listened with interest to the member for Ryan, who is a very articulate spokesperson for the people of Ryan, as we have heard in many question times. I would take issue with him on a couple of things: firstly, the nuclear power station issue, which I will talk about a little bit later. He spent some time talking about jobs and consistency in relation to the various messages that are sent and right at the end of his speech he said that he was a supporter of biomass. I am as well and I have spoken to him privately about this matter on a number of occasions. But this is about sending messages—this legislation is part of that process—on trying to develop a trading framework, on climate change and on global warming. It is also about creating pre-conditions where policy can be developed.

In relation to biomass and biofuels in particular, we have a message that is being sent completely in the wrong direction. As of
2011, producers of biofuels in Australia will be taxed. This means taxing a fuel source which is renewable and has some impact on fine particle emissions from our cars. There is still some debate about greenhouse gas emissions in relation to biofuels, but there are a lot of positives in the use of biomass to produce fuels. It is renewable, to start with, and a non-carbon source.

The message the government is sending through the National Greenhouse and Energy Reporting Bill 2007 is a good one. It is trying to encourage and establish a framework for the future. I do not think anybody will argue about that. But the government wonders why people do not get the message. It is because there are these other messages being sent at the same time. As I said, from 2011 through to 2015, biofuels will be used as a source of revenue. I would have thought that, if we were trying to encourage renewable fuels, reduce emissions, have an impact on greenhouse gas, do something about global warming, do something about the health of people in our major cities et cetera, we would not be using the solution as a tax source. Normally you use taxation in an environment area as a deterrent to using something.

We have heard the member for Ryan and others saying, ‘This is a good idea; we’re putting in place these things to encourage people down the right path.’ I congratulate his wife for trying to keep him in the dark by changing all the light bulbs. That is a good thing—or I hope it is.

Mr Johnson interjecting—

Mr WINDSOR—Let there be light! Tamworth, as you would recognise, Mr Deputy Speaker Causley, was the first community to get electric lights. It celebrated 100 years of electric lights the other day. I know you will be pleased to know that. But if you are serious about climate change and some of the environmental areas that we talk about in this place, the message has to be consistent. You cannot say: ‘Biofuels? We’ll treat them the same as petrol and diesel because we’ve got problems with those and they are a very good source of taxation. We get about $14 billion a year from them—we can’t really afford the revenue loss. So now we’ve gone through this little aspirational target arrangement in terms of biofuels. When we come out the other end of that, we’ll whack the tax back on.’ That sends a negative message. I would encourage the member for Ryan and other members of the government to have a close look at that, because there has to be a consistent message.

I think policy is about messages and penalties. This legislation is partly about penalties for people who do not concur with the policy message, but there are all these other signals out there as well. There is also the lack of research that has gone into solar, wind, tidal and geothermal areas. The government has gone straight to nuclear as a solution. I strongly disagree with that and so do the constituents of my electorate of New England. We recently did a survey, to which 3,000 people responded, and found that 67 per cent were opposed to nuclear power plants anywhere in Australia. I did not ask the question as to whether they wanted one next door to them; I guess that would have escalated the number. I think that probably encapsulates the feelings of most people. Of those who were concerned, even those who were supportive of nuclear energy being used, many said that they wanted other options explored first and talked about research into geothermal.

We are doing very little as a nation to encourage that natural source of heat and generation of energy. I know there are problems, but problems are made to be overcome. We are talking about 20 years before we move to nuclear, so there will be problems getting
there—if we ever get there. I know there are problems with solar and wind and baseload energy sources. But problems are made to be solved. That is why you have research and encourage people to get in there and work out the solutions.

I listened with interest to the member for Ryan discussing people in his electorate who have solar energy business. I congratulate them. They are mostly at the small business end—people who are innovative. They receive some assistance from the government, with various grants here and there, but we have to encourage them to really want to get out there. Just at the weekend, in Armidale, I was asked to open an energy-neutral display home under the auspices of a family company called New England Solar Power, which is similar to those the member for Ryan talked about.

The home is energy neutral. It has solar power, solar heating and all the other design and architectural features utilise natural heat et cetera. Obviously, there are solar panels on the roof and a whole range of other things, but there is one very interesting thing that this family—I will name them, Rob and Sally Taber and their daughter, Fiona—have developed. Their daughter has been an inspiration in driving this initiative. She is almost paranoid about getting the solution right. These are the sorts of people we really need and we should be assisting them. One of the real innovations in this particular home was the way in which they designed a solar heating system with a very low energy usage pump to push hot air through the home. People were just amazed when they walked into a particular room where the heat was coming through. It was not a particularly hot day in Armidale—Armidale is not a particularly hot town—but the reactions that people had were amazing. The Tabers did receive some federal government assistance and they were very appreciative of that, but I think we have to be out there encouraging those sorts of people.

There is talk at the moment of a new power station in New South Wales. I am not opposed to the coal industry; I have a coalmine next door to me. It is a very good coalmine and I appreciate the employment opportunities it generates for people, but I think there are some real questions that need to be answered in relation to the $8 billion being spent on a new power station in New South Wales. If we are moving towards some of the things that the member for Ryan was talking about and the New England solar people are talking about—transferring energy usage and becoming more efficient in what we are doing—we may not need the sort of baseload power that would come from a new $8 billion coal power station in New South Wales. They are the sorts of things that I think we need to have a close look at.

The carbon debate is one that I think most people are still coming to grips with, and this legislation establishes a bit of a framework for the starting point. I was very disappointed—and I raised this with the Prime Minister in question time and did not receive an adequate answer—that the farm sector was not included in the carbon task force, because I think there are a number of areas where agriculture can play a valuable role. I know it is in its infancy, I know there are difficulties in measuring carbon in soil and I know that, if you are going to establish a trading framework, you need something tangible to trade with et cetera, but there are people in Australia who are getting right on top of these particular issues now.

At the University of New England, for instance, Dr Christine Jones has done an enormous amount of work on pasture improvement and the use of improved pastures and improved soil management by way of humus and organic matter accumulation be-
ing a natural carbon sink. I have been involved personally for many years with what is called no-till farming, where, instead of ploughing the land or burning the residue, the residue is left on top of the soil. Over a period of time, not only do you get structural and textural benefits for the soil and benefits in the moisture infiltration rate through natural channels et cetera in the soil, you also accumulate a greater degree of humus and organic matter. I know the nay-sayers will say, ‘Not all Australian soils are heavy in organic matter,’ and they are not. The deserts are not, so you cannot do it there. You are not going to have a natural carbon sink in the desert, but we do have a lot of very good soils and, if we encourage better soil management through incentives and incorporate the carbon debate in that management, we end up with a whole range of other benefits as well. Not only are the structural, textural and infiltration issues that I spoke about earlier addressed but erosion issues are also addressed. You end up with better soils, a more viable landmass, a more profitable farm sector and a whole range of positives. The farm sector was completely left out of the debate.

There is a lot of information around the world at the moment about the development of natural carbon sinks in the soil. We have been talking about it for years with regard to trees and encouraging people to plant trees. Why? One of the reasons is that you help stop the salinity problem, which is good, and you accumulate some airborne carbon in a natural sink. Our soils can do that as well through changes in land management, but we are doing nothing at a policy level to encourage those sorts of things. We will spend billions of dollars, and we have rolled money out to the states for water quality programs and salinity issues et cetera over the last 10 years, and very little return has been generated for better soil health and some of the other water and salinity issues that we often talk about. I encourage the government to start talking to some of these people.

I was in the United States last year and there are carbon trades taking place there now based on no-till technology. There are those who say that you cannot measure carbon in soils or the improvement in soils over a period of time and that therefore you do not have something to sell and it is very hard to price, and yet other parts of the world are finding ways and means to do it. No-one is suggesting this is going to be easy—the legislation we are debating today is not easy, and it is establishing a framework—but surely, if we are going to go through all these various companies and the big emitters et cetera, we should be looking at soil management and farm management as part of that process. There are varying degrees of scientific view as to how much of the carbon problem could be solved through some of these changes to our land management over time, not just the planting of trees.

The other issues that I would raise are in relation to the processes that are being put in place now to deal with decision making on major developments and the impacts that those major developments may or may not have on other environmental issues. The one that is popular at the moment is the Gunns pulp mill in Tasmania.

People in my electorate and in the neighbouring electorate have an issue with groundwater. Many people have heard me talk from time to time about the groundwater debate and I know that you, Mr Deputy Speaker Causley, must be sick of hearing me talk about it. It is very important in our area because there are a series of groundwater systems that are interlinked and are linked to the surface water systems. Now we have the Commonwealth moving into the Murray-Darling Basin system and putting a plan together where they are going to gauge how
these interlinked mechanisms work and then come up with a water budget, in a sense, and determine some allocations, perhaps by buying back licences et cetera. I think we are all aware of that debate that is going to take place.

Currently, in an area near Caroona, which is only about 20 kilometres from where I live, BHP are proposing a massive coalmine. It is a 500 million tonne potential operation—a big coalmine. I know the member for Paterson would recognise that that is a big coalmine. There are possible problems. I say ‘possible’ because I do not condemn coalmining. I think we have to move more quickly in tidying up some of the emissions, but I think we can do that if we do more research. The problem I have with this particular proposal is that it is a proposal to put a massive coalmine in an area that is surrounded by very high water bearing gravels. There are interlinked aquifers for probably 200 kilometres. I have been urging, from time to time, the Minister for the Environment and Water Resources to put in place an independent survey—not of this particular mine but to use it as an example—of the potential impact of longwall coalmining in heavy water bearing gravels and what that does in terms of the hydrogeology and hydraulics of the system. If you put a trench across a vein—inaudacently or deliberately—what does that do in terms of the hydraulics of an interlinked system? I do not know the answer to that, and neither does anybody in the world. I would urge the minister to really have a serious look at this.

The reason I mentioned Gunns is that I think the processes are very similar. The proponents of both the Gunns and the BHP proposals have to go through a state based process. I think the Gunns process has verged on being corrupt. It is not a good process at all. The Chief Scientist is reviewing that now for the minister. I congratulate the minister for the environment for pulling this thing up. But make sure you have a good look at it and do not put the Chief Scientist in an invidious position where he has to approve it for political reasons when there is a whole range of procedural matters. Exactly the same issue is arising in the Caroona coal proposal. It is a state based process. The minister tells me from time to time, ‘It is a state based process.’ We know that, Minister, but we also know that under the various biodiversity legislative arrangements the Commonwealth does have some say, and that is what the minister has triggered in the Gunns situation, with the Chief Scientist coming into play.

So the Commonwealth can have a role, and in the Murray-Darling system it should have a role. It should have a much greater role in determining whether these sorts of things actually do go ahead. I am not suggesting they should not go ahead. I am not a rabid greenie. What I am saying is that there should be a process which people understand, which is transparent and which does not leave any lasting damage. If we are serious about climate change and all these other things, we have got to get serious about that particular procedural mechanism. Otherwise you have these state based processes in which people have very little confidence, and when you come to the Commonwealth proposing a broader framework people give up in disgust, do not trust the system or become very cynical.

In conclusion, I reiterate—and I would like to inform my electorate—that I would not be able to support the use of nuclear energy. I do not feel as though I could support something that could create waste problems thousands of years in front of us. It is all very well for people to say: ‘Central Australia is very safe. You can store it there.’ We do not know what can happen in 10,000 years time. Personally, I would rather accept 1½ or two degrees more in temperature than be a pro-
ponent of a waste management system that probably will not affect any of us but may well affect many generations to come.

Mr Gibbons (Bendigo) (7.04 pm)—I appreciate the opportunity to participate in this debate on the National Greenhouse and Energy Reporting Bill 2007. I indicate that I will be supporting the amendment moved by the member for Kingsford Smith. All the Howard government have had to offer this country on climate change is 11 years of delay, denial and inaction. They have refused to ratify the Kyoto protocol despite their then Minister for the Environment negotiating more favourable terms than any other country. They have failed to provide the certainty demanded by business, by not setting emission targets or a price on carbon. They have emasculated the mandatory renewable energy target. They have refused to model the economic impact on Australia of a failure to expediently reduce greenhouse gas emissions. And they have denied our manufacturing industry the opportunity to fully participate in the new global market for low-emission technologies.

The need for immediate action could not be any clearer. But it is hardly surprising that there has been none when this government is riddled with climate change sceptics and deniers. How can they possibly be a part of a solution that they do not really believe in? The Prime Minister himself is still a sceptic, despite some of his more recent election driven rhetoric. So are the Minister for Industry, Tourism and Resources, the Minister for Finance and Administration and the Minister for Fisheries, Forestry and Conservation. Indeed, the backbenchers opposite are full of climate change deniers. Despite 1,200 of the world’s leading climate scientists agreeing that temperatures will continue rising at an even faster rate in the 21st century, there are those opposite who think they know better. I remind the House that a majority of the government members of the recent Standing Committee on Science and Innovation geosequestration inquiry said that those who believe humans are contributing to climate change are fanatics. Of course one of those fanatics is their fellow Liberal, the chairman of the inquiry and member for Kooyong, who said:

The evidence is compelling and the link between greenhouse gas emissions and human activity and high temperatures is convincing.

The Prime Minister and the Minister for the Environment and Water Resources like to portray their government as leading the world in climate change—but just who do they think they are kidding? We are the second highest emitters of greenhouse gases on a per capita basis after the United States. Under this government our emissions have grown at twice the global average, and we have a pathetic renewable energy target that will add less than one per cent to our national energy supply by 2020. ‘Australia cannot fight climate change when China is building a new coal-fired power station each week’—how often do we hear that excuse for inaction from this government? What we do not hear is that by 2020 one-fifth of China’s energy will come from renewable sources, such as wind, local hydropower stations and solar. China is already the fifth largest generator of wind power in the world, while Australia is ranked at a lowly 15th. China is also home to over 60 per cent of the total installed capacity of solar hot water, meeting the needs of over 29 million households. I will say something a little later about Labor’s plans for domestic water heating.

Instead of nurturing Australia’s renewable energy industry, this government remains a captive of the fossil fuel and nuclear energy lobbies. Its solution to climate change and global warming is almost totally reliant on unproven technologies, including the next generation of nuclear reactors and carbon
sequestration. Neither of these will have any impact on reducing greenhouse gas emissions for at least a decade. The much lauded Sydney APEC Leaders Declaration on Climate Change, Energy Security and Clean Development agreed to at last week’s meeting calls for improvements in greenhouse emissions efficiency of 25 per cent by 2030. However, by 2030 Australia’s economy is likely to be some 75 per cent larger than it is now. Even if we are emitting 25 per cent less greenhouse gas per unit of GDP by then, we will still be pouring more into the atmosphere than we are now—and the government calls this leading the world!

An effective framework for tackling climate change must include an emissions trading scheme. The weight of submissions from business to the Prime Minister’s own task force made him a reluctant convert to this view. ‘Kicking and screaming’ is a phrase that frequently comes to mind about the Prime Minister and climate change. It was only a year ago that he said ‘unilaterally embracing an emissions trading scheme will result in great damage to this country’. Yet now the Prime Minister claims to be implementing emissions trading in a methodical way. Let us have a look at the progress of this ‘methodical way’.

Ten years ago, in 1997, the former environment minister established an inquiry into emissions trading. In 1998 the Minister for Foreign Affairs backed emissions trading. In 1999 the Australian Greenhouse Office released four detailed discussion papers on emissions trading. In 2003 the Prime Minister rejected a cabinet submission from the Treasurer and the then environment minister to establish an emissions trading scheme. And then the government abandoned all the work of the Australian Greenhouse Office on emissions trading.

It is symptomatic of the government’s recalcitrant attitude to climate change that the bill we are debating today comes to the House four years after the Howard cabinet rejected a proposal for a national emissions trading scheme. It is also symptomatic of the government’s approach to legislation that what we have before us today is sloppy, rushed and riddled with problems. There was no consultation with state governments, industry bodies or environmental groups, and all of those stakeholders identified problems with the bill during the Senate committee’s inquiry. Reporting thresholds that are too high, time frames that are too slow and inconsistency with previous agreements between the states and the federal government are just some of the issues that were raised.

Labor has a longstanding commitment to implementing an emissions trading scheme as part of a comprehensive approach to reducing greenhouse gas emissions. Mandatory reporting is a small but vital first step. There are much bigger issues on which the government continues to drag its heels. The Stern review for the UK government concluded that climate change is the biggest market failure the world has ever seen. While there have been criticisms of Sir Nicholas’s findings, few have challenged that opinion. But without an explicit price on carbon it will be almost impossible to address this market failure, and you cannot have a price on carbon without emissions targets. A constraint on emissions is needed to give a value to any carbon trading permits. The Prime Minister’s ideological disdain for targets shows that he just does not understand how ‘cap and trade’ market based schemes operate. How can he say he supports trading while opposing a target? He is clearly out of touch when it comes to emissions targets.

While he prevaricates, opportunities to create new sustainable technologies, indus-
tries and jobs are also passing us by. The bill before us should be the first step in providing greater certainty to emitters, manufacturers and consumers about the impact and opportunities of putting a price on carbon emissions. But, in its haste to be seen to be doing something after 11 years of inaction, the government has come up with a bill that is more likely to increase than it is to reduce uncertainty for those stakeholders.

Of course, emissions targets are not the only targets that the Prime Minister has an aversion to. The government has all but abandoned one of its few clean energy measures, the mandatory renewable energy target. Renewable energy targets are a critical part of climate change solutions all around the world, and just five months ago the Minister for the Environment and Water Resources claimed:

... the mandatory renewable energy target has been particularly successful.

California has a target, Europe has a target, even China has a target, but Australia is walking away from its renewable energy target. The government is letting MRET fade away, despite the target being responsible for generating enough renewable electricity to meet the electricity needs of four million people by 2010. The government is failing on renewable energy just when it is most needed.

This is bad news not just for the environment but also for Australian jobs. The government’s abandonment of the mandatory renewable energy target cost 130 jobs in south-west Victoria last month, when Vestas announced the closure of its wind blades factory in Portland. Two years ago, the member for Wannon promised to ‘create a centre of renewable energy in the region’, but his own government’s policies are causing the renewable energy industry to shut up shop.

The global renewable energy market is expected to reach US$750 billion a year by 2016, and our local industry has an excellent track record in creating jobs in regional Australia. But the Howard government’s complete failure to embrace climate change, its failure to set a price for carbon, its abandonment of the MRET and its continuing refusal to ratify the Kyoto protocol mean that Australian jobs and investment are heading overseas. Renewable energy companies are voting with their feet. For example, in August 2006 Vestas Nacelles announced it would close its wind turbine assembly plant in northern Tasmania, costing 100 jobs. In February 2007, Pacific Hydro announced it was investing $500 million in Brazil because Australian renewable energy projects had been stalled by the government’s refusal to ratify the Kyoto protocol. In March 2007, the Australian company Global Renewables announced a $5 billion deal in the UK to cut greenhouse pollution. They had to go to Britain to realise their ambitions. And, as I said, last month Vestas announced that its Portland factory would close in December 2007 because ‘further investment cannot be viable in current market conditions’. The government’s retreat on mandatory renewable energy targets is another clear example that its attempt to catch up on a decade of climate change inaction is only so much greenwash.

A Labor government will revitalise Australia’s renewable energy industry. It will substantially increase the mandatory renewable energy target and drive a clean energy revolution.

Nowhere is the deployment of renewable energy more important than in our cities, where most Australians live, yet a landmark report of the House of Representatives Standing Committee on Environment and Heritage entitled Sustainable cities is still sitting on the desk of the Minister for the Environment and Water Resources two years
after its release. As a member of that committee, the member for Wentworth was an enthusiastic contributor, but as minister he has failed to respond to the report despite his department saying seven months ago that a reply had been prepared and was awaiting his approval. This is a highly significant report that has bipartisan support. When the committee tabled its report in September 2005, it called for concerted national action and for the Australian government to assume a leadership role after this emerged as a common theme in the 196 submissions that were received.

The inquiry, which was chaired by the member for Moore, recommended measures to set Australia’s cities on a sustainable path in relation to the environment, social cohesion and economic productivity. The report’s recommendations on energy, for example, include doubling the Australian government’s photovoltaic rebate to further encourage the uptake of photovoltaic systems; further developing the Australian government’s commitment to energy sustainability, particularly by increasing the use of renewable energy; through the National Framework for Energy Efficiency, examining the economic and environmental benefits of decentralised energy delivery to encourage investment in this area; and investigation of the US and German initiatives in solar energy generation and purchase and, where appropriate, implementation or emulation of them. But we have seen no concerted action or leadership from this government on these or other key recommendations including the establishment of an independent Australian sustainability commission, benchmarking transport infrastructure planning decisions against a recommended Australian sustainability charter and a review of the current fringe benefits tax concessions for motor car use.

Many Australians are keen to do their bit to help the environment. Australian households led the world in recycling domestic rubbish and now they want help to reduce their greenhouse emissions. Hot water heaters produce 28 per cent of an average home’s greenhouse gas emissions and some electric systems produce more than three times the greenhouse pollution of solar systems, heat pump systems and high-efficiency gas systems. The criticism from the government about Labor’s plan to help families switch to more energy efficient hot water systems is just another example of how out of touch they are over climate change. The Prime Minister and the environment minister cannot have it both ways. They cannot say that they are all for addressing climate change and then criticise a plan that helps Australians to make their homes more energy efficient. Solar hot water systems have much lower running costs and, with the subsidies, low interest loans and the $1,000 solar hot water rebate, they will quickly pay for themselves under a Labor government.

Labor will retain the Commonwealth’s solar hot water rebate and boost it with a $300 million solar, green energy and water renovations plan. This plan will offer low interest loans to help Australian families reap the benefits of more energy efficient homes and they will be in addition to various state and local government subsidies that are also available. Labor will work with state and territory governments and industry to implement improved greenhouse and energy minimum standards for hot water heaters, while ensuring that low-income earners are not disadvantaged. These measures are calculated to save Australia more than 7.5 million tonnes of greenhouse gas emissions each year from 2012—that is the equivalent of taking more than 1.7 million cars off the road—and they will save households about $300 a year on the average electricity bill. Australian families want to make a difference and save costs by making their homes
more energy efficient. Only a Labor government will help them do that.

The government’s inaction on climate change is also passing up other economic opportunities for Australian business, such as the car industry. This side of the House firmly believes that Australians should have the opportunity to buy Australian made green cars. Labor’s $500 million green car innovation fund would generate $2 billion in investment to secure jobs in the automotive industry and tackle climate change by manufacturing low emissions vehicles in Australia. Australia simply cannot afford any more short-term fixes in its car industry. This is about creating a long-term plan for the future of the car industry. The green car innovation fund will boost industry research on fuel efficiency and vehicle manufacturing to slash carbon emissions, promote the development of low emission vehicles—including hybrid, flexible fuel and low emissions diesel vehicles—and ensure that Australia plays a leading role in the global development of green car technology. To encourage our domestic car manufacturers, we have also pledged to purchase environmentally friendly vehicles such as hybrid cars for the Commonwealth’s fleet, if they are produced in Australia. Australia currently does not manufacture hybrid, flexible fuel or low emissions diesel vehicles, but their importation is increasing rapidly as Australians demand greater fuel efficiency in their motor vehicles. Motor vehicles contribute 13 per cent of the nation’s greenhouse gas emissions. Low emissions vehicles, produced overseas, generate less than half the emissions of a standard Australian manufactured vehicle.

The green car innovation fund is just one part of federal Labor’s comprehensive approach to dealing with climate change, which also includes ratifying the Kyoto protocol, cutting Australia’s greenhouse gas emissions by 60 per cent by 2050, setting up a national emissions trading scheme, setting up a $500 million national clean coal fund and substantially increasing the mandatory renewable energy target. I invite anyone to compare this to the record of the Howard government on climate change, which is amongst the worst in the developed world. A Labor government will bring a fresh, new approach to climate change—an approach that will end more than a decade of inaction and take Australia back into the mainstream of the international community to address perhaps the greatest challenge facing the world today. I will be supporting the amendment moved by my colleague the member for Kingsford Smith.

Mr JENKINS (Scullin) (7.21 pm)—I rise to speak on the National Greenhouse and Energy Reporting Bill 2007. As has been outlined in earlier debate, the purpose of this bill is to establish a national framework for reporting greenhouse gas emissions, certain abatement actions and energy used in production by corporations from the 2008-09 year. It gives us an opportunity to speak about matters to do with climate change, to acknowledge importantly that this is a major issue not only for our nation but for the whole globe and to recognise the mounting proof of human induced climate change and, therefore, the need for us to take this seriously and to take measures that change human behaviour.

In speaking to the bill, I indicate my support for the second reading amendment moved by the honourable member for Kingsford Smith, the shadow minister for the environment. I wish to highlight the part of that important amendment where it states:

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

(1) notes that:

(a) the Bill was hastily drafted without any genuine consultation with stakeholders, including state governments, industry groups and environment groups;
the Bill was hastily drafted and introduced so as to prevent due public and parliamentary scrutiny...

If one were to characterise the way in which decisions have been made by this government over its decade-plus in office and compare it with the way decisions were made during the Hawke-Keating years, there is one very stark difference. That is that, over the last decade or so, there has been a complete lack of genuine consultation and an attitude by the Howard government over these years of: ‘Don’t you worry; we know what the answers really are. We’ll tell you the direction. We don’t need anybody advising us. We don’t need anybody giving indications of what really is required.’

In contrast, during the Hawke-Keating years, changes were made in many areas—this was most definitely the case with major changes made to our economy—by the government sitting down with parties that had an interest. Most definitely, we saw a tripartite approach taken to most problems. Because it was a Labor government, of course it sat down with the organised trade union movement; it sat down with people representing the interests of workers. But the significant third leg of that tripartite approach was the government’s sitting down with business, with employers. With community affairs, we saw the Hawke-Keating government take on board the interests of bodies like ACOSS and other non-government organisations that worked in that field. On environmental matters, it sat down with bodies such as the ACF and would try to come up with things that had the imprimatur not only of government but also of the community at large. However, this is an opportunity lost. This piece of legislation is an example of the government deciding that they know what is best.

The other aspect where there is a real need for genuine cooperation and collaboration is the way in which the Australian government, the federal government, the Commonwealth government—name it what you like—sits down and works through issues with the state governments. There has been a complete failing, on the issues that are covered by this piece of legislation, concerning proper consultation—and this gives us, as a federation, great difficulties. But, if we look at business with regard to matters to do with climate change, it has to be said—I have said this before; it upsets me—that time and time again there is overwhelming proof that business is so far ahead of the Howard government that it is not funny. That should not be the case. I think it is terrific that business has understood this problem. It has understood that it presents us with great challenges, but it has also understood that it presents Australia with great opportunities. A conservative government of the type that the coalition represents itself as should have been able to find it easy to sit down with business interests and work on solutions to this problem, but it has even failed at that.

Earlier this week, we had the release of an Ai Group report entitled Environmental sustainability and industry, road to a sustainable future, which was produced in conjunction with Sustainability Victoria. On the release of the report, Heather Ridout, the Ai Group’s chief executive—not somebody I usually quote in this place—made a very telling point. She said:

Companies clearly need more information on how they can improve sustainable practices, they need a better understanding of an emissions trading scheme, and they need better incentives, particularly for small to medium firms...

The report indicated that there was a dearth of knowledge—that businesses were crying out to see leadership from government on the simple aspect of information. This piece of legislation will commence the journey of providing us with hard facts about what is going on, which of course is a precursor step.
for putting in place a national emissions system. But, looking at the evidence that was put before the Senate committee that considered this piece of legislation, you will see that there was a lot of opinion that the way in which this piece of legislation had been framed was likely to slow the process down.

As an opposition, we do not want to be seen to be in the position of in any way slowing down the journey to putting in place a national emissions trading system that will require us having a metric to show what type of emissions are in place, the way in which those emissions can be abated and the way in which people can enter into the marketplace to make the sorts of trades that the scheme would require. But the government needs to understand that these are the items that are required. It is not about seeking headlines. It is not about saying, ‘Well, we’ve got our own ideas and we’ll tell you when we’re ready.’ Ratifying the Kyoto protocol is not about some magical thing that the signature will do; it is about what the protocol actually means—for instance, what it would mean for industry. If we were proper parties to this agreement, the types of mechanisms that would open up to Australian industry would be quite considerable—and they are ignored by this government. The simple fact of not ratifying the Kyoto protocol will put us outside the mechanism, which will continue in Bali in a few months time, and it is a considerable downfall of the government. We need to be involved in all international forums that are connected with this important protocol.

Debate interrupted.

**ADJOURNMENT**

**The SPEAKER**—Order! It being 7.30 pm, I propose the question:

That the House do now adjourn.

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**Condlences: Mr Harold Gibson Weir AM**

The **SPEAKER** (7.30 pm)—It is with regret that I inform the House of the death in late August of Mr Harold Gibson Weir AM, Parliamentary Librarian from 1978 to 1982. Mr Weir first joined the library in 1968 as one of the first appointees to the Legislative Research Service. He took a leading role in the formation of subject groups within the research service, a model which continues to enable the library to effectively deliver its services. He also initiated the *Bills Digest* service, which has become a highly valued service to members and their staff. Unfortunately, ill health caused Mr Weir to retire prematurely from the post of Parliamentary Librarian. On behalf of all members, I extend condolences to Mrs Weir and their family.

**Mesothelioma**

**Mr MURPHY** (Lowe) (7.31 pm)—Many members would be aware that the much loved and respected anti-asbestos campaigner Bernie Banton was recently diagnosed with mesothelioma. Bernie is the most famous anti-asbestos campaigner in Australia and is the face of the hard-fought struggle to bring the corporate giant James Hardie to accountability. We know that the campaign headed by Bernie was successful in establishing a $4 billion compensation fund which is designed to offer financial security to thousands of asbestos disease sufferers and their families. Now it is time for the community to take up another commendable cause which Bernie is extremely passionate about. Just weeks before his diagnosis with mesothelioma, Bernie Banton was campaigning to have the drug Alimta listed on the Pharmaceutical Benefits Scheme for mesothelioma patients. Mesothelioma is an insidious cancer caused by exposure to asbestos fibres. These fibres are contained in over 3,000 products commonly found at home and at work. Alimta can inhibit tumour growth, increase
life expectancy and relieve the pain of cancer patients.

In the absence of any cure, a drug that can increase life expectancy and reduce the pain of those suffering from cancer should be readily accessible; Alimta is not. It costs $20,000 for patients who contract mesothelioma through inadvertent exposure to asbestos at home or at work. Incredibly, while Alimta is subsidised for those suffering from lung cancer caused by smoking, it is not subsidised for those with asbestos related diseases caused by blameless exposure to asbestos products.

There is enormous inequity of access to Alimta depending on which state or territory mesothelioma cancer patients reside in. Workers who believe that employment in New South Wales exposed them to the inhalation of asbestos fibres may receive Alimta free of charge through the New South Wales Dust Diseases Board. Given Bernie Banton’s employment history, he is eligible to receive Alimta without having to find $20,000 to receive this standard-of-care treatment. Not all workers have this opportunity and not all states have the same schemes.

Furthermore, mesothelioma is increasingly being contracted by ordinary Australians not in the course of employment but in casual exposure to asbestos fibres through washing asbestos laden overalls or undertaking basic renovations at home. Outrageously, none of these people can receive affordable access to Alimta. The discriminatory access to Alimta does not end there. The partner who washed asbestos covered clothes, the child who played on asbestos fibre pieces in the backyard and the home renovator who innocuously drilled a hole into a wall at home will all be denied affordable access to Alimta.

The number of mesothelioma cases in Australia is not expected to peak for another decade. This is not surprising, given the ease which with asbestos related cancers can be contracted, the understandable confusion about which products at home and at work contain asbestos and the general lack of awareness of the dangers of asbestos fibres. Asbestos is a silent killer striking ordinary Australians many years down the track without warning. Treatment for this most insidious of asbestos related diseases should not be based on how or where the disease was contracted, yet this is how the recommended treatment for mesothelioma patients is administered in Australia. We cannot imagine the stresses involved with being struck by an illness that gives such a poor prognosis of survival. For those in that situation, every second with family members is sacred. The government cannot allow those moments to be tainted by the anxiety caused by an inability to afford a drug that will prolong life and reduce suffering.

Bernie Banton is currently being treated for mesothelioma and I had the great honour of meeting him and his wonderful wife, Karen, a few weeks ago at Concord Hospital in my electorate of Lowe. Such is the measure of the man that, even from his hospital bed, he was still campaigning on behalf of other mesothelioma cancer patients who will not have access to Alimta. Surely we cannot expect Bernie to take up this fight alone from his hospital bed. I have made a pledge to Bernie to continue the campaign he commenced, not because it is popular but because it is right. I understand that the manufacturer of Alimta has made three unsuccessful submissions to the PBAC for listing on PB Scheme. (Time expired)

Moreton Electorate: Roads

Mr HARDGRAVE (Moreton) (7.36 pm)—The federal Labor Party want to put more trucks down the Kessels Road corridor through my electorate. In fact, the Labor
Party’s recently announced infrastructure spend, some $300 million, would not have been made unless Labor plans to send more B-double trucks, interstate trucks, along that Kessels Road corridor. It will become the Kessels highway. It will be an extension of the Ipswich Motorway—down Granard Road, Riawena Road, Kessels Road, Mount Gravatt-Capabala Road, hooking onto the Gateway Motorway. Why can’t Labor understand that the best course for trucks to follow would be the southern Brisbane Bypass, which is the Gateway Motorway and Logan Motorway continuation? It is a toll road imposed by the Beattie government, by the new Deputy Premier, Paul Lucas, but it is a better route for trucks, and every truckie in the local area understands that. Instead, Labor say that they will spend $300 million to give a green light to interstate trucks to travel down the Kessels Road corridor—the Kessels Road highway, the extension of the Ipswich Motorway that they are planning—and a red light to local residents, who use Mains Road to get onto the Pacific Motorway and into the city of Brisbane. There is a red light for local residents.

The extraordinary amount of money that this government has put in to try to make things better along that corridor still has not been expended. In 2001, the government put the first of many millions of dollars into the hands of the Queensland government for the task of building noise barrier fences along Riawena Road, so residents around Salisbury could in fact have some respite from the thud of heavy trucks during the middle of the night. Nothing has been built. Nothing has been done about this. At the same time, millions have been spent on research and consultation with local residents about what they would like to see done along that corridor. Do we need to engineer a solution at Mains and Kessels roads? The overwhelming view was that there were a range of things that needed to be done. The Australian government has been ready to do something about it, but the Queensland government has done nothing. We have put money into checking out, from an engineering point of view, the viability of the construction of an underpass at Mains and Kessels roads. But the Labor Party federally has just fallen into line with the demands of Queensland Inc.—the Queensland state government—for Kessels Road to be given a priority run for interstate trucks while local residents have to stop at red lights at the Mains and Kessels roads intersection.

I heard the Labor Party former deputy mayor, Len Ardill, on Brisbane radio today. Mr Ardill said, quite rightly, that something has to be done about the flow of traffic along Mains Road. I agree with Len Ardill. He is a longstanding resident of the Sunnybank area, as I have been. He has been there a bit longer than me. I have had 37 years in that area. I went to school with his son, Leonard, at Runcorn primary school in the early seventies. Len Ardill is right when he says that something has to be done along Mains Road. My plan is quite straightforward—that is, put Mains Road under Kessels Road, giving a clear run for local residents, a green light for local residents, while the big, interstate trucks get the red light at the intersection of Kessels and Mains roads. They are the ones that should be made to wait. They should be told, ‘This is the wrong route for you to travel.’ Yet Labor have said: ‘We’ll ignore the view of local residents. We’ll ignore the result of millions of dollars of research, millions of dollars of effort to try and make a difference along this corridor.’ The Queensland government—Paul Lucas and Queensland Inc. in another one of those ‘let Queenslanders down by the minute’ sleazy deals—has decided to opt instead to give a green light to interstate trucks.
The federal Labor Party are linked, root and branch, to this ‘ignore the views of ordinary Queenslanders’ style of government. I have been appealing to the member for Batman to walk away from this, but he will not do it. What he has said is that he does not care about the ordinary Queenslanders in my area who need a clear run to the city along Mains Road. He does not care that 84 per cent of local residents in the research I have done want Mains Road to go under Kessels Road. Instead, he demands that Kessels Road goes under Mains Road and local residents should stop at stop lights while interstate trucks get the clear way through. I am happy to fight an election on this. The Labor Party are 100 per cent wrong on the expenditure of $300 million on this. The Howard government is determined to engineer the right solution that works for local residents not interstate trucks. (Time expired)

Holt Electorate: Medicare Office
Holt Electorate: Cranbourne Aquatic and Leisure Centre

Mr Byrne (Holt) (7.41 pm)—Tonight I rise to discuss a couple of issues that are very relevant to the constituents of Cranbourne—

Mr Bowen—Federal issues.

Mr Byrne—Yes, not state issues. We are not trying to hide behind state based issues; we are talking about issues that relate to federal matters. I would like to talk about the federal Medicare office—

Mr Hardgrave interjecting—

Mr Byrne—Thank you, off you go, Member for Moreton. I want to talk about the Medicare office in Cranbourne. That is what concerns my constituents.

Mr Bowen—A federal issue.

Mr Byrne—Yes, and let me tell you about this particular federal issue, Member for Prospect. It is about a Medicare office in Cranbourne. In fact, this Medicare office took 10 years of hard and consistent lobbying before it was actually opened. It was closed, as I understand, in 1995. For 10 years, the residents of Cranbourne lobbyed for a Medicare office. Cranbourne is a large and growing area. It has a very large population base around it. It is part of the growth belt which extends from Fountain Gate through to Cranbourne and Berwick. This Medicare office was opened on 4 April 2005—after the federal opposition gave a commitment that if it was elected in 2004 it would put a Medicare office in Cranbourne. Lo and behold, after that commitment was made, Member for Prospect, guess what? The federal government funded the Medicare office in Cranbourne. Be that as it may, it was a successful campaign by the residents of Cranbourne and that office was opened on 4 April 2005.

However, the member for Prospect will be interested to learn that this is the only Medicare office in the region—and this is a region which incorporates Fountain Gate, Dandenong and Frankston—which is not open until 7 pm on Thursday and is not open between 9 am and 12.30 pm on Saturday. It may have escaped the federal government that, in fact, there are a lot of working families who live in Cranbourne. There are a lot of first home buyers who have shifted into Cranbourne. There are a lot of people who cannot get to a Medicare office after, say, 5 pm on Thursday. They would like to be able to access the service of an open Medicare office particularly on a Saturday morning, for family payments, for example.

All we are asking for, on behalf of the residents of Cranbourne, are the 5½ hours of access that are available at the other offices that I have mentioned—Fountain Gate, Dandenong and Frankston. I wonder why that is too hard. On behalf of the residents of Cranbourne, I have written to the Minister for Human Services, Minister Ellison, and he
has advised that, unfortunately, he believes, on behalf of the federal government, that there is not enough demand to extend those hours. That is plainly wrong. I say in this House on behalf of the residents of Cranbourne that that is not acceptable. We will continue to lobby on behalf of my constituents to ensure that they are given access to a service that is granted to people in Fountain Gate, Dandenong and Frankston. They deserve it. They pay their taxes. We will continue to lobby and perhaps, on the eve of the federal election, under the shadow of a federal election being called, the residents of Cranbourne, having fought for 10 years to get a Medicare office established, which was opened in April 2005, might get justice again. It seems it will take a federal election and consistent lobbying to actually force the government to deliver what people pay their taxes for, which is a Medicare office.

I would like to touch on the issue of the incredible Cranbourne Aquatic and Leisure Centre, which is being constructed in Cranbourne East. This is a very innovative pool. It has a 50-metre lap pool with movable boom, a toddler’s pool, a hydrotherapy pool, a water slide, spa, sauna, steam room and gymnasium. A particularly unique feature of this pool is that it will be the most environmentally self-sufficient local government pool in Australia.

During the construction stage and after completion, the project will not use any potable water and will save approximately 30 million litres of water a year. This is going to set the standard for water usage in pools constructed from here on in, which is critically important in our new era of water shortages, particularly with water storage being at about 38 per cent in Victoria at the moment. This water saving is being achieved by the installation of a two-million-litre underground water tank connected to stormwater pipes in the City of Casey. The stormwater pipes will be used to collect the rainwater to be used for the pool.

There has been no federal government funding for this $37 million project. The state government has committed $2½ million, but there has been no federal government funding. I am aware of the fact that there is an application before the area consultative committee for $1.5 million. It is about time the federal government funded this project. (Time expired)

Water

Mr FAWCETT (Wakefield) (7.46 pm)—I rise tonight to address the House on the issue of water. This is a very important issue for us in South Australia, being the driest state in the driest continent in the world. I have had considerable feedback from people in my electorate, over the last few weeks in particular, because of the way the whole issue of water has been remarkably poorly managed in South Australia. There are long-term issues around the flows in the Murray and the drought, but over the last few weeks we have seen an approach which has caused a considerable degree of anger amongst constituents. I have had feedback from people by phone, from surveys, letters and emails and at shopping centres. In fact, one of the most popular things we have been able to provide for people in our shopping centre visits are things like little hourglasses to help them monitor shower usage and things like flow restrictors for their taps. People are looking for those small, practical ways to help as well as the bigger picture things.

The anger is there because of the decision of the state government to restrict water rather than look at ways of actually providing it for people. One of the ways they have done this is that they have sought to restrict outdoor watering, which is a fairly small percentage of the total metropolitan use of water in South Australia. People do not mind
that in itself so much; it is the fact that they have gone about it in a way which is really nonsensical. I have worked with industry people like Milton Vadoulis, who runs a nursery in Gawler. He has explained in some detail the impact on the nursery industry that these restrictions have had. It means that all of the investment people have made in sensible ways of efficiently using water, such as dripper systems, have been banned, yet people are free to throw any amount of water they like onto plants using buckets. There is an unlimited supply of water if you want to use a bucket. There is absolutely no restriction on how many showers, spa baths, loads of washing or anything else people do inside the house. Yet they have banned the most effective way of watering plants outside, which has had not only an impact on private residents but also an impact on the whole nursery industry.

That debate has raged in South Australia, and public pressure has caused the state government to look at reversing their position just this week. But the debate is not really about drippers versus buckets; it is about a way forward. It is about providing better options for water for South Australia. It is about saying, ‘We need to focus on a future plan about provision and not restriction.’

The Australian government has already been taking steps down that path. We have looked at provision in two ways. One is in terms of preserving and making better use of the water that we have. In 2004, the $2 billion national water fund was announced, and this has led to a whole range of projects which have benefited the community in Wakefield. In 2007, the $10 billion national water plan was announced, leading to the Water Act 2007, which for the first time will give us a national approach, getting rid of overallocation of water down the Murray system and investing considerable money in fixing up infrastructure so that we do not waste the water that we have.

In South Australia the water fund has led to around $620 million worth of investment, which has led to better management of nearly 75 billion litres of water. This is through things like extending the Bolivar pipeline, which we committed to back in 2004. It has not been until this year—three years later—that the South Australian government has actually chosen to match our contribution to see that pipeline extended to make use of waste water in the horticultural sector. Tonight I am calling on the South Australian government to treat the horticulturalists in the Virginia area fairly when it comes to getting rid of the overallocations of water in that area. To just arbitrarily remove their entitlements or cut them back is unfair. They need to find a better way to do that.

There have been community water grants for things like Waterproofing Northern Adelaide, where we are making far better use of stormwater run-off. We have put some $38 million into that. We have funded local government to the tune of some $20 million to make better use of waste water. So there are a range of areas where we are taking the initiative to provide water through better infrastructure.

However, we also need to see the provision of alternative sources of water. Mr Rann has prevaricated for far too long about whether he will commit the South Australian government to a desalination plant. The federal government has been calling for some time now for him to commit to plans to bring to us a proposal so that we can look at the options to co-fund and work with South Australia to provide that alternative source of water. At this time, as we stare in the face of yet another crop failure, another devastating drought, I call on Mr Rann to step up to the mark, put his money where his mouth is and
put out a plan for a desalination plant. *(Time expired)*

**Domestic Violence**

Ms PLIBERSEK (Sydney) (7.51 pm)—I am speaking tonight on the very serious issue of domestic violence in response to a petition I received recently that had 1,055 signatories. The petition states:

The availability of safe and affordable accommodation for women and their children escaping domestic violence is in serious decline throughout Australia.

It goes on to say:

Unfortunately, many women and their children are being forced to stay in violently abusive relationships because they have nowhere else to go. Women’s shelters only offer a temporary respite of a few weeks. There appears to be no safe and affordable accommodation available for women and their children to access after this short respite. As a result, many women and their children are being forced to remain or reunite with their violent partners or become homeless.

This petition from over a thousand signatories comes from the Townsville area. The signatures are from many genuine people from Idalia, Aitkenvale, Mount Louisa, Atherton, Kirwan and many other areas who are concerned about this serious issue. The Australian Bureau of Statistics tells us that about one in three Australian women will experience physical violence and one in five will experience sexual violence over their lifetime. Indigenous women are 40 times more likely to be victims of family violence compared with other Australian women. About a quarter of children witness violence against their mother or stepmother and often children who witness violence are mistreated or neglected themselves. We know that women will often return to violent relationships rather than make their children homeless, so the shortage of emergency accommodation is extremely serious for this reason.

Funding for the Supported Accommodation Assistance Program—we are up to SAAP V at the moment—has gone backward year after year because it has not kept pace with increases in the cost of living. There has been a cumulative real loss of nearly $50 million over the term of this last agreement, which will expire in 2010. The difference between the current government’s policies and what a Rudd Labor government’s policies in this area would be are quite stark. It is our intention to establish a national plan to prevent violence against women and children which will be driven by a national council on violence against women which will include survivors of violence, domestic violence and sexual assault service representatives, law enforcement agencies, academics and others. We believe that the only way to end violence is to establish a clear goal, clear time lines and clear responsibilities to ensure that all levels of government and non-government agencies are working together to make progress.

We want schools to teach values that include respect for relationships between human beings. When schools are teaching sex education, they need to talk about more than just the mechanics of sexual relationships and speak also about issues of consent and respect. We need to promote successful local programs and make sure that they become successful national programs and, in taking a public health response to domestic violence, ensure that when we focus on prevention to stop abuse occurring we also maintain our focus on criminal sanctions where violence has already occurred.

We think it is vital that a federal government work with state governments and the community sector to improve access to crisis accommodation and to improve the transition from crisis accommodation to long-term secure and affordable accommodation. At the moment, sometimes women stay in crisis
accommodation longer than they need to because they simply have nowhere to go. Making sure that there are exit points from crisis accommodation is just as important as making sure that there is enough crisis accommodation available. Crisis accommodation is obviously about more than just a roof over people’s heads. Women who have been through domestic violence are extremely traumatised and their children often need extra support as well. These crisis services that I am talking about are about safe and secure accommodation, but they are also about providing the sort of counselling, support and help in getting lives back on track that families that have experienced this sort of violence will need. I finish by congratulating the 1,055 signatories of this petition. I will be lodging it in the parliament in the usual formal way. (Time expired)

Mesothelioma

Mr MURPHY (Lowe) (7.56 pm)—In concluding my contribution in this debate tonight I make the point that at a time when the government has billions of dollars of surplus it can afford the very small cost of $7 million per year to provide these patients with Alimta. A committee in the United Kingdom equivalent to the Pharmaceutical Benefits Advisory Committee recently approved Alimta for anyone with mesothelioma. I call upon the Minister for Health and Ageing and the PBAC to do likewise, and to do it immediately.

Iraq

Mr BOWEN (Prospect) (7.57 pm)—Tonight I would like to take this opportunity, as I have in the House previously, to talk about the persecution of Christians in Iraq. Recently a report was released which showed that one in seven people in Jordan is an Iraqi refugee. This is quite an amazing figure, particularly when you take into account that 10 per cent of schoolchildren in Jordan are Iraqi refugees—that is 70,000 young people who are refugees in Jordan having fled from Iraq. Some of the figures are amazing. About four million Iraqis—that is, one in six—have left their homes since 2003. Two million of those have been internally displaced and more than two million others have fled to neighbouring countries. Iraq’s population has not been measured carefully, for obvious reasons, since the 1960s but it is thought to be around 25 million. This means that around one in every six Iraqis has been forced to leave their home.

Around the world the number of refugees has decreased from around 18 million in 1993 to around 10 million last year, but the number of refugees in the Middle East has increased dramatically, the largest increase since the outbreak of war in Bosnia in 1991. The biggest factor in that is the number of people leaving Iraq. I have referred previously to the problems in Iraq and the persecution of Christians. We have seen Christians blamed for the invasion of Iraq and Christians persecuted in ways which we can only begin to imagine. Those countries of the world which were members of the coalition of the willing, I believe, have a special responsibility to protect and support those people who are being persecuted. We can do that in many ways. Of course we can do it by accepting more refugees, and I note and welcome the government’s decision to increase the number of refugees from the Middle East. That is a small step in the right direction, which I welcome. But of course much more must be done.

I note that the United States House of Representatives recently passed a resolution to allocate $10 million in funding for internally displaced refugees in Iraq, predominantly in the regions which are populated by Christians. This is welcome, and I think we should consider something similar. Certainly we are a smaller nation and we would not be
expected to allocate $10 million, but at least some contribution would be welcome. Refugees across the world are of course all suffering, but it is a common misconception—I must say perpetuated almost daily by the government in question time—that since the fall of Hussein things in Iraq are fine and things in Iraq are improving. Many Christians in Iraq would say—and these are not my words; these are their words—that they are now worse off than they were under the previous regime.

The SPEAKER—Order! It being 8 pm, the debate is interrupted.

House adjourned at 8 pm

NOTICES

The following notices were given:

Mr Abbott to present a Bill for an Act to amend the law in relation to health and private health insurance, and for related purposes. (Health Legislation Amendment Bill 2007)

Mr Abbott to present a Bill for an Act to provide for national health security, and for related purposes. (National Health Security Bill 2007)

Mr Ruddock to present a Bill for an Act to amend the law relating to sexual offences against children, and for related purposes. (Crimes Legislation Amendment (Child Sex Tourism Offences and Related Measures) Bill 2007)

Mr Dutton to present a Bill for an Act to amend the law relating to the financial sector, and for related purposes. (Financial Sector Legislation Amendment (Review of Prudential Decisions) Bill 2007)

Mr Lindsay to move:

That, in accordance with the provisions of the Public Works Committee Act 1969, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: Fitout of new leased premises for the Australian Customs Service, Brisbane, Queensland.
The DEPUTY SPEAKER (Hon. IR Causley) took the chair at 11.30 am.

STATEMENTS BY MEMBERS

National Dementia Awareness Month

Ms GRIERSON (Newcastle) (11.30 am)—Next Monday marks the beginning of National Dementia Awareness Month, which runs from 17 September to 17 October. The theme for this year is ‘No time to lose’. Currently there are more than a thousand new cases of dementia in Australia presenting every week. The total number of Australians now living with dementia is 220,000. By 2050 this figure is anticipated to escalate to 730,000, so there really is ‘no time to lose’.

Canadian Professor Ken Rockwood, a world-leading dementia researcher, clinician and author, will be this year’s keynote speaker at Dementia Awareness Month events. Professor Rockwood pioneered the person centred model in the care and treatment of people with dementia. Art and dementia is a particular focus of his work and he has established artist-in-residence programs in dementia units with great success. I am delighted that Professor Rockwood will be addressing the launch of Dementia Awareness Month in my electorate of Newcastle next Monday and I look forward to co-hosting, with Senator Marise Payne, his visit to Parliament House next Tuesday when he addresses Parliamentary Friends of Dementia. I encourage all members and senators to attend his presentation.

For people living with dementia, for their families and carers and for those at risk the theme ‘No time to lose’ is a call for urgent action by government and communities everywhere to improve the quality of life for people with dementia, to increase funding for research and to engage in a brain-healthy lifestyle to reduce the risk of dementia in later years. Excellent work is being carried out across Australia. Alzheimer’s Australia’s Mind Your Mind risk reduction program and the development of the Kimberley Indigenous Cognitive Assessment Tool are just two examples. Importantly, the Kimberley Indigenous Cognitive Assessment Tool has enabled researchers to identify the prevalence of dementia amongst Indigenous people and the result is, of course, that it is significantly high.

I want to draw the attention of the House to the work of the Hunter Network of Alzheimer’s Australia NSW. In partnership with the local Rotary Group District 9670, the Hunter network raised more than $260,000 towards the establishment of a dementia resource centre in Newcastle. Alzheimer’s Australia NSW matched those funds, giving a total of $550,000 to purchase a residential property. That has been done, but now it is time to refurbish and fit out that property as a dementia resource centre, which is estimated to cost a total of $630,000. The New South Wales government has committed $150,000 towards the cost and the Newcastle Permanent Charitable Foundation has provided another $60,000, but Commonwealth assistance is now needed to complete the project. I call on the government to match the efforts made by the community to enable the development of the Hunter dementia resource centre to be completed. The need is great. There really is ‘No time to lose’. (Time expired)

Josiah Sherwood

Mr ANTHONY SMITH (Casey—Parliamentary Secretary to the Prime Minister) (11.33 am)—Today I want to pay tribute to a very special young boy, his family and the local com-
Josiah Sherwood is an eight-year-old boy who was born with a very rare condition called Moebius syndrome, which affects the nerves and muscles on one side of his face, meaning he has trouble swallowing, his right eye does not blink and he has difficulty shutting it. He has been through a terrible ordeal with all of this. Some time ago he had the first of two operations to correct this rare condition in Australia. The second operation must take place in Canada and obviously is a very expensive endeavour. But it is a great community story from Mount Evelyn, in the Casey federal electorate, where the community and his family and friends have worked tirelessly to raise funds so he is able to go to Canada for this very rare operation.

I was privileged to play just a very small part in raising some of that money by getting local people, some people in this building, to sponsor me on how far I could kick a football—and we were able to raise a small amount of money. It was great to be part of their journey and I am grateful for all of those who lent their financial support. I am particularly grateful to all of them who topped up their contributions when I could not kick as far as I thought I could.

I make mention of this today because this Sunday Josiah leaves for Canada with his family. He will be there for some months to have this complicated operation. When he returns he will have a normal smile, which is what he and his family have wanted since the day he was born. I want to pay tribute to them for their determination and their sunny outlook right through what has been a very difficult situation, and to all of their generous friends throughout the outer east of Melbourne who have assisted them, including Josiah’s school, Mount Evelyn Christian School, which has made all of its fundraising efforts in recent years go towards Josiah’s appeal. I pay tribute to the principal, Martin Hanscamp, for his leadership, and to all of the schoolteachers and parents.

Ms GEORGE (Throsby) (11.36 am)—I take the opportunity today to commend the staff and students of the Illawarra Institute of TAFE for the extraordinary effort that went into a fabulous evening, Dining with the Stars. The students at the college worked with a celebrity group of chefs to prepare an amazing dinner at the college facility. The major celebrity chef was Glen Flood, who originally trained at Wollongong, was awarded Apprentice of the Year in New South Wales and, after some international experience, joined the team in Melbourne at Australia’s first Fifteen Restaurant and the Fifteen Foundation. We know that this venture was originally set up by Jamie Oliver in the UK to train underprivileged young people as chefs.

The night also featured local talented chefs: Glen Gatland from Zach’s Cafe at City Diggers; Michael Ciot from Michael’s Trattoria; and Chedo Bezbradica of Chedo’s. The teaching staff at the college are to be warmly commended for helping the students of Syner G 2007 in hosting this special local event. As the students said:

We have organised this spectacular event to further our experience in the hospitality industry and learned firsthand what is involved in such an event. Our goal is to improve the personal confidence, interpersonal skills and employment opportunities through developing skills and knowledge in the hospitality industry. We have recognised the barriers to achieve our goal and we will deal with them in a professional and timely manner. Tonight is an opportunity for many of us to successfully plan and operate an event to this extent. Syner G has an opportunity to experience the hospitality industry firsthand in our learning environment. The apprentice chefs have a chance of a lifetime to work with three great...
local chefs and one interstate extraordinaire. Our guests tonight have the opportunity to experience an entertaining and informative event, all the while supporting our education and experiences.

As the local federal member, it was certainly a privilege to be part of this fantastic event and see the wonderful outcomes in our public TAFE system and the way that public TAFE system is working in close cooperation with local industry bodies.

Equine Influenza

Mrs MARKUS (Greenway) (11.38 am)—I rise today to speak about an epidemic which has crippled the equine industry in the Hawkesbury. Equine influenza is a highly contagious viral disease and, as a result, the entire Hawkesbury region has been quarantined. Last Friday I attended a meeting at the Hawkesbury Racecourse where I was able to speak with horse owners, staff and people who have equine related businesses. I heard firsthand about the challenges they were facing. One family’s entire income was dependent on their horse transportation business.

I welcome the Australian government’s announcement on Sunday of $110 million to assist the equine industry. This assistance will help many people in the Hawkesbury. I would like to acknowledge the Howard government in recognising the needs of the people in the equine industry and responding accordingly. It is only because of strong economic management by the Howard government that funding such as this can be made. With the Howard government, that assistance is able to be made with a quick response.

Many people have asked why the horse industry needs assistance. There is a misconception that the equine influenza outbreak affects only horse owners, who may be wealthy. This is not the case. This disease affects more than just owners; it has a knock-on effect impacting people including trainers, jockeys, farriers, stablehands, transport companies and vets, to name a few. The $110 million is in addition to the $4 million announced last week by the Australian government. The $4 million provided by the Australian government is being distributed to people who register with Racing NSW and other state authorities and provides them with up to $1,500 emergency assistance for essential bills. The Prime Minister and the Minister for Agriculture, Fisheries and Forestry, the Hon. Peter McGauran, acknowledged this was not enough and worked together to create a package that would provide assistance for people from all facets of the industry. The result was this $110 million assistance package. For people who no longer have a wage, there will be a wage supplement payment available, which is the equivalent of Newstart allowance and which will be backdated to 25 August. For businesses that derive the majority of their income from the commercial horse industry, there will be business assistance grants of up to $5,000 provided. There is a commercial horse assistance payment, which will be paid to the carers of horses that normally compete but who, because of quarantine restrictions, have not been able to generate an income. It is estimated that the carers of up to 10,000 horses will be eligible for this assistance alone in New South Wales, the ACT and Queensland. Up to $10 from the commercial horse assistance payment will be retained by Racing NSW and used for limited purposes, including public liability. This also includes grants of up to $200,000 for non-government and not-for-profit equestrian organisations that have incurred expenses directly related to the outbreak. (Time expired)

China: Human Rights

Mr DANBY (Melbourne Ports) (11.41 am)—In the context of economic and political relations with China, the plight of countless human rights and religious activists should not be
forgotten. The persistent persecution of the mainstream Catholic Church as opposed to the Communist controlled Catholic community in China is contrary to both the International Covenant on Civil and Political Rights, to which China is a party, and the Universal Declaration of Human Rights, which holds amongst other things that everyone is entitled to freedoms contained in the declaration regardless of their religion. Importantly, the declaration specifically provides for freedom from persecution or torture on the basis of religion. The reason I make reference to Catholics specifically, bearing in mind the broad-based persecution of Christians and other Chinese whose only crime is to want to practise their religion free from interference of the state, is that I follow very closely the plight of one persecuted man of God, Bishop Su Zhimin, the hidden bishop of Baoding. According to some observers, the bishop has spent over 30 years in jail. He has frequently been arrested, imprisoned and released on short shrift only to be detained once more. In a letter from the Papal Nuncio to me, after I raised this issue with him, he says:

The competent authorities in the Holy See have confirmed that sadly the Most Reverend James Su Zhimin, the Clandestine Bishop of Baoding, has been under detention since October 1997. Since then there has been no information regarding his fate. The Holy See on many occasions has protested against his detention and continues to do all it can to ensure more religious freedom for the Catholic community in China.

The Catholic Church in China exists as a clandestine organisation, with the Chinese government considering loyalty to the Pope to be a threat to its national security. Authentic Catholicism is thus effectively illegal, with the requirement that Catholics practise within the framework of the Orwellian, state sanctioned Chinese Patriotic Catholic Association. This is fundamentally in opposition to Catholicism, which recognises the authority of the Holy See. I have followed this issue closely—along with the issue of a number of other Catholics who have been listed by the Cardinal Kung Foundation—working closely with the Wall Street Journal Asia, the Apostolic Nuncio and His Eminence Cardinal Pell to raise the issue of the hidden bishop and his compatriots in this country and beyond.

I have raised the bishop’s case with the foreign minister in question No. 5493. Typically, in our so-called human rights dialogue, the issue of the most senior and most longstanding prisoner of conscience from the most major religion, Catholicism, in China has not been raised. Australia has not raised it, despite this man’s standing. It is quite unfashionable in this place to raise issues of human rights, but outside China in the Western imagination human rights remains a very strong issue. China will need to release people like the bishop to get any credit in human rights before the Olympics. (Time expired)

Dobell Electorate: Services

Mr TICEHURST (Dobell) (11.45 am)—I rise today to express my concern over plans by the New South Wales government to privatise the state’s energy sector. I have been working closely with local residents lobbying Energy Australia to have high-voltage powerlines in Wamberal placed underground. The local community have already had one win, with Energy Australia agreeing to place some of the powerlines underground in residential areas.

I am continuing to work with local residents to extend the underground powerline by 800 metres to include the northern section of Wamberal, where Wamberal Public School is located and a new preschool is under construction. Wamberal residents, led by John Holt of the Wamberal Action Group, and Belinda Porter, on behalf of the Wamberal-Tumbi Umbi mums, who
have worked hard lobbying for these underground powerlines. They have told us that they organised letterbox drops, rallies and so on, so as to make their voices heard by the state government.

If the New South Wales Labor government were to privatise this sector, all of the Wamberal residents’ hard work could be wasted. The sale of Energy Australia would mean a private company would take over the Wamberal powerlines and the company would have the authority to reconsider and, indeed, reverse the underground placement of these powerlines.

As the local federal member, it is my job to represent the concerns of local residents and to run a ruler over projects that have the potential to affect the lifestyle that we enjoy on the Central Coast. I therefore call on Energy Australia and the New South Wales government to make a real commitment to the residents of Wamberal to ensure their voices are heard and their best interests are realised—now, and also in the event of privatisation.

After 12 years of neglecting New South Wales and mismanaging the state economy, privatisation of government sectors such as the energy sector is the only way, at present, that state Labor can raise more money to try and fix our ailing state—unless, of course, we have all Labor federal, state and territory governments. In that case, we could expect that the GST would be raised to bail out these inefficient and wasteful governments. The sale of the energy sector alone is expected to raise up to $20 billion, which state Labor is likely to squander yet again, leaving local residents without the much needed local infrastructure.

This year, the federal government has fully funded two significant projects on the Central Coast, which fall under the state government’s jurisdiction. The federal funding of $80.3 million I have secured for the Mardi to Mangrove Creek Dam pipeline will future-proof the Central Coast’s water supply, even though water supply is a state government responsibility. Tuggerah Lakes on the Central Coast is another responsibility that state Labor has neglected. The federal government has been able to provide $20 million to secure funding to restore this jewel in the crown. I say to the state government: do not let the privatisation of Energy Australia ruin what local residents have fought hard for. We need to have these high-voltage powerlines placed underground.

Ansett Australia

Mr GEORGANAS (Hindmarsh) (11.47 am)—Today, 12 September 2007, marks the sixth anniversary of Ansett being put under external administration. There is no question that the collapse of Ansett had a huge impact on Australia, with 15,000 staff losing their jobs, and an estimated 60,000 people in associated industries being affected, over 200 of whom lived in the federal seat of Hindmarsh.

For these former Ansett employees it has been six long and generally disappointing years since Ansett’s collapse. These years have consisted of times of hope and despair as the prospect of receiving entitlements has slowly diminished. As of April this year, hundreds of ex-Ansett employees were still waiting on $93 million worth of full entitlements. Some ex-employees are waiting on tens of thousands of dollars of their own money. The primary victims of the company’s collapse are the longstanding and loyal employees of Ansett—individuals who devoted decades of their lives to the airline. They are some of the most deserving of their entitlements.
These have been six years in which the government said they were doing the right thing by the workers yet subsequently diverted some $60 million out of the greater post-collapse Ansett assets and ticket tax away from the ex-employees. Many Ansett workers blame the federal government for the airline’s collapse. It is understandable that they are furious that some of the funds raised from the $10 ticket levy paid by passengers are being spent on airport security, while former staff are still waiting to recoup their entitlements. In a well-received announcement concerning the air passenger ticket levy on 28 September 2001, the then Deputy Prime Minister and minister for transport stated:

The Government has imposed the levy to pay for the entitlements of Ansett employees.

This was reported in a number of dailies, including the Sydney Morning Herald, which read: ‘The levy ... was imposed to guarantee the entitlements of Ansett workers ...’ Nowhere did it say that the levy was to go towards paying regional upgrades of security at airports. I do not think anyone could seriously begrudge the ex-employees receiving the assistance from the federal government in the form that it was made at the time, but it is unfortunate that, in the event of the levy raising more than what was owed to the government in repayment of the $330 million advance, any surplus was to have no connection with the plight of their ex-Ansett workers or their access to their entitlements. Instead of the Ansett ticket tax being used to guarantee the entitlements of ex-employees, as stated very clearly by the then minister, the government decided to spirit away surplus amounts for use in regional electorates. At a later date the then minister said in November 2002, perhaps to clarify:

They were never to see all of the ticket tax. It was used to fund, if you like, an overdraft facility.

Six years after the collapse, six years after the government instituted the Ansett ticket tax, people are still waiting for their entitlements. (*Time expired*)

Personal Explanation

Mr HARDGRAVE (Moreton) (11.51 am)—It has been over six months since the Australian Federal Police visited my electorate office to seek my assistance to deal with some allegations made, particularly against a colleague of ours, in relation to the use of members’ entitlements. As the House would know, I have been cleared of any wrongdoing. This is an opportunity to reflect on what has happened over the last six months. I have respected the process and cooperated fully with the Australian Federal Police. I am very grateful to the many people in the electorate of Moreton who have made it quite plain to me that they did not believe the nonsense they were reading in the media. Of course, I am pleased that their faith in me has been justified by the announcement that there is no problem with anything I have done.

Media commentary wrongly associated me with allegations regarding printing entitlement use. There has been no investigation of any use by me of my entitlements; rather, the matter the Australian Federal Police were inquiring into centred on the allegation of a phantom staffer created by a colleague who had worked in my office. I say quite plainly that I did allow a person to work in my office for several days as part of a training program to assist that person to gain skills. There is nothing wrong with that and the Australian Federal Police agree that there is nothing wrong with that. They met this so-called ‘phantom staffer’ 27 weeks ago. The extraordinary thing to most fair-minded people is that 27 weeks ago they should have cleared me of any wrongdoing, knowing that the allegation of a phantom staffer was simply wrong.

MAIN COMMITTEE
People know that the officer in charge of the investigation, who in fact instigated the visits to the member for Bowman, the member for Bonner and my office, as well as that of Willprint, a printing company in Brisbane, is the estranged wife of the new Queensland Deputy Premier. Sharon Cowden is married to Paul Lucas, who is the new Deputy Premier of Queensland. This was reported in the *Courier-Mail* on 9 March, so there is nothing new in that allegation. That was the last gasp of anything brave from the *Courier-Mail*, which continued to report breathlessly the things that Peter Beattie wanted to report. Peter Beattie and the Australian Labor Party machine in Queensland have been up to their eyeballs in this whole matter, briefing the media. A couple of questions need to be answered. How did Premier Peter Beattie get a copy of the warrant that was only ever shown to people like me on the day the AFP visited? Within days of the visit to my office, Premier Peter Beattie is flying the warrant around in the house of parliament. I am not sure how that was done. Why is it that the *Courier-Mail* went deftly quiet in their coverage of my reprieve? The *Courier-Mail* of course has been dominated by the Labor Party media machine. So I have kept on with my job over the last six months but I believe it is important, as I work on things like Mains and Kessel’s roads, that the people know the truth about what happened to me this year.

**Macarthur Centre for Sustainable Living**

**Mr HAYES** (Werriwa) (11.54 am)—Over the past 30 years I have lived in my electorate with my wife and family. It is an area of Sydney that we are very proud of. The south-west Sydney lifestyle is one of cultural diversity. Our love of sport may sometimes be a little more parochial than not, supporting the Wests Tigers, but we are very proud to live there and I am very proud to represent the interests of people who live in Western Sydney.

Last Sunday, I attended the spring fair of the Macarthur Centre for Sustainable Living. Apart from all the benefits that, as I said, are attributed to those of us who live in Western Sydney, we also have a centre that is concerned about the preservation of not only our lifestyle but also our environment. This organisation is funded by the Sustainable Regions Program through the Macarthur Regional Organisations of Councils. The centre is very much at the forefront of displaying the schemes available and the tangible benefits through conservation practices that we can bring to our lives at home and to our environment in south-west Sydney.

The spring fair was a remarkable event. It provided a unique opportunity to showcase not only the techniques but also the education underpinning them. It gave practical demonstrations of those things that we can all do within our environment to conserve water, such as the re-use of our grey water; to reduce our total reliance on electricity; and to reduce our level of waste through recycling and composting.

Apart from being the centre’s prime event to showcase its activity, it was also a fair, which was well attended by people within my community. It was heart warming to see the extent to which people were taking an interest in the preservation of their environment. They were keen to look at what they can do to recycle, to save water and to avoid waste. They were looking sensibly at various power options, including a mix of renewable and sustainable electricity generation. This fair is a credit to the area and certainly a credit to the Macarthur Centre for Sustainable Living.
Renewable Energy

Mr NEVILLE (Hinkler) (11.57 am)—The Labor Party is out to scare and misinform the public about nuclear energy and the coalition’s position—its centrepiece being a cheap, pledge-signing stunt and misleading television advertising. It is politics of the worst kind. You do not achieve an informed public or offer any real policy positions running around with cor-flute pledges and felt pens. It is the old Beazley Telstra pledge rehashed, and it has about as much credibility.

It is also plainly hypocritical, because the same party flip-flopped on its uranium mining policy at its recent conference. It is now prepared to allow more than three mines, and it says that it is okay for Australia to increase its uranium mining capacity. If you are running around trying to scare people about the dangers of nuclear power and stifling any real debate on the issue, why would you actively promote Australian uranium? If it were such a dangerous commodity, why would you be selling it around the rest of the world? Unlike Labor, I actually want to have a factual debate about nuclear power where the community can exercise its voice. I have never wavered in my stance on what I have said. Australia should not run headlong into nuclear power, but nor should we close off options that could benefit this nation in years to come.

In controlling oil, the Arab and South American countries have done very well for their economic futures, and we should be doing something similar. We have 40 per cent of the world’s uranium, as has Canada, and we should be seen to be utilising that to this country’s advantage. The debate we need to have is: do 21 million people scattered around the coastline of Australia need nuclear power? Is it economical? Could it benefit the environment? Is it safe? Will the use of pebble bed technology in nuclear power generation make it appreciably safer? We need to look at all these things. Then we need to have that debate about whether or not we should enrich uranium in Australia—value-add to the product in this country—and sell it only to non-proliferating countries.

Finally, if you are sincere in having this debate we must find where we are going to deposit our nuclear waste. I am not advocating nuclear power plants in my electorate. I am not advocating that we have a headlong rush into nuclear energy; I am saying that, as an intelligent country, we should be having the debate and positioning Australia for years to come, and not this pious hypocrisy that Labor has been going on with while it opens up more mines. *(Time expired)*

The DEPUTY SPEAKER (Hon. IR Causley)—In accordance with standing order 193 the time for members’ statements has concluded.

FAMILIES, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS
LEGISLATION AMENDMENT (CHILD DISABILITY ASSISTANCE) BILL 2007

Second Reading

Debate resumed from 16 August, on motion by Mr Brough:

That this bill be now read a second time.

Ms MACKLIN (Jagajaga) (12.00 pm)—The Families, Community Services and Indigenous Affairs Legislation Amendment (Child Disability Assistance) Bill 2007 introduces a new payment, child disability assistance, into social security law. It is an annual tax-free payment of generally $1,000 to recipients of carer allowance for those who care for children under 16
years of age. It is to be funded over the next four years. The first payment will be made in
October this year and over the four years it is estimated that the cost will amount to over $560
million. Labor certainly supports this much needed additional payment, which will certainly
help those caring for children who have a disability.

In June 2006 the carer allowance was paid to 106,622 carers who were caring for over
125,000 children with disabilities. I think everybody in this House would know that carers of
children with a disability are certainly under considerable financial pressure in their efforts to
care for their children and to pay for essential supports. Medical expenses can greatly exceed
those faced by the vast majority of children, whether it is for early intervention therapies, res-
pite care, appropriate educational placements or physical aids, which can be very expensive.
All of these things can place families in situations where the provision for their child is be-
yond their resources.

Children with disabilities also have very, very diverse needs that can change over time.
Young children with a disability can benefit from very early intervention and therapy to
maximise their early childhood development and their learning. I am sure we are all in contact
with families who would benefit from a break and they need the respite care to give them that
break.

As children develop they outgrow aids and equipment, which then need replacing. We can
all think of home or vehicle modifications, such as a hoist in the home or aids to help travel in
the family car. Many families with a child or children with a disability face these additional
expenses as the children grow up.

So this child disability assistance payment will help carers with the purchase of all of these
different types of assistance. We understand that it really is going to be able to help families,
who can then decide themselves about how best to spend this money. We certainly, as I said,
welcome this $1,000 payment because we know that it will help carers who are under consid-
erable financial stress.

We are also aware that this payment forms part of a broader disability support package
called the disability assistance package. This was announced in June and we understand that a
considerable amount—almost $1 billion of that—will be provided to help older carers and
their families. The government has said that it will translate into around 1,750 new supported
accommodation places, 800 new respite places to be available by 2012 and additional in-
home support and respite to assist older carers continue in their caring role.

At a cost of over $700 million, carers of around 130,000 children will get the $1,000 pay-
ment that we are debating here today. We know how helpful that will be. There is over $20
million to enable respite, early intervention and other services for children in their local areas.
Most importantly, as part of this package, there is also additional investment in employment
services because many people with disabilities can and are able to work and want to be able to
work, and if they are provided with assistance to do so then they can have very productive
lives in the workforce. So there is $21 million for an extra 500 supported employment places
in various business services, $30-odd million to continue targeted support to people with a
disability who cannot benefit from supported employment, over $20 million in viability sup-
port to help those business services that are in temporary crisis and over $26 million to pro-
vide increased funding for other disability services.

MAIN COMMITTEE
I am sure the parliament is aware that disability services have, for some period of time now, been funded through the Commonwealth State Territory Disability Agreement—otherwise known as the CSTDA. This is still being renegotiated. This disability assistance package which was announced in June did include direct Commonwealth funding of disability services and all the other areas that I have just mentioned. The states and territories have requested detail about how the supported accommodation will be provided and who will provide ongoing funding. As I understand it, this information was promised at the end of July but is yet to be received by the states and territories.

Just under half of the disability assistance package was in the form of income support payments to families caring for a child under 16. Of course, we do welcome this additional funding for people with disabilities and the extra money for their carers, but we are concerned that there is still no agreement on the fourth Commonwealth State Territory Disability Agreement.

Up until Minister Brough announced the additional funding, he had said that he would match the states and territories fifty-fifty for unmet need for services. But then on 4 July, without any notice, the minister withdrew this offer and stated, ‘The offer is no longer available in light of the disability package announced the week prior.’

Families have to juggle both access and eligibility for a range of services including disability programs provided by the states and territories, through the Home and Community Care Program, the education system and Centrelink. What we are concerned about is that the way in which the government has gone about announcing this new disability assistance package may add to further complexity in what is, particularly for parents and carers, an already very, very complex environment.

That said, we do welcome the additional funding but we would like to see the minister continue to negotiate with the states and territories to get an agreed Commonwealth State Territory Disability Agreement. We think that that will make it less complex for those carrying out their caring responsibilities and those who are delivering services to people with a disability. What we do not want is for people with disabilities or for their carers to be caught up in the blame game that we hear so often unfortunately from the Prime Minister and from Minister Brough.

We think that a renegotiated agreement will in fact not only make it easier for carers and for people with disabilities to find their way around a complex system but also make sure that both the Commonwealth and the states and territories meet the needs of those with a disability and meet the needs of carers as well. We on this side of the House initiated the first Commonwealth State Territory Disability Agreement back in 1991. It is the case that at that time this agreement resulted in dramatically improved services for people with disabilities and for their families. So Labor continues our commitment to further improve services for people with disabilities. This was one of the reasons that we initiated the recent Senate inquiry into the funding and operation of the Commonwealth State Territory Disability Agreement which reported in February this year. Evidence to that inquiry from people right around the country—people with disabilities and their carers—was certainly consistent. What they constantly drew the attention of the Senate to were the problems with access to services, the inadequacy of support and the reliability and predictability of services. All of these issues were raised time and again, both in the hearings to the Senate inquiry and through various submissions. Unfortunately, many people expressed their frustration and anger when all they saw was gov-
ernments at the state and Commonwealth level blaming each other when service needs remain unmet.

What we need in this area of disability policy is a whole-of-government response. That means the Commonwealth, the states and the territories working together to get a new Commonwealth State/Territory Disability Agreement to deliver the services and the support that people with a disability and their carers really need and deserve. That is what they need now. People also need to know that it will be delivered in a less complex way and over the longer term. That said, we are very pleased to support the legislation, because we know how needed the additional funding is, particularly for carers of children with a disability.

Mrs MOYLAN (Pearce) (12.12 pm)—I am also very pleased to be able to be here to support the Families, Community Services and Indigenous Affairs Legislation Amendment (Child Disability Assistance) Bill 2007. Families caring for children with a disability do so caringly and ungrudgingly. However, they often face a disproportionate financial burden due to the many extra costs for healthcare and support for their children. As minister for women, I also learned that the responsibility for caring for children with a disability disproportionately falls on women.

Research into the cost of caring undertaken in a 2006 survey suggests that one-third of people providing primary care are living in households with incomes that place them in the poorest fifth of households in Australia. Who cares? The cost of caring in Australia 2002-2005, the AMP-NATSEM income and wealth report also found that carers are on average $5,600 worse off each year than people with no care responsibilities. That is a big additional burden to carry. Carers also pay a high price in terms of restricted job opportunities and reduced income. The labour force participation rate for primary carers, for example, is only 39 per cent, and it is obvious why this is so.

There are a number of additional challenges that parents undertake in the care of a child or children with a disability. These can range from aids such as wheelchairs and hoists to child care and special education needs. Often, equipment to support children with a disability needs to be changed frequently, either due to the growth of a child or because the equipment has worn out. Parents with a child or children with a disability are often on duty 24 hours a day, and this payment could assist with respite care to give families a well-earned break from their caring role. I often meet parents during my regular rounds in the community of Pearce, and I get to hear of the problems firsthand. For example, a woman who came to meet me recently had two children with autism, while another woman had two children with dyspraxia. Early intervention would benefit these children as this condition affects the child’s ability to speak—and speech therapy is not optional; it is absolutely essential.

It is not unusual to find families managing two children with a disability. I am therefore pleased to support this bill today which introduces a new payment—child disability assistance—into social security law. Child disability assistance will be available to carers of disabled children under the age of 16, in respect of whom the carer receives carer allowance for the relevant period. A total of $721.2 million over five years will be provided by the government, with an annual payment of $1,000 to each family to assist them with the purchase of equipment and necessary support for their child. As I said, this could be used to help purchase a wheelchair, install a hoist, replace equipment, modify the home, modify the family car or provide respite care or therapy. The first payment of child disability assistance will be made...
next month, October 2007, and payments in future years will be made in July. The payment
will not be subject to income tax, nor will it count as income for social security or family as-
stance purposes.

There are approximately 130,000 children with a disability. Most of these children need
lifelong support, and this additional financial support will be very welcome by the approxi-
mately 106,000 families who qualify for the carer allowance caring for these children today.
As at 1 July 2006, there were 2,529 carer allowance customers in the electorate of Pearce.
These included current and suspended customers and those with health care cards. I know
these parents will welcome the additional support they are entitled to under this amended leg-
islation.

We have improved the assistance to families as a government for those families caring for
children with a disability since the introduction of the handicap child’s allowance in 1974.
This was replaced with the carers allowance in cases where a child has a functional impair-
ment. A carer can automatically receive the carers allowance in the case of certain disabilities,
but other children have to be assessed to determine eligibility for their carer. Medical ex-
penses, the tax rebate, the childcare Inclusion and Professional Support Program and, in cer-
tain cases, a carer adjustment payment all assist families to care for children with a disability.
The childcare Inclusion and Professional Support Program help families to arrange affordable
childcare services for children that have high support needs. This mostly assists families with
children with, as I said, high support needs. The additional funding made available means that
3,000 extra children can benefit from the inclusion support subsidy.

The carer adjustment payment is an interim payment of $10,000 to help families with a
child aged from birth to six years old who has been diagnosed with a serious disability or a
severe illness. It is available for a two-year period, allowing an initial adjustment period until
a review of eligibility for a carer payment can be determined. Support for families who are
caring for children with a disability is typical of those important safety nets that underpin our
system of government, which encourages those who can care for their families to do so but
recognises the particular challenges and at times the grave hardship for many families under-
taking those caring roles.

I fully support this amendment to legislation and I ask that the minister continues to regu-
larly review the legislation with a view to ensuring that parents are always adequately sup-
ported in this role. The government funding of $721.2 million over five years to provide fami-
lies already receiving carer allowance and an additional $1,000 annually, as I said, will be tax
free, which I am sure will be welcome by all families.

The research, interestingly enough, taken into the cost of caring undertaken in 2006 sug-
gests that one-third of people providing primary care for the elderly and disabled, including
disabled children, live in households whose income places them in the poorest fifth of house-
holds in Australia. This has always been of great concern to me because I do see perhaps the
areas of greatest hardship in our communities in those families where people are caring for a
family member with a disability, whether it be children, the elderly, the chronically ill or
adults. We certainly know that there are a large number of ageing parents still caring for their
children in their fifties. I have seen some very sad cases. So I think it is important that we are
constantly reviewing how we are managing this group of people in our community to ensure
that they are always fully supported in their role of caring. With the assistance of the carers
allowance and the proposed child disability assistance, a great deal of pressure will certainly be taken off parents, and hopefully it will also allow them to improve their care for the children or child with a disability. I fully support these measures.

Mr BRENDAN O’CONNOR (Gorton) (12.21 pm)—I rise to support the Families, Community Services and Indigenous Affairs Legislation Amendment (Child Disability Assistance) Bill 2007. I support much of what was said by the member for Pearce and others on this bill today. I have some issues with the bill. At some point in the course of my contribution, I would like to talk about the issue of the way in which the carer adjustment payment is applied—that is, the $10,000 one-off payment that is made to families where they have children under the age of six with a disability. There is an issue that I would like to go to with respect to that particular matter.

Prior to doing that, I firstly say that we support the contribution that has been proposed to be paid to carers who have children with a disability. It is the view of Labor and, of course, the government that young children with disabilities can benefit from early intervention and therapy to maximise their early childhood development and learning. Indeed, we would say that some families and children would benefit from a break such as respite care. As they develop, older children outgrow aids and equipment, which will need to be replaced. Home or vehicle modifications, such as a hoist in the home or help to travel in the family car, are often necessary and, of course, very expensive. To that extent we would support the tax-free payment of $1,000 to carers.

As I understand it, the government chose to make the payment. I assume that the fact that it is a one-off payment of $1,000 per year allows for outlays on potentially expensive equipment required. I guess the government has to consider whether, in fact, it has taken the right approach, but there is a concern that one-off payments are not used as well as a payment made on a monthly or fortnightly basis. Indeed, some of the benefits from the Commonwealth to people in the community are paid in instalments to ensure that such payments are not used for other purposes. So there is a question, in terms of the application of this policy, as to whether the $1,000 payment is the best approach. There is a debate to be had about the merits of paying a lump sum or, indeed, instalments, but I do see the argument that it is more likely that families in receipt of $1,000 would use that as a contribution towards an expensive service or an expensive piece of equipment. To that extent, I think that part of the weakness in proposing a one-off payment per year is mitigated.

As I understand it, the package is $1.8 billion, of which $962 million would be provided to help older carers and their families. The federal government stated that this would translate into around 1,750 new supported accommodation places, 800 new respite places to be available by 2012 and additional in-home support and respite to assist older carers continue their caring role. At a total cost of $721.2 million, carers of around 130,000 children with disability under the age of 16 will receive $1,000 each year, with the first payment to be made next month, to assist with the purchase of necessary support such as wheelchairs, communication aids, therapy and respite. Finally, there is a $23.6 million expenditure over five years to enable respite, early intervention and other services for children in their local area.

Whilst I have some quibbles about some of the policy and the way it applies, there will be people in my electorate who will benefit from this assistance. There is some concern, however, that the minister, who earlier had undertaken to match the states and territories fifty-fifty
for unmet needs for services, has withdrawn his undertaking. I am not sure of the impact that will have on the Commonwealth allocation of resources in this area, but it would seem to me that to withdraw a commitment that was earlier given would suggest there could well be some shortfall in allocation of funding in this very important area. I would hate to think that is the case, so I would hope the government can explain why it chose to withdraw its undertaking to match the amount made and paid by the states and territories.

The other matter I wanted to touch upon, and the member for Pearce referred to it, was the carer adjustment payment. I am very much aware of the origin of the carer adjustment payment because the carer adjustment payment was introduced in response to a tragic story of Tyler Fishlock, a constituent of mine from Caroline Springs. Tyler, who was four years old at the time, lost his eyes to a rare cancer. His mother had to give up her teaching job in order to care for Tyler but was struggling to survive on the $46 per week that she was in receipt of. After much lobbying and a significant amount of promotion of the story through the media, the government announced a one-off grant of $10,000 to be paid to Tyler Fishlock’s family. That was certainly a sum that assisted that family. I applauded the efforts made by the government at the time and I am happy to do so again.

There are issues about the application of this carer adjustment payment beyond the Fishlock family. This is the problem when you do make announcements—there was a heartrending story and the government responded. I was approached in May by Joanne Buttigieg, who is also, it so happens, from Caroline Springs. Joanne has two children with autism spectrum disorder. Her 11-year-old daughter has Asperger’s syndrome and has a generalised anxiety disorder, while her 9½-year-old son has severe autism, is nonverbal and is intellectually disabled. Immediately upon hearing of the $10,000 grant to Tyler Fishlock’s family, she approached Centrelink to ascertain how she could apply for a similar grant. In May—at the time of the announcement, the details were very sketchy—Joanne wrote to my office and said:

My concern and that of several families I speak to, is the lack of information available to us about this disability grant. Also, the fact that the whole process appears to be riddled with inconsistencies and bias against families that do not have media support.

Whether that is the case or not, I can well understand her concern and disappointment that she was not going to be in receipt of anything given her circumstances. Gradually, it emerged that, because her children were over six years of age, she was not eligible. Some families that she knew were eligible and others were not without there being an apparent connection to financial need or severity of disability.

In June this year, Joanne wrote to me again and said:

I do not think that my family is eligible as both children are over 6 years of age. This just does not seem right... as both children were diagnosed just before the ages of 3 years. Also, their disability and all the challenges we face in trying to deal with them all on a daily basis with very little support, do not miraculously disappear at the age of 6. Indeed, the difficulties and challenges increase with age.

Joanne is delighted that the Tyler Fishlock family was in receipt of support. She wishes them all the best. But there is an issue about the application of the carer adjustment payment. We are not sure whether it is based on merit. It is a real issue. It is a difficult issue, too. I concede the point that you have to work out the extent to which the Commonwealth can outlay resources. But, given the announcement made by the Prime Minister this year arising out of that particular case, it would have been best for the government to have considered the way that it
would apply the adjustment payment. I am not sure whether age is the right criteria to use when you are talking about disability. That is a real difficulty.

I am supporting this bill, as you know. This matter does not refer specifically to the application of the carer adjustment payment, but the government has to come up with a better application of the payment—the $10,000—to families that are placed in very difficult circumstances. Some cynicism has arisen out of this matter, because there was so much media for that poor child and his family and about how his mother was coping in particular. Joanne’s feeling is that her not seeking to go to the media to raise the matter publicly was as much a reason why she was denied support than her actual eligibility for the payment. I have to say that it is hard for me to convince her otherwise—indeed, I am not convinced myself that the application of the payment was properly and fully considered by the government.

I ask the minister to consider the application of the $10,000 one-off payment to families for children under the age of six with disabilities. The age threshold is not really the most relevant factor when determining assistance for children with disabilities, given Joanne’s comments. Quite honestly, in some circumstances it does not get easier but gets harder to look after a severely disabled child over the age of six. Therefore, the policy is deficient to that extent. I do not want to be entirely critical, because firstly I support the bill and secondly I support the fact that the government responded. But I think that it perhaps did not respond properly enough. I do not think that the way that it is applied is sound policy. I think that Joanne Buttigieg and her family—and many other families in my electorate and, indeed, in every electorate of this country—have a justifiable case to say that they are equally in need and deserving of support from the Commonwealth.

Mr Henry (Hasluck) (12.33 pm)—I am pleased to speak on the Families, Community Services and Indigenous Affairs Legislation Amendment (Child Disability Assistance) Bill 2007 and pleased to see the support of the opposition parties for it. The bill introduces a new payment called child disability assistance into the social security law. This assistance will be available to carers of disabled children under the age of 16 in respect of whom the carer receives carer allowance for the relevant period. The Australian government will provide funding of $721.2 million over five years to provide families caring for a child with disability who is aged less than 16 with an annual payment of $1,000. This money can be used for things such as helping with the purchase of a wheelchair, installation of a hoist in the family home and modifications to the family car, as well as for respite care or therapy. The government recognises that children with disabilities and their families have diverse needs which may change over time. Younger children with disability can benefit from early intervention and therapy to maximise their childhood developing and learning.

The first payment of child disability assistance will be made in October 2007 through Centrelink, and payments will be made on 1 July 2008 and in July of subsequent years. The $1,000 annual payment will not be indexed and the child disability assistance will be exempt from tax. This payment will be well received by many parents—particularly in the electorate of Hasluck but I am sure across the country—who struggle every day to provide for their children suffering from a range of disabilities and to provide the best possible opportunities for them.

I recently became acutely aware of the hardships that quite a number of amazing parents across my electorate of Hasluck endure. They are remarkable people whose energy seems
boundless given that they are raising a child or, in some cases, children with autism. Autism is a condition which affects a large number of children in Australia and, sadly, there is no known cure. Tragically, there are more children being diagnosed each year. The diagnosis of autism is not immediate; it takes some years to show. Often, when their child reaches the age of two, parents start to notice that their healthy child does not respond in the same ways that other children do. They appear to be disconnected and disassociated from the world and do not cope with too many stimulations. As these children grow they become more withdrawn, depending on their ‘functioning level’—that is a term often used by parents with an autistic child. Sadly, their life is ruled by the impact of influences that the child feels. Also sadly, dealing with an autistic child can bring relationships to breaking point. Many autistic children do not have the power of speech, so when a child with autism is upset and crying or screaming, as all children do, it is often impossible for the parent to diagnose whether their child has an earache, they have been stung by a bee or they are feeling stressed by something else.

I have raised four daughters, so I know that when a child is crying it is relatively easy to find out what the cause of the problem is, what the pain is and how to remedy the problem, but parents of children with autism are not so fortunate. They have no way to determine what can set off their child; they just have to try everything they know to calm the situation. Bouts of crying or patterned behaviour can last for hours on end and the only thing parents can do is provide love and stay calm and in control so as not to exacerbate the situation and further add to the stress of the child.

Parents with an autistic child do not have a great deal of support. They are left to try and navigate their child and the rest of their family through a minefield of uncertainty. It takes a long time to accept that your healthy, perfect-looking child through no fault of their own cannot play a part in normal family life. To not be able to show where it hurts, what is wrong or what you are frightened of must be a terrifying dilemma. There is no magic solution. It is a constant, tough grind all the way. As the child grows, they are often harder to help. Schools are not easy places for children who suffer autism. One of the common issues for them is that they do not like change; they cannot cope with things being slightly different from the way they were yesterday. Life with a child who suffers from autism is more than challenging, but I am truly amazed at the strength, energy and love that the parents of these children have. They take the hard road. Many are advised to place their children into care upon diagnosis of the condition. Most leave the doctor’s surgery and take their child home with the faith that they will cope, but they do occasionally need a hand.

I was very pleased to hear the previous speaker, the member for Gorton, raise an issue about which I share the same level of concern—that is, about the parents of autistic children who have not been able to apply for the recently announced $10,000 carers adjustment payment. This has had a significant impact on a number of families in my electorate of Hasluck and those with autistic children. The member for Gorton went into some detail about that and he is absolutely right; the government should address this. There is an opportunity here to provide support for these people. To gain support, these parents have little choice but to write lengthy submissions begging for a small amount of funding to provide for some respite time. Their time is not their own unless they are lucky to get assistance with respite. Hopefully this can be addressed as a matter of urgency. I call on the minister, as the member for Gorton has, to address that.
As a government, we need to do more to help these parents. This new $1,000 payment will go some way to helping these good people, but there is more to do. While I want more done for autism-affected families and other families adversely affected by a disabled child or parent, it would be remiss of me not to pay tribute to the government for the vastly improved levels of funding across the entire disability sector. The government will provide some $13.6 billion to support people with disability, their families and carers. The main features are $9.7 billion to support people with disabilities through the disability support pension, mobility allowance, the sickness allowance, employment assistance and vocational rehabilitation; $2.9 billion to support carers, including through the carers allowance, carer payments, wife pension, respite and information services for younger carers, private provision for people with disability and peer support groups for parents of children with disability; and $992.8 million to support people with disability through the Commonwealth State Territory Disability Agreement, including supported employment services, Auslan and COAG commitments for younger people with disability in residential aged care, respite for older carers, and mental health.

In June this year the Prime Minister, John Howard, announced the $1.8 billion disability assistance package, which we are debating here today. The key areas of this disability package include $721.2 million for carers of around 130,000 children with disability under the age of 16, who will receive $1,000 each to help with the purchase of support that best suits their needs; $962 million to help older carers and their families, providing around 1,750 new supported accommodation places and 800 new respite places by 2012, as well as extra in-home support and respite to older carers to continue care at home; and $236 million over five years to enable several services for children with disability to continue to provide much needed respite, early intervention and other services for children in their local area. There will also be an increased investment in employment services for people with disability, including $21.6 million for an extra 500 supported employment places in business services, $31 million to continue targeted support to people with disability who choose not to participate in supported employment and $21.8 million in viability support to help businesses in crisis.

It would be very good to mention an organisation in my electorate, Perth Regional Roof Trusses, who have been very successful in employing people with hearing impairment. They have been supported in that process through an employment group called DEAFinite, who have provided a number of people who in effect are deaf. The proprietors of the business have learnt Auslan. They have done a fantastic job. Over 50 per cent of their employees are people who are so afflicted, and the morale and support in that organisation is truly a great credit to that organisation. They are all working manually with power saws and cutting timber and putting it together in, as I said, roof trusses. It is a fantastic organisation, and the fantastic commitment of the proprietors of that business is a great credit to them.

On top of all this, the government is offering to contribute $3.275 billion to a multilateral agreement with the states and territories to deliver services in their own area of disability support, which are accommodation, respite, community support and community access. Unfortunately, as I understand it, the states have not come to the party in agreeing to those arrangements.

In respect of my own state of Western Australia, this offer represents a provision of $215 million over five years beginning in 2007-08. In addition, the Australian government has
committed $12.1 million to help Western Australia achieve a net reduction in the number of young disabled people living in residential aged care. While speaking of WA and autism, which I was earlier, I mentioned a disturbing and disappointing story which has recently emerged in respect of autistic students getting educational assistance at a Perth school. Parents of autistic children at a special autism learning unit at the Allenswood Primary School in Greenwood, in Perth’s northern suburbs, had to make alternative education arrangements after the education department in WA abruptly shut the unit. The unit provided intensive education support for six autistic children. Parents said that they had received just three days notice before the end of term 2 that this unit would not be available in the third term, which is currently under way. The WA education department said the closure was due to the sudden resignation of the specialist teacher. It can only now say it is hopeful another teacher can be found for the start of school next year.

This action by the WA department compounds the issues of both parents and students. Schools are not easy places for children who suffer autism. I mentioned earlier that one of the common issues for children with autism is that they do not like change and they cannot cope with things being even slightly different to the way that they were yesterday. This has had a serious impact on those young children who attended that school. It is a very unfortunate circumstance and I would hope that the Western Australia Department of Education moves even more quickly to rectify the situation. While this provides another challenge for the parents, it is also a prime example of the difficulties faced by parents of autistic children as it impacts so severely on the progress their kids were making. The Western Australia Department of Education could also get its finger out—can I say things like that in this chamber?—and seek to fill the vacancy as a matter of urgency.

The WA Labor government likes to play fast and loose with the truth about Commonwealth funding. It is a standing joke in Western Australia when the Premier and his puppet master health minister, Jim McGinty, continue to defend the indefensible: their mismanagement of the public health system. The education system is somewhat similar, with a huge shortage of teachers across the state. They falsely claimed a lack of support from Canberra in the area of health, but they are caught out every time when they greedily line up for millions of dollars from the Commonwealth for funding things such as the disability assistance program. This program will enhance the quality of life for people with disabilities in Western Australia well into the future. The funding would make a substantial contribution to alleviating unmet need for disability support services in Western Australia, it would deliver additional disability services by non-government providers and it would ease pressure on existing services to the benefit of the disabled community in Western Australia.

Earlier, I mentioned Perth Regional Roof Trusses. They have been here for the Prime Minister’s awards a couple of times. They were successful last year in winning one of those awards for smaller employers employing people with disabilities, which was certainly very encouraging and fantastic for them. I have been moved to ensure that they get as much exposure as they possibly can because of their commitment to their employees. I mentioned that they have fantastic morale there. I have been able to organise in the past visits to the business by the Minister for Employment and Workplace Relation and also the Prime Minister. That was very well received. The expression of support from
those employees when the Prime Minister walked in to see what they were doing and what they had achieved was absolutely fantastic.

They are not the only organisation in my electorate that do things for and with people with disabilities; there are a number of other employers who do that. One of the things that has resulted from the government’s good economic management has been that the reduction in unemployment has meant that people with disabilities have more employment opportunities than they might otherwise have had. The feedback from people in my electorate of Hasluck in particular has been that they really appreciate and enjoy that opportunity to become normal people, so to speak, in the workforce and make a contribution. It has been of significant benefit and value to them not only from a financial point of view but also from their own mental health perspective. They feel much more able to make a solid contribution to society and to their community. Their sense of wellbeing as a result of that is very significant. Through Perth Regional Roof Trusses and other businesses in the area, I have been able to observe that first-hand. The flexibility that we now have in the workplace relations arrangements has also facilitated the employment of people with disabilities.

As I mentioned earlier, the government has done a significant amount as far as this is concerned. I know I have been communicating with families in my electorate. Once the Prime Minister made this announcement of the $1.8 billion disability assistance package I had a meeting with a number of parents in my electorate office to discuss the impact and the value of that. I know that that $1,000 will be put to great use by a number of these parents in ensuring that their children have some practical opportunity for additional therapy, but also for wheelchairs and, importantly—this is something that I think we often overlook ourselves—the modification of motor vehicles for people with disabilities. Whilst $1,000 often may not meet the total cost of that modification, it can go a long way towards achieving that. So I strongly support the bill.

Mrs Hull (Riverina) (12.50 pm)—I rise today to support the Families, Community Services and Indigenous Affairs Legislation Amendment (Child Disability Assistance) Bill 2007—and I thank the previous speaker for his contribution to assist me in getting to this chamber. The bill will introduce a new payment for child disability assistance into the social security law. Child disability assistance will be available to carers of disabled children under the age of 16 in respect of whom the carer receives carer allowance for the relevant period. There is a significant amount of funding being provided in this bill and it is something that I congratulate the minister on. We will see the first payments of the child disability assistance being made in October 2007, and payments in respect of 1 July 2008 and subsequent years will be made in the July of that relevant year. It will be an annual amount of $1,000, which will not be indexed, but the child disability assistance will be exempt from tax.

This payment has been introduced because the government has recognised that children with disabilities have diverse needs that change over time. I am particularly involved in issues of child disability. I have seen the remarkable outcomes for children when endeavours are made towards early intervention so that children can have access to services made very soon after early diagnosis. The outcomes that come from that are extraordinary. Young children with disabilities can benefit from our early intervention and therapy, which maximises their learning and their ability to lead as close to a normal life as possible. Families and children also benefit from things such as respite care and a whole host of aids and equipment.
I want to raise to the attention of the House the endeavours of one of my local organisations, Kurrajong Early Intervention Service, which was able to get funding from the government through the Stronger Families and Communities Strategy. The government funded them to determine how we could work together in early childhood intervention and they have produced the book *Tea around the Child: Working together in early childhood intervention*, which has achieved significant outcomes. It starts with the central being, the child of course, and goes on to include the family and the key workers such as the physiotherapists. It involves the family support worker being put in place. It involves the grandparents and significant others in the child’s life. It involves the childcare workers, the speech pathologists, the occupational therapists and the special educators. What we have seen is an unbelievable movement in the way we can provide family support in a multidisciplinary context across the life span of the child who has been diagnosed with a disability.

This particular program was made possible by the Stronger Families and Communities Strategy. The capacity of the outreach part of this program, which went from the hub of Wagga Wagga out along the spokes to Temora, Tumut, Narrandera and other towns, to deliver to the families was extraordinary. The achievements and the improvements in the children’s developmental capacity was, I believe, nothing short of miraculous. That is something that is so important for us to consider. We have specific issues with an increasing range of autism spectrum disorders, including Asperger’s. Well in excess of 10,000 children across Australia have been diagnosed and are under treatment for autism spectrum disorder. That is the number diagnosed and in treatment. Maybe that amount again have autism spectrum disorder but are undiagnosed or do not have access to diagnostic opportunities or to the services that would be required on diagnosis. It is something that parents are particularly focused on.

We need to try to ensure that governments, oppositions and the general Australian population recognise that as our children develop there needs to be constant effort put into providing aids, programs and equipment that can continue to improve the children’s responses and capacity. There needs to be home and vehicle modifications. Even things such as a hoist in the home would assist in the house or help with travel in the family car—travel that many of us take for granted. This is where this kind of payment helps. It helps purchase these kinds of aids for things that many of us just take for granted that we have the capacity to do.

The new child disability assistance will assist carers with the purchase of many options that they may not have been able to afford. Primarily, they have to have a comparatively high income to be able to respond adequately and effectively to a disabled child’s needs. Not only that: there are families with a child with a diagnosed disability such as autism who go on to have other children only to find that that diagnosis applies to the other children—they may not have just one disabled child. In fact, I frequently come in contact with a young lady in my electorate—she is a young mum and is about four foot 11—who has three children who are severely disabled. She does a sensational job.

When you have three children who require differing forms of aid programs and assistance—intervention services, maybe speech pathology, maybe something to do with their eyesight, maybe something to do with their motor skills—it is very, very expensive. It is extraordinarily costly and takes all of their money to provide the benefits and services that they believe that their children are entitled to. So it was especially pleasing to see that Minister Mal Brough—and I note that the minister is here—has continued to listen to the issues of people
with disabilities. He has continued to listen to the significant others in the lives of children and people with disabilities and has responded with the $1.8 billion announcement that was made in June. It is particularly pleasing to see that the government has continued to focus on issues of disability.

Could I come back to the book based in my electorate: *Team around the Child*. I must pay tribute to Sue Davies, who is the manager of Kurrajong Early Intervention Service. She is the most dedicated and committed person that I have ever seen—so much so that she is probably a little bit like me. She is exuberant and can sometimes be challenging for others to deal with. But she gets the results; that is the most important thing.

**Mr Danby**—There are a few people like that in this place!

**Mrs Hull**—Absolutely. She gets the results. This is not a result for Sue Davies personally, for her personal life; this is a result that Sue Davies has delivered as the Manager of Kurrajong Early Intervention Service to families right across my electorate and beyond. She has brought together a wide range of experience. The team consists of, as I said, occupational therapists, physiotherapists, special educators and family support workers. Through the Rural Beginnings Program, funded by the minister sitting here today in the chamber, she has been able to give hope and deliver enormous steps forward for our children with disabilities, their families and communities.

Kurrajong Early Intervention Service was one of only 23 providers that were successful in obtaining a grant under the Australian government’s Early Childhood—Invest to Grow initiative to operate their Rural Beginnings Program. Their main goals have always been to work with families and their children to enable the children to reach their full potential and the families to function effectively and functionally as an accepted part of the community. That is the entitlement of all Australians—to be able to reach their full potential and function as a family regardless of the trials and tribulations of disabilities that may come.

One of the main aims was to expand the evidence base of what works in early childhood intervention and to develop tools and resources to support other early childhood intervention services in rural and isolated areas. In many of the city areas we take it for granted that we can access the types of occupational services that we require. But certainly in rural areas they are very difficult to access. So this program was essential in exposing people to a suite of services to determine whether this could make a difference, and it certainly has made a difference. It has allowed Kurrajong Early Intervention Service to expand and develop their innovative model of early childhood intervention and their service delivery to rural areas around my electorate.

More than one in 20 young children from nought to six years of age in New South Wales have a disability or a developmental delay. The first three years of life are critical to lay the foundations for what will happen over the life span. Our research shows that early childhood intervention can significantly improve the development and functioning of children with disabilities and developmental delays, make a substantial difference to families’ wellbeing and reduce both the children’s and families’ dependence on costly specialist services later in life, which is a cost to government and to the taxpayer. Investment in the early years will have substantial long-term benefits. For every dollar spent in early intervention there is a saving of $700 to the community. It is in these ways that early childhood intervention benefits us all and deserves the support of our entire community and our governments.
Early childhood intervention really does make a difference, so the services that Kurrajong Early Intervention Service provide are simply so important. The best part about their book is that it will allow other professionals and service providers to take the information and the work that has been compiled by Kurrajong Early Intervention Service that has been found to be successful in delivering results and to incorporate these well-documented measures into their own services and practices. The book also addresses the difficult problems of recruitment and retention of therapists to country areas and it recognises this through, as I have indicated previously, the hub and spoke structure.

As I have indicated, the organisation received funding under Stronger Families and Communities of $1.5 million over the years 2004 to 2008. I truly believe that this is a really great example of the community taking responsibility and applying guidelines to manage early intervention within communities in various areas of population and availability of services.

The Rural Beginnings Project has enabled the expansion of these services to the areas of Tumut, Tumbarumba, Gundagai, Temora, Cootamundra, Junee, Narrandera, Lockhart and Coolamon, with between 60 to 70 families in these areas alone supported through this program. There is a team of 24 people and each year there are up to 200 children just from those small areas on their books. Kurrajong Early Intervention Service is regarded as a lighthouse program and a best practice service. The book has the potential to be a timely catalyst in Australian early intervention for children.

Again I take the opportunity to congratulate the Kurrajong Early Intervention Team on the work that they have done with the model and the book. It is so fantastic to see the innovative ideas and exciting practices that will now be able to be followed by many throughout Australia and even on an international level. You can pick up many programs from this book and drop them into so many communities.

I support this bill entirely. It will improve the quality of life for around 130,000 children with a disability, their families and their carers, and it is a practical way in which we as federal members and as a government can help with difficult, challenging and lifelong tasks that may be undertaken in caring for a child with a disability. I commend the bill. I commend Kurrajong Early Intervention Service and I commend the staff and the dedicated and committed people who provide a service well and truly above and beyond their financial remuneration. If you were to factor in the hours that they put in out of their own valuable recreation time—time that they are not spending with their families or doing things of pleasure for themselves—you would see the great amount of effort they devote to children. I commend the bill to the House and thank the minister for his unrelenting support of families supporting children with a disability.

Mr BROUGH (Longman—Minister for Families, Community Services and Indigenous Affairs and Minister Assisting the Prime Minister for Indigenous Affairs) (1.08 pm)—The Families, Community Services and Indigenous Affairs Legislation Amendment (Child Disability Assistance) Bill 2007 is extremely important. I say that because I do not think any of us who are fortunate enough to have able-bodied, able-minded children can really appreciate what it must be like for a parent who gives to a disabled child. We all give equal love and care to our children, as well as comfort and advice and all of those things—sustenance to life—and it is challenging enough trying to bring children up in a modern society. But, for caring for children with the sort of disabilities that the member for Riverina refers to, these people do
not just deserve anything and everything we can give them; as my dad would say, they de-
serve a medal. It is extraordinary.

I was reminded when looking at some of the photos in the book launched by the Kurrajong 
Early Intervention Service—and I am pleased that we have been able to help with this with 
our Stronger Families and Communities initiatives—that these people do not ask for much. 
They really do not. In many cases they do not see themselves as being unfortunate. They love 
and nurture their children and they treasure every day. But we have to accept that every day is 
also a struggle such that many think, ‘But for the grace of God there go I.’ When the Prime 
Minister and I announced the $1.8 billion package of which this is part, the thing that really 
appalled me was that this was such good news but the media hardly did a thing with it. I say 
this from the bottom of my heart because these people need to know that there are taxpayers 
out there who are happy to see their money assisting them via Commonwealth spending.

As a cabinet we sat around and we thought about this $1,000 payment. I am going to come 
to where and why we came to this payment in a moment, but we thought: should we restrict 
this to things such as some of the things that the member for Riverina has been talking 
about—harnesses, alterations to cars to allow people with physical disabilities to be able to 
get in and out, swings to get them into baths and that sort of thing? We thought no. We 
thought that, if you have what it takes to be a parent of one or even more than one disabled 
child, you do not need a bureaucrat or a government to tell you how to spend every last cent 
you have in the best interests of your family.

Quite frankly, if what is going to help some child is a big plasma television, you go right 
ahead and buy one. On the other hand, if you need to buy some respite, if you need to do 
some sort of intervention in the home, do it. I want people to know that this is not a one-off; 
this is forever. This is forever under a Howard government—a coalition government, anyway; 
I cannot speak for anyone else. This is what we are committing to not just today but into the 
future. It is not a one-off payment. What it means is that parents can actually plan for what 
they want to do with this money for their children, to just make that life a little bit easier. That 
is why it is so important.

Where did it come from? During the speeches from the members for Jagajaga and Gorton, 
one or two of them asked, ‘Why doesn’t this go beyond 16-year-olds?’ The reason we are ac-
tually here is that I, as the minister, and the Prime Minister have quite frankly had a gutful of 
trying to deal with state governments who have been responsible for these groups and have 
not stepped up to the plate. We felt we could hand another $1.6 billion over to the states, and 
hope and pray they would give the money to the children who need it and other groups, or we 
could actually cut out the middleman and go straight to the person and let them buy the inter-
vention that they needed. I was a very strong advocate for that, because we have a thing called 
the Commonwealth State Territory Disability Agreement, and it goes for five years. The first 
one was in 1991; the last one was due for renegotiation and finished on June 2007—and, Mr 
Deputy Speaker, you will recall that that has elapsed. We do not have another five-year 
agreement, the reason being that on 3 April, I think, in Brisbane every Labor state minister 
walked out on me as the Commonwealth minister when I put an offer on the table saying the 
Commonwealth would put not a dollar limited amount but a fifty-fifty deal with the states and 
territories to actually do something positive for people with disabilities. They walked out of 
the room. They caucused, they came back, they read a statement and they declared the meet-

MAIN COMMITTEE
ing closed without comment. That is the sort of reaction we got from Labor state governments and territory governments—universally, unanimously.

I came back to the Prime Minister and said that we as a Commonwealth have a duty of care. We are a wealthy country. We are in the best financial shape we have ever been in and, as the minister, I feel that there is no alternative but for us to try and do something practical. I had people, the sector, say to me: ‘Please do something for us but don’t just have two systems, because that is what we have overcome in 1991. Don’t have all of the duplications. You don’t do a bit and they don’t do a bit and you end up with all of this blame game.’ Hence we have gone directly to them. We have said we will do this for children under the age of 16 and that will be the cut-off. The Commonwealth is now putting $1.8 billion additional new money into disabilities, which is money that represents a 55 per cent increase to our contribution.

We have not stopped there. We also have made a guarantee, which I am very passionate about, for the first time in this nation’s history to these same sort of parents who, when the child is five and six today, will still be caring for their child—their daughter, their son—when the child is 40 and 50 and they are 70, 80 and even 90 years of age. Do you know what these people want? Mr Deputy Speaker, I know that you are aware of this, and I know that the member for Gilmore is very aware of it because she has been to see me about Anglicare and Havenlee in Nowra, in her electorate, trying to have respite. What worries them is that they have given their entire life to their child, almost given up their own life because they want to give something to the one they have brought into this world, and their biggest fear is: ‘What will happen when I am too frail or I die? Who is going to look after my child? Will they be abused? Will they be neglected? Where will they go?’ The fear that is in their hearts is palpable when you sit there in front of them. They are not asking for anything for themselves—no thankyou, no medals; all they want to know is that their kid is going to be safe.

Under the package that the Prime Minister and I announced, we gave that guarantee. We now have people in the field talking to every carer aged over 65 who has been caring long term for a child about giving them a plan that will suit them. Some of it will be in their own home. Some of it will be in shared accommodation. Some of it will be with HACC style interventions. It will be through all sorts of things, but it will be what is important to them.

Again, that had to happen because the states and territories were not interested in doing that. I think that is a great shame on us as Australians and on them as state and territory Labor governments. That is why we are here. That is why we are doing that and that is why, when the opposition asks me these questions, these are the answers. It is because they have been failed by another level of government. We could have simply said, ‘I am sorry but, since 1991, the deal has been that is the responsibility of the states—and they won’t do it.’ How the hell do you turn your back on people that have done that? When you have the wealth that this country has, you cannot do that. I am really proud to be part of a government that has said we will not do that and we will move forward.

Why don’t we have another five-year agreement? Because the states and territories, believe it or not, in 2007 will not agree to accountability and transparency. That is what the delay has been. But I think I have nearly got them there; we should have them there in November. But we would not have another agreement without external validation of supported accommodation. Let me put that into plain language. It means that when someone is disabled and they need other people to live with them and support them in their living on an everyday basis—in
other words, shared accommodation, hostels, community living—up until now, in many cases, there have been no checks and balances as to the safety of those people who live in community housing. I have seen the worst of it in my own electorate, where people have faced charges because of that. Would anyone think for a moment that any Australian government would stand here today and say, ‘We will remove external validation of aged care’? You would not get away with it—and nor should you get away with it. If we said we will no longer apply standards to child care, we would not get away with that either.

But the states have been responsible for disabilities—and you can have shared accommodation, supported accommodation, and not have external validation. It was an aspiration under the last five-year agreement. The Commonwealth entered into that aspirational goal. We fulfilled our responsibility and we do have external validation for business services—what people used to know as sheltered workshops. They have the checks and balances there, but many of the states have not done it or have done it to an inappropriate level. We, the Commonwealth, have demanded that that happen in this agreement, or there will be no agreement. We will take them to the table. I wonder whether, if there is a change of government, we will have that same level of determination by a Rudd Labor government. I guarantee you we will not. So external validation, access for Aboriginals—the First Australians—and transparency and accountability are the reasons why we will still be trying to get a Commonwealth-state disability agreement.

Why did we withdraw the fifty-fifty deal? Because when I put a fifty-fifty deal on the table they walked out. I wrote to them. They wrote back and said, ‘We’ll think about it and consider it and we might do something.’ The agreement was due to expire on 30 June—not to be renegotiated, but to expire. People out there were very fearful of what was going to happen, so the Commonwealth—the Prime Minister and I—acted and we announced this. Western Australia, the Northern Territory and the ACT came to the party and we have supported them, but Queensland, New South Wales, Victoria, South Australia and Tasmania said no. It says a hell of a lot about what they think of people with disabilities. Quite frankly, the disingenuous comments from those opposite—such as ‘Why does this cut off above 16-year-olds?’ and ‘Why haven’t you done the CSTDA yet?’—mean either that they are ignorant or playing politics with the most vulnerable and needy people in the community. The reality is that we have put $1.8 billion into this because we can afford it and because we should do so. We should no longer allow state and territory governments to simply say, ‘We’re not putting our hand up, we are not doing it, and that is just too bad for these families.’

They deserve every single cent that we can give them. They deserve our support and they deserve the admiration of the Australian public. As many of them often say to you, Mr Deputy Speaker, and to me, imagine what the cost would be if we abdicated our responsibility. They would never do that. They love their children far too much. But the cost would be phenomenal. Today, as the member for Riverina said, with things such as Asperger’s unfortunately growing for some reason that I cannot explain and the many other intellectual issues that beset so many of our young people, we as a nation owe it to those families to give them every support. This is a practical measure that the Commonwealth government has introduced. It is something that I know will make a difference in people’s lives. We are delighted that we have a strong enough economy that we can do it. We will continue to support these people into the future. I commend the bill to the House.
Question agreed to.
Bill read a second time.
Message from the Governor-General recommending appropriation announced.
Ordered that this bill be reported to the House without amendment.

BUSINESS

Rearrangement

Mrs GASH (Gilmore) (1.21 pm)—I move:
That order of the day No. 2 be postponed until a later hour.
Question agreed to.

FINANCIAL SECTOR LEGISLATION AMENDMENT (DISCRETIONARY MUTUAL FUNDS AND DIRECT OFFSHORE FOREIGN INSURERS) BILL 2007

Cognate bill:
CORPORATIONS (NATIONAL GUARANTEE FUND LEVIES) AMENDMENT BILL 2007

Second Reading

Debate resumed from 21 June, on motion by Mr Pearce:
That this bill be now read a second time.

Mr RIPOLL (Oxley) (1.22 pm)—I rise to speak on the Financial Sector Legislation Amendment (Discretionary Mutual Funds and Direct Offshore Foreign Insurers) Bill 2007 and the Corporations (National Guarantee Fund Levies) Amendment Bill 2007. Labor supports both these bills. The Financial Sector Legislation Amendment (Discretionary Mutual Funds and Direct Offshore Foreign Insurers) Bill 2007 implements the approach to the regulation of DMFs and DOFIs announced by the Minister for Revenue and Assistant Treasurer on 3 May 2007. Under the approach, DOFIs will be prudentially regulated under the Insurance Act. DMFs will not be prudentially regulated, but information will be collected to determine the nature and the scope of their operations. The bill addresses an outstanding HIH royal commissioner’s recommendation and a regulatory gap identified in the International Monetary Fund’s 2006 financial sector assessment program for Australia.

The bill also makes a minor amendment to support changes made by the Corporations (National Guarantee Fund Levies) Amendment Bill 2007, the NGF bill. The NGF bill will impose a cap on levies payable for the benefit of the NGF. The bill introduces a regime for the collection of information on DMFs. This will be complemented by enhanced disclosure requirements under the corporations regulations. Information will be collected on both the nature and scope of the business of DMFs. APRA will collect information on the nature and scope of the business of DMFs’ business and the role of DMFs in the Australian risk management market. This collection will occur through an amendment to FSCODA, which is the Financial Sector (Collection of Data) Act. ASIC will collect information from AFSL holders and authorised representatives who deal in DMF products on the business that they are placing with DMFs. This information will be collected under an existing provision in the Corporations Act through an amendment to the corporations regulations. Information collected by the regulators will be used to review within three years the need to prudentially regulate DMFs. Disclosure re-
requirements will be strengthened through the corporations regulations to require DMFs to disclose the key characteristics of their product to both prospective retail and wholesale clients.

The bill strengthens and clarifies the definition of ‘insurance business’ in the Insurance Act to capture DOFIs that carry on insurance business in Australia either directly or through the actions of another—for example, an insurance agent or a broker. As a result, DOFIs that fit within this expanded definition will be required to be authorised under the Insurance Act. As authorised general insurers, they will be required to comply with Australia’s general insurance standards, including having a presence and assets here in Australia. Foreign reinsurers are not captured by the expanded definition and, hence, will not be subject to regulation under the Insurance Act unless they choose to establish a branch or subsidiary in Australia. Lloyd's underwriters are not captured under this expanded definition but they will remain subject to regulation under part VII of the Insurance Act. The bill includes regulation making that will enable limited exemptions to be made under the insurance regulations to allow risks that cannot be placed through an authorised insurer to be placed with insurers not authorised in Australia.

The general insurance prudential standards made under the Insurance Act will be modified by APRA to take account of the risk profiles of the different categories of authorised insurers. The modifications of the general insurance prudential standards will be risk focused. To ensure that regulation of DOFIs is effective, APRA has been given additional enforcement powers in this bill. APRA will now be able to investigate persons it believes are carrying on insurance business without being authorised and those persons aiding, abetting, counselling or procuring this activity. These investigation powers include a power to access the premises of persons and a power to gather information from persons under investigation. APRA will have the power to seek an injunction from the Federal Court of Australia restricting unauthorised activity.

To complement these changes, the bill includes a prohibition in the Corporations Act on AFSL holders and authorised representatives from dealing in a general insurance product unless it is from an authorised insurer or a Lloyd's underwriter or subject to an exemption. Under the Corporations Act, information will be collected from AFSL holders and authorised representatives on business placed with insurers that are not authorised in Australia. Basically the bill is aimed at improving regulatory protection for consumers and businesses who purchase general insurance products here in Australia.

The HIH royal commission report was tabled in parliament on 16 April 2003. Labor’s only concern is: why has it taken over four years to close the regulatory gaps identified in that report?

The Financial Sector Legislation Amendment (Discretionary Mutual Funds and Direct Offshore Foreign Insurers) Bill 2007 makes a minor amendment to support changes made by the Corporations (National Guarantee Fund Levies) Amendment Bill 2007, the NGF bill. The National Guarantee Fund is the compensation scheme for the Australian Securities Exchange. The measure caps the amount of levies payable each year, if needed, to top up the fund, thereby removing the concurrent uncapped exposure for participants. Importantly, the changes do not affect investors’ ability to claim from that fund. The NGF bill imposes a cap on levies payable for the benefit of the NGF in any financial year equal to the minimum amount of the National Guarantee Fund. The NGF provides investor protection for certain transactions on
the Australian Securities Exchange and levies are payable to be collected when the fund falls below the amount required to be retained in the fund. This amount is the minimum amount of the fund, as set by the Corporations Act. The change provides greater certainty about the global liability of the Australian Securities Exchange and market participants to refill the National Guarantee Fund. It removes the potential for unlimited liability to refill the NGF. The Financial Sector Legislation Amendment (Discretionary Mutual Funds and Direct Offshore Foreign Insurers) Bill 2007 also makes a minor change to the Corporations Act to support the NGF bill. The NGF bill is therefore included with the bill as a package of reforms. Note that the capping of levies is unrelated to the reforms dealing with either the DOFIs or the DMFs.

The NGF was created to meet valid claims arising from dealings with dealers—for example, when a dealer has bought and paid for securities on a person’s behalf but has not provided the securities to the individual purchaser because an individual may make a claim. The fund was created when the six state stock markets merged to form the national ASX in 1987. The assets of the state fidelity funds were merged to form the fund. The assets as at 30 June 2006 were approximately $96.8 million, compared with $93.9 million at the end of June 2005. Labor supports the bills.

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (1.30 pm)—I start by thanking all of those members who have taken part in this very important debate on the Financial Sector Legislation Amendment (Discretionary Mutual Funds and Direct Offshore Foreign Insurers) Bill 2007 and the Corporations (National Guarantee Fund Levies) Amendment Bill 2007. With regard to the Financial Sector Legislation Amendment (Discretionary Mutual Funds and Direct Offshore Foreign Insurers) Bill 2007, both the 2003 report of the HIH royal commissioner and the International Monetary Fund’s 2006 Financial Sector Assessment Program identified a potential regulatory gap with regard to direct offshore foreign insurers. This bill addresses this identified gap and it will ensure that consumers and businesses that purchase a general insurance product in Australia can be confident that they will be protected by Australia’s world-class prudential regime. It also provides for the equitable prudential treatment of locally incorporated and offshore foreign insurers who carry on insurance business in Australia. This bill will encourage competition and innovation in the Australian general insurance market and further enhance Australia’s overseas reputation as a sound and well-regulated market.

The bill also facilitates a reduction in the regulatory and compliance costs for insurers carrying on business in Australia by providing for the Australian Prudential Regulation Authority to adopt a more risk focused approach to prudential regulation. Under the refinements to the general insurance prudential framework, prudential standards will be aligned with the risk posed by different classes of insurers, with the result that categories of insurers posing a lower risk will face reduced regulatory costs. This is good news for our domestic insurers and those organisations looking to establish a presence in Australia. To address concerns that there may be some insurance risks that cannot be appropriately placed with an authorised insurer, the bill allows exemptions for these risks. Following further consultation with interested stakeholders, the exemptions will be developed through the insurance regulations.

With respect to discretionary mutual funds, DMFs, the bill will allow Australians to continue to have access to this form of risk management product if they wish. The bill also extends disclosure requirements to enable consumers to make informed decisions about whether
such a product best suits their needs. At the same time, the government will gather information on the role of DMFs in the risk management market and review whether or not to prudentially regulate these entities within three years.

I will now move to the Corporations (National Guarantee Fund Levies) Amendment Bill 2007. This bill makes minor changes to the levying arrangements for the benefit of the National Guarantee Fund while reducing red tape and compliance costs for banks. This change is also supported by a minor amendment to the Corporations Act 2001 which is included in the Financial Sector Legislation Amendment (Discretionary Mutual Funds and Direct Offshore Foreign Insurers) Bill 2007. The National Guarantee Fund is the compensation scheme for investors on the ASX. The measures in both bills address uncapped levying abilities for the benefit of the National Guarantee Fund and will set in place a cap on the amount of levies payable by market participants per financial year. The changes remove the potential unlimited liability of participants to refill the fund. The unlimited liability currently prevents banks from participating directly on the ASX market. Instead, banks must incorporate subsidiaries to participate on the market. This approach will facilitate banks participating directly without the cost currently involved. Investors will not be affected by the changes.

In conclusion, this measure clearly furthers the government’s commitment to reducing red tape burden and compliance costs. I thank those individuals and organisations that provided input to the development of both of these bills and I commend these bills to the House.

Question agreed to.

Bills read a second time.

FINANCIAL SECTOR LEGISLATION AMENDMENT (DISCRETIONARY MUTUAL FUNDS AND DIRECT OFFSHORE FOREIGN INSURERS) BILL 2007

Consideration in Detail

Bill—by leave—taken as a whole.

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (1.34 pm)—by leave—I present a supplementary explanatory memorandum to the bill and move government amendments (1) to (12) as circulated together:

(1) Schedule 2, page 6 (after line 11), after item 3, insert:

3A Subsection 3(1)
Insert:

corporate agent means a body corporate that is appointed under section 118 as an agent in Australia for the purpose of that section.

(2) Schedule 2, page 6 (after line 27), after item 5, insert:

5A Subsection 3(1) (definition of senior manager)
Repeal the definition, substitute:

senior manager of a general insurer or a corporate agent means a person who has or exercises any of the senior management responsibilities (within the meaning of the prudential standards) for the insurer or agent.

(3) Schedule 2, page 10 (after line 25), after item 9, insert:

9A At the end of subsection 24(1)
Add:
; or (d) a director or senior manager of a corporate agent.

Note: The heading to section 24 is altered by omitting “or authorised NOHCs" and substituting “, authorised NOHCs or corporate agents”.

9B At the end of subsection 24(4)

Add:

; or (d) if the body corporate is a corporate agent—a director or senior manager of the corporate agent.

(4) Schedule 2, page 10, after proposed item 9B, insert:

9C Paragraphs 25(1)(c) to (e)

Repeal the paragraphs, substitute:

(c) in a case where the person is an individual:

(i) the individual has been or becomes bankrupt; or

(ii) the individual has applied to take the benefit of a law for the relief of bankrupt or insolvent debtors; or

(iii) the individual has compounded with his or her creditors; or

d) in a case where the person is a corporate agent:

(i) the corporate agent knows, or has reasonable grounds to suspect, that a person who is, or is acting as, a director or senior manager of the corporate agent is a disqualified person; or

(ii) a receiver, or a receiver and manager, has been appointed in respect of property owned by the corporate agent; or

(iii) an administrator has been appointed in respect of the corporate agent; or

(iv) a provisional liquidator has been appointed in respect of the corporate agent; or

(v) the corporate agent has begun to be wound up; or

(5) Schedule 2, page 10, after proposed item 9C, insert:

9D Subsection 25A(1)

Omit “or (c)”, substitute “, (c) or (d)”.

9E Subparagraph 25A(5)(a)(iii)

Omit “and”, substitute “or”.

9F At the end of paragraph 25A(5)(a)

Add:

; or (iv) if the person is, or is acting as, a person referred to in paragraph 24(1)(d)—to the corporate agent concerned, and to any foreign general insurer for which the agent is the corporate agent; and

(6) Schedule 2, page 10, after proposed item 9F, insert:

9G Subsections 26(6) and (8)

Omit “or authorised NOHC”, substitute “, authorised NOHC or corporate agent”.

(7) Schedule 2, page 10, after proposed item 9G, insert:

9H At the end of subsection 27(1)

Add:

; or (d) a director or senior manager of a corporate agent.
Note: The heading to section 27 is altered by omitting “or authorised NOHC” and substituting “, authorised NOHC or corporate agent”.

9J Subsection 27(2)
Omit “or authorised NOHC”, substitute “, authorised NOHC or corporate agent”.

9K Paragraph 27(2)(b)
Before “does not meet”, insert “if the person is an individual—”.

9L Subsection 27(3)
Omit “or authorised NOHC”, substitute “, authorised NOHC or corporate agent”.

9M Paragraph 27(3)(b)
Omit “or NOHC”, substitute “, NOHC or agent”.

9N Subsection 27(3B)
Omit “or an authorised NOHC”, substitute “, authorised NOHC or corporate agent”.

9P Subsection 27(5)
Omit “or authorised NOHC”, substitute “, authorised NOHC or corporate agent”.

9Q Subsection 27(5)
Omit “or NOHC”, substitute “, NOHC or agent”.

9R After subsection 27(5B)
Insert:

(5BA) The power of a corporate agent to comply with a direction under this section may be exercised on behalf of the agent as set out in the table:

<table>
<thead>
<tr>
<th>Power to comply with a direction</th>
<th>Item</th>
<th>Who may exercise the power</th>
<th>How the power may be exercised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 1</td>
<td>1</td>
<td>The chair of the board of directors of the agent</td>
<td>by signing a written notice.</td>
</tr>
<tr>
<td>Item 2</td>
<td>2</td>
<td>A majority of the directors of the agent (excluding any director who is the subject of the direction)</td>
<td>by jointly signing a written notice.</td>
</tr>
</tbody>
</table>

9S Subsection 27(5C)
Omit “and (5B)”, substitute “, (5B) and (5BA)”.

9T Subsection 27(5C)
Omit “or an authorised NOHC”, substitute “, authorised NOHC or corporate agent”.

9U Subsection 27(7)
After “general insurer”, insert “or corporate agent”.

9V Paragraphs 27(7)(a) and (b)
After “insurer”, insert “or agent”.

(8) Schedule 2, item 49, page 20 (lines 28 and 29), omit “in Australia; or”; substitute “in Australia.”.

(9) Schedule 2, item 49, page 21 (lines 1 and 2), omit paragraph 118(4)(c).

(10) Schedule 2, page 21 (after line 2), after item 49, insert:

49A Subsection 118(4A)
Repeal the subsection, substitute:
(4A) If:
   (a) a foreign general insurer has given written notice under subsection (4) of the appointment
       of an agent of the foreign general insurer and the notice specifies:
       (i) the name of the agent; and
       (ii) the place of residence, head office, registered office or principal office of the agent; and
   (b) a body corporate that is a subsidiary of the foreign general insurer is not incorporated in
       Australia; and
   (c) no written notice has been given to APRA of the appointment of an agent of the subsidi-
       ary;
       the agent specified in the notice referred to in paragraph (a) is taken, from the time when
       that notice was or is given:
       (d) to have been, or to be, the agent of the subsidiary for the purposes of this Act; and
       (e) to have had, or to have, the place of residence, head office, registered office or principal
           office specified in that notice.

(11) Schedule 2, item 52, page 21 (line 13), omit “in Australia; or”, substitute “in Australia.”.

(12) Schedule 2, item 52, page 21 (lines 14 and 15), omit paragraph 118(6)(c).

In the Financial Sector Legislation Amendment (Discretionary Mutual Funds and Direct Off-
shore Foreign Insurers) Bill 2007 the government provided for direct offshore foreign insurers
to set up an agent in Australia as either a natural person or a company. The proposed amend-
ments to the bill ensure that all of section 118 of the Insurance Act 1973 applies to companies,
and the existing disqualification provisions will be extended to apply to the directors and sen-
ior managers of the company agent. This will mean the rules in the Insurance Act apply
equally, depending on whether an agent of a direct offshore foreign insurer is a natural person
or a company. Full details of the amendments are contained in the supplementary explanatory
memorandum.

Question agreed to.

Bill, as amended, agreed to.

Ordered that the bill be reported to the House with amendments.

CORPORATIONS (NATIONAL GUARANTEE FUND LEVIES) AMENDMENT BILL
2007

Second Reading

Debate resumed from 21 June, on motion by Mr Pearce:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (1.36 pm)—I
move government amendment (1), as circulated:
(1) Schedule 1, item 1, page 3 (lines 11 and 12), omit “the minimum amount in relation to the NGF in force at the time the determination is made”, substitute “150% of the minimum amount in relation to the NGF on 1 July in the financial year”.

This amendment to the Corporations (National Guarantee Fund Levies) Amendment Bill 2007 is to clarify the way in which the cap on levies in the bill is calculated. The amendment will provide annual certainty of the maximum possible levy in a financial year which will be known at the start of the financial year. This greater certainty will allow the banks the choice to participate directly on the ASX market without the need for subsidiaries, as is the case now. APRA is satisfied that this approach will not cause any prudential concerns in relation to these entities operating directly on the ASX market. The amendment reduces red tape for banks in the interests of all Australians. Further details are contained in the supplementary explanatory memorandum already tabled.

Question agreed to.

Bill, as amended, agreed to.

Ordered that this bill be reported to the House with an amendment.

FINANCIAL SECTOR LEGISLATION AMENDMENT (SIMPLIFYING REGULATION AND REVIEW) BILL 2007

Second Reading

Debate resumed from 21 June, on motion by Mr Pearce:

Mr BOWEN (Prospect) (4.00 pm)—The Financial Sector Legislation Amendment (Simplifying Regulation and Review) Bill 2007 introduces measures to streamline and simplify the prudential regulation of the financial sector and aims to cut red tape. The bill also amends part 23 of the Superannuation Industry (Supervision) Act 1993, otherwise known as the SI(S) Act, so that, where a fund has suffered a loss as a result of fraudulent conduct or theft, financial assistance is available on a more equitable basis. It also makes technical amendments that are consequential to the enactment of the Legislative Instruments Act 2003. Labor supports this bill. However, I will be moving a second reading amendment to remove the new restriction on compensation and call, in principle, for losses in the event of an employer insolvency to be covered. Further, I note the need for major simplification of the currently unreadable, complex and costly disclosure regime.

Schedule 1 of this bill amends the Banking Act 1959, the Insurance Act 1973, the Life Insurance Act 1995, the Superannuation Industry (Supervision) Act 1993 and other related legislation, including the Corporations Act 2001 and the Financial Sector (Collection of Data) Act 2001, to implement government commitments relating to prudential regulation in response to Rethinking regulation, the report of the Taskforce on Reducing Regulatory Burdens on Business, otherwise known as the Banks report. It also introduces additional measures to streamline and simplify the prudential acts in a manner which is consistent with the regulation task force’s findings.

Schedule 2 of this bill amends the SI(S) Act and the Financial Institutions Supervisory Levies Collection Act 1998 so that, where a superannuation fund has suffered a loss as a result of
fraudulent conduct or theft, financial assistance is available on a more equitable basis. The amendments also abolish the special protection account.

The prudential framework within Australia is widely acknowledged as meeting its broad objectives. *Rethinking regulation* found that Australia’s financial and corporate sectors and the associated regulatory structures are highly regarded internationally and that ‘the broad policy framework has widespread support within business and the wider community in Australia’. However, *Rethinking regulation* also noted that there is scope to improve the regulatory framework in some areas and made recommendations to improve the flexibility of the framework, harmonise aspects of the framework with the Corporations Act and improve the coordination between the key financial sector regulators—that is, APRA and ASIC. The government accepted the recommendations in *Rethinking regulation* that were relevant to prudential regulation.

Recommendation 5.4 of *Rethinking regulation* states that the government should ensure that APRA has sufficient flexibility to tailor requirements to accommodate the differing circumstances. It should also be flexible to cater for the diverse range of entities operating within the financial sector. The government has made some changes in this regard through recent reforms to the prudential framework for both general insurers and superannuation funds, implemented through the General Insurance Reform Act 2001 and the Superannuation Safety Amendment Act 2004. These amendments build on these initiatives through further reforms to streamline and improve the flexibility of the prudential framework.

The prudential acts administered by APRA and related legislation, such as the Corporations Act, have often evolved separately and in response to industry developments. There is scope to refine and update the four prudential acts to make them more consistent. *Rethinking regulation* highlighted breach reporting under the prudential acts and the Corporations Act as a particular area where there is scope to improve consistency and reduce the compliance burden. These amendments address concerns in this area.

On 4 December 2006, the Minister for Revenue and Assistant Treasurer released a paper entitled ‘Streamlining prudential regulation: response to *Rethinking regulation*’ to facilitate discussion on the government’s proposed various responses to the *Rethinking regulation* recommendations and the outstanding HIH royal commission recommendations as well as additional reforms to streamline and simplify the prudential acts in a manner that is consistent with the regulation task force’s findings. The amendments in the bill give effect to most of the proposals in that paper.

The changes do improve efficiency and streamline the regulatory application by APRA and ASIC as well as reduce some overload. To that extent the changes are welcome, with one exception, and represent useful, practical red tape reduction. However, to the extent that red tape is reduced, it is the government that has imposed the current red tape regulatory web on financial services over the past 11½ years.

With respect to one specific proposal, the whistle-blowing provision, Labor would have preferred a more general provision to apply rather than the different requirements operating concurrently. The consequence of this change will be greater complexity, additional red tape and unnecessary costs.
In relation to schedule 2, part 23 of the SI(S) Act provides for a grant of financial assistance for certain superannuation entities that suffer a loss as a result of fraudulent conduct or theft, subject to certain conditions. In 2003 the government announced a review of part 23 and released a consultation paper seeking written submissions on the operation of part 23 and associated levy process under the Superannuation (Financial Assistance Funding) Levy Act 1993. The government released the outcomes of the review in 2004.

Following the review the government agreed to expand eligibility for financial assistance under part 23 to ensure treatment is more equitable. However, this also includes a new limitation as detailed in the last dot point, which is that it removes compensation in the event of an employer failing to pay contributions under part 23. That last provision that I just referred to will apply to a new limitation on compensation in the event of theft and fraud when an employer has not made their compulsory superannuation guarantee payments. Labor does not agree with this new restriction and our second reading amendment reflects this. Further compulsory superannuation is effectively deferred wages and, unlike statutory entitlements, is not compensable in the event of employer insolvency through the GEER Scheme. Approximately 10,000 Australians lose between $20 million and $30 million a year as a consequence of this. Labor believes compensation in these circumstances should be examined and, again, our second reading amendment reflects this.

Finally, this legislation does nothing to cut the complex, costly and unreadable level of disclosure documentation, often running to 50 or 100 pages, imposed by this government in the financial services legislation. As we have said consistently, we will take an axe to this regime by introducing simple, standard, three- to four-page disclosures on a product-by-product basis and the complex lengthy documents will only be provided on request. This is something welcomed by the industry and also welcomed by consumers. It is also the case that the current regime, as we have said many times, creates a level of complacency on behalf of investors because some people assume that, because there are 50 to 100 pages worth of disclosure documents, the product must therefore be safe. I have had this experience in my own electorate—people coming to me who have invested in funds which have failed and saying, ‘But I thought it was safe because they gave me 100 pages worth of disclosure documents.’ Clearly, this is counterproductive. Our second reading amendment reflects the announced policy in this regard. I take this opportunity to formally move the second reading amendment circulated in my name:

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

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

(1) notes that the Liberal Government is imposing a new restriction to Part 23 compensation, paid in the event of theft and fraud if an employer fails to pay compulsory superannuation contributions and supports Labor’s calls on the government to remove this new restriction;

(2) notes that there is no compensation for compulsory superannuation payments in the event of employer insolvency;

(3) acknowledges that compulsory superannuation payments are effectively deferred wages but unlike other statutory entitlements such as annual leave, redundancy pay and unpaid wages superannuation is not covered by the General Employees Entitlements and Redundancy Scheme (GEERS) resulting in up to 10,000 employees a year standing to lose between $20 million and $30 million in superannuation contributions a year and supports Labor’s calls on the government to investigate compensation in these circumstances”.

MAIN COMMITTEE
The DEPUTY SPEAKER (Mr Hatton)—Is the amendment seconded?
Ms Burke—I second the amendment.

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (4.09 pm)—Firstly, I take this opportunity to thank those members who have taken part in the debate on the Financial Sector Legislation Amendment (Simplifying Regulation and Review) Bill 2007. This bill introduces measures to streamline, harmonise and simplify prudential regulation of the financial sector. It implements the government's commitments in response to Rethinking regulation, the report of the Taskforce on Reducing Regulatory Burdens on Business.

The task force found that Australia's financial and corporate sectors and the associated regulatory structures have broad support within the business community in Australia and are well regarded internationally. The rethinking regulation task force noted, however, that there is scope to improve the regulatory framework in some areas so as to reduce the compliance and the reporting burden on prudentially regulated businesses. The government accepted all the recommendations in Rethinking regulation relevant to prudential regulation. Most of those recommendations which require legislative amendment have been included as measures in this bill.

The bill cuts red tape by removing regulatory overlaps, providing greater flexibility for APRA to tailor prudential requirements to particular circumstances and removing unnecessary or outdated provisions. In particular, it will reduce compliance costs for businesses by reducing duplication in breach reporting. It also introduces a more equitable process for making claims for superannuation funds that have suffered a loss as a result of fraudulent activity.

These measures have been subject to extensive consultation through the release of a proposals paper, an exposure draft of the bill and an industry roundtable discussion on the draft bill. I thank those organisations and individuals that provided input into the development of this bill. Treasury will continue to work with industry to ensure the smooth implementation of the measures in this bill and the government will keep the measures in this bill under review to ensure that they operate as intended, to both maintain appropriate prudential controls and to minimise compliance burdens for business.

Australia has a strong financial services sector which has grown markedly as a result of the reforms of the Howard government over the past decade. The Howard government remains committed to reducing red tape and to ensuring that Australia's prudential system remains efficient, effective and flexible in order to help our financial services sector grow into the future. The government has indicated that it will keep provisions in relation to whistleblower changes under review. I do want to take this opportunity to again thank members who have contributed to this debate. I commend this bill to the House.

The DEPUTY SPEAKER—The original question was that this bill be now read a second time. To this the honourable member for Prospect 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.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (4.13 pm)—by leave—I present the supplementary explanatory memorandum to the bill and move government amendments (1) to (14) together:

(1) Schedule 1, item 53, page 17 (line 12), after “Part III”, insert “(other than a provision of Division 3A of that Part)”.
(2) Schedule 1, page 26 (after line 14), after item 65, insert:

65A Section 49D

Repeal the section.

(3) Schedule 1, page 28 (after line 6), after item 71, insert:

71A Subsection 16C(4)

After “Prudential Rules”, insert “or in the prudential standards”.

(4) Schedule 1, item 149, page 44 (lines 25 and 26), omit the item.
(5) Schedule 1, item 150, page 45 (after line 2), after paragraph (a) of the definition of modifiable provision, insert:

(aa) section 35C (except so far as it applies in relation to self-managed superannuation funds);

(6) Schedule 1, item 150, page 45 (lines 7 and 8), omit paragraph (f) of the definition of modifiable provision.

(7) Schedule 1, item 154, page 52 (after line 18), after subsection 336F(3), insert:

Note 1: See section 130B in relation to requirements under section 129 or 130.

(8) Schedule 1, item 154, page 52 (after line 19), after “Note”, insert “2”.
(9) Schedule 1, page 60 (after line 20), after item 172, insert:

Income Tax Assessment Act 1936

172A Paragraph 121AO(2)(a)

Omit “the Life Insurance Actuarial Standards Board established under the Life Insurance Act 1995 issued a capital reserve adequacy standard applicable to the company”, substitute “a prudential standard made under section 230B of the Life Insurance Act 1995 in relation to capital adequacy applied to the company”.

(10) Schedule 1, page 72 (after line 33), after item 207, insert:

207A Paragraph 87(1)(c)

Omit “prescribed by the regulations”, substitute “specified in the prudential standards”.

(11) Schedule 1, page 75 (after line 7), after item 212, insert:

212A Paragraph 95(1)(d)

Omit “prescribed by the regulations”, substitute “specified in the prudential standards”.

(12) Schedule 1, item 238, page 81 (lines 25 to 27), omit the item.
(13) Schedule 1, item 260, page 88 (lines 12 to 13), omit the item, substitute:

260 Subsection 16C(4)
These proposed amendments to the bill are minor in nature and generally result from drafting errors. The amendments will ensure that the reforms being introduced by the bill operate as intended. Amendment (1) excludes division 3A of part III of the Insurance Act, which deals with the transfer and amalgamation of insurance business, from the list of provisions for which the Australian Prudential Regulation Authority can grant an exemption. This ensures that the list of modifiable provisions is consistent with the proposals announced in ‘Streamlining prudential regulation: response to Rethinking regulation’.

Amendment (2) repeals section 49D of the Insurance Act dealing with self-incrimination as new section 38F of the Insurance Act will provide protection from self-incrimination. Collectively, amendments (3) and (14) give effect to the phasing out of prudential rules in subsection 16C(4) of the Life Insurance Act 1995, the life act, by 30 June 2011. Amendment (4) ensures that use immunity provided under section 130B is retained.

Amendment (7) ensures that section 336F dealing with self-incrimination does not apply to sections 129 or 130 of the Superannuation Industry (Supervision) Act 1993, the SI(S) Act, as self-incrimination in respect of these sections as dealt with by section 130B. Amendment (8) inserts a note to clarify that section 130B, which deals with self-incrimination, applies to sections 129 and 130. Amendment (9) renumbers the note that already exists as a result of amendment (8). The bill currently includes section 113 of the SI(S) Act in the list of modifiable provisions. However, section 113 is being repealed and replaced by the new section 35C. Amendments (5) and (6) ensure that the correct section is included in the list of modifiable provisions under the SI(S) Act.

Amendment (10) makes a consequential amendment to paragraph 121AO(2)(a) of the Income Assessment Act 1936 as a result of schedule 1 of the bill, abolishing the Life Insurance Actuarial Standards Board and removing the concept of actuarial standards from the life act from 1 January 2008. Sections 87 and 95 of the life act respectively require a life company to notify APRA when it appoints an auditor and actuary for the company. Amendments (11) and (12) ensure that additional matters to be included in the notice are dealt with in prudential standards rather than prescribed under the Life Insurance Regulations Act 1995. This is consistent with the principles based approach adopted in the bill, which provides that specific requirements relating to auditors and actuaries be set out in prudential standards. Amendment (13) ensures that regulations and prudential rules made under the life act are considered part of the act. Full details of the amendments can be found in a supplementary explanatory memorandum. I commend the bill to the House.

Question agreed to.

Bill, as amended, agreed to.

Bill reported to the House with amendments.
Mr GARRETT (Kingsford Smith) (4.17 pm)—Labor supports the Sydney Harbour Federation Trust Amendment Bill 2007, noting that this is essentially an administrative bill which amends the Sydney Harbour Federation Trust Act 2001 and extends the date by which the act is to be repealed, from September 2011 to 19 September 2033. I note that this extension supports an agreement reached between the Commonwealth and New South Wales governments for a transfer of crown land at North Head to the Sydney Harbour Federation Trust until 2032. This bill will ensure that the trust is still in place when the North Head site is transferred back to the New South Wales government 25 years from now.

The former School of Artillery at North Head is one of eight sites around Sydney Harbour managed under the Sydney Harbour Federation Trust Act. The others are Cockatoo Island; the Macquarie Light Station; the former Marine Biological Station at Watsons Bay; Georges Heights, Chowder Bay and Middle Head; Woolwich Dock and parklands; Snapper Island; and HMAS Platypus. These are all significant public places. They are certainly all prime real estate, and some of them are jewels in Sydney Harbour’s crown. Labor supports this bill because the Sydney Harbour trust does important work and is generally well regarded. The trust mandate to maximise public access, clean up contamination and preserve the heritage and environmental values of its historic sites is a worthy one and a mandate that should be fully realised. Labor has expressed concerns in the past and we are aware of concerns that still exist about maintaining community access to trust sites over the long term.

In supporting this bill we reaffirm our intention to monitor the trust’s activities closely and ensure the good work that has been done to date continues. In supporting this bill I note that the trust is one of the few examples we can point to over the last decade of successful Commonwealth heritage management. The Sydney Harbour Federation Trust stands out against this government’s predominantly poor record of protecting and conserving Australia’s national estate. This bill provides an opportunity to focus attention on that record.

This government’s approach to heritage has been characterised in equal parts by neglect and overt politicisation. It is an approach which is signposted at the very top, because this is a government that no longer has a minister for heritage. In terms of signals they do not come much starker than that. It is a sad indictment of the government’s thinking, or perhaps lack of thinking, about heritage matters.

A cliched refrain from the Howard government is that practical actions matter more than symbolism. Heritage protection and conservation is one area in which symbolism and actions are inseparable and where having a minister for heritage provides a fundamental recognition of what this country values. When we recognise our heritage we affirm that nothing is more central to Australia’s national identity than our history, both Indigenous and non-Indigenous, and our respect for those who made history. Also central to Australia’s identity is our great natural environment. I know that we are well aware that we are blessed with natural places of breathtaking beauty and real ecological importance. Australia’s heritage, shaped by nature and history, is an inheritance passed from one generation to the next. It is the responsibility of us, the present generation, to nourish and nurture the inheritance for future generations. It is like a bargain that is struck, in effect, between those who currently exercise responsibility and sometimes authority and those by whom the decisions that we make will have to be borne.

Respecting our heritage means actively engaging with our past and our sense of place. It is not something that we can afford to take for granted. As I have noted for 11 long years, the
Howard government’s approach to heritage has been characterised by, we say, political interference and neglect. It seems that if it cannot be used for political advantage it does not get a mention. We have seen this approach played out in the abolition of the independent Australian Heritage Commission in 2003, the expiry of the Register of the National Estate, the slashing of Commonwealth funding for World Heritage places and the destructive Anzac Cove roadworks. Heritage listings have become too slow and the listing processes opaque. Heritage promotion activities have withered and, as a result, we have seen a diminishing of those national conversations about heritage, the genuine engagement with communities around Australia, that are crucial to understanding and recognising heritage values.

In the past Labor has been a world leader in the protection, conservation and promotion of heritage. I know that is an expression that the minister likes to use, and I think it is fair for us to use it here in relation to our past record on World Heritage and more generally our protection and conservation of heritage. This is a proud record that was begun under a Labor government in the 1970s. It was the Whitlam government and the Hon. Tom Uren who created the Australian Heritage Commission and the Register of the National Estate. I want to pay special tribute in the House today to the work of Gough Whitlam and Tom Uren.

In 1973, the Whitlam government set up a committee of inquiry tasked with evaluating our natural and built environment, Aboriginal sites and places of historical and archaeological significance. This committee found that ‘the Australian government has inherited a national estate which has been downgraded, disregarded and neglected’. Two recommendations were made: firstly, the establishment of a permanent statutory authority to work with state and local government voluntary groups and the public for the protection, conservation and presentation of the national estate; secondly, that a fundamental task of this body would be a survey of the national estate and to prepare a register of those places. The Australian Heritage Commission and the Register of the National Estate are significant achievements. It is a great shame, and it says much about the present government’s record, that some three decades later we have witnessed their demise.

Whilst the Australian Heritage Commission Act 1975 had clear limitations, it nevertheless embodied specific, clear principles and enduring protections for Australia’s heritage places. An independent statutory authority, the Australian Heritage Commission, was established in July 1976 and it was provided with a mandate on its own motion or at the request of the minister to give advice on matters relating to the national estate, including advice relating to action to identify, conserve, improve and present the national estate, to identify places included in the national estate and to prepare a register of those places. The Australian Heritage Commission and the Register of the National Estate are significant achievements. It is a great shame, and it says much about the present government’s record, that some three decades later we have witnessed their demise.

In 2003, the stand-alone Australian Heritage Commission was abolished under the Howard government and substituted with the Australian Heritage Council—an advisory body specifically and effectively controlled by the Department of the Environment and Water Resources. The absence of an independent body offering arms-length advice on Australian heritage risks the politicisation of listing processes. Additionally, a closed-door approach to Australia’s heritage diminishes the scope for genuine community engagement and the national conversations that I referred to earlier, which are central to understanding and recognising heritage values.

Since its inception, the Register of the National Estate has provided a growing catalogue of significant heritage places throughout Australia. The register currently lists more than 13,000 places and has functioned as both a mechanism for heritage protection and a centralised in-
formation repository for Australian heritage. In 2007, the Howard government effectively abolished the Register of the National Estate. The register is now closed to new listings and, in five years, it will fully expire, with listings reverting to various state and territory mechanisms.

While there have been many other heritage registers developed following the Register of the National Estate, the expiry of the Register of the National Estate will diminish the level of protection for many significant Australian places. The expiry of the register also signals a loss of the Australian public’s foremost heritage information resource. In short, there is no substitute for the register as a catalogue of the places which we, as a nation, regard as significant.

The Howard government has much to take us backward and very little to take us forward in terms of heritage protection, conservation and promotion. After four years of operation, the National Heritage List is far short—

Mrs Gash—Mr Deputy Speaker, I rise on a point of order. I ask you to draw the relevance between what the shadow minister is talking about and the Sydney Harbour Federation Trust Amendment Bill 2007.

The DEPUTY SPEAKER (Mr Hatton)—I will make an observation about that.

Mr Garrett—I will make one, Mr Deputy Speaker. We are talking about matters of national heritage significance, and they fall within the province of this particular trust and, as a consequence, I think these remarks are in order.

The DEPUTY SPEAKER—I take both sides of that argument. I note that, when the member for Kingsford Smith started, he spoke directly to the bill in terms of what it is about and what the government has achieved in relation to it, and then he broadened the argument to the failings of the government. I believe it is not beyond the wit of the member for Kingsford Smith to draw the elements of his argument back to the bill itself.

Mr Garrett—I look forward to engaging in that exercise for the benefit of members opposite and also for you, Mr Deputy Speaker. It is very clear that those issues that were addressed in terms of the Sydney Harbour Federation Trust itself, which is the matter for consideration here, are matters of national heritage significance. It is that question and also the government’s record that I am addressing here. If the government does not want to have debate and reflections made on its record here in the House, then I allow others to make a judgement about that. In the meantime, I propose to consider it.

Incredibly, Australia’s World Heritage areas were only added to the National Heritage List in May 2007. These additions were made without ceremony and reflect government embarrassment over its failure to include those places on the list at an earlier stage. On the flip side of heritage inaction, we have witnessed the politicisation of heritage listing processes. You can see it nowhere clearer than in the government’s approach to Anzac Cove. In 2003, the Prime Minister promised permanent protection—

Mr Turnbull—Mr Deputy Speaker, I rise on a point of order. I welcome debates with the member for Kingsford Smith on all sorts of matters. He has opportunities with MPIs whenever he chooses. We are debating the Sydney Harbour Federation Trust Amendment Bill 2007. He spoke for a few minutes about that and is now delivering a discursive address on matters of heritage, which have no connection with this bill at all; they are irrelevant to this bill. I am happy to engage with him on another occasion, but he must address the bill.

MAIN COMMITTEE
The DEPUTY SPEAKER—The minister makes a valid point of order.

Mr GARRETT—In relation to the point made by the minister, I propose to return to the question of the bill in one second, but I think I should be allowed the opportunity to conclude my remarks, which I propose to do very quickly. In relation to the listing of matters under the National Heritage List for overseas places, there is no question that the government’s approach to Anzac Cove and its promise to make permanent protection of the Anzac site at Gallipoli made it the first listing on the National Heritage List.

Mr Turnbull—Mr Deputy Speaker, I rise on a point of order. Anzac Cove is not part of Sydney Harbour. He is circumnavigating the globe of irrelevance here, and the journey must come to an end. The honourable member should return the Sydney Harbour Federation Trust Amendment Bill and address it. It is only a short bill. If he does not have a long speech on that, he could just detain us for a few minutes longer and then sit down. I can then sum up.

The DEPUTY SPEAKER—The minister again has a valid point of order. I would suggest that the member for Kingsford-Smith now returns to the material of the bill itself.

Mr GARRETT—I think it is a great pity, in terms of reflections on the questions of heritage that clearly derive out of consideration of this legislation before us, that the minister sees fit to try to contain this debate. But I will listen to your ruling, Mr Deputy Speaker, and I will move on.

Mrs Gash—With respect, Mr Deputy Speaker, you had ruled on the matter, but he is now saying that we are stifling debate. Fair go!

Mr Turnbull—He is defying the chair.

The DEPUTY SPEAKER—I would put it this way, for the benefit of the member for Wentworth and the member for Gilmore. The member for Kingsford-Smith was making a point that he was returning to. He thought the debate should be wider. I think we should be gracious enough to take that into account.

Mr GARRETT—Thank you, Mr Deputy Speaker. I think the sensitivities on matters of politicisation have been expressed fairly strongly in this chamber. In any event, let me conclude by pointing out that Labor does support this amendment. Labor recognises the importance of identifying not only those places that fall within the remit of this legislation but also places that, more generally, have significant national heritage significance and that point attention to the government’s record of protection and identification of same. I will conclude by saying that Labor does support the bill and point out the story of the Howard government’s 11 years of neglect of our heritage. Heritage is an important component of what it means to be an Australian, and it is a matter that Labor will take very seriously should it prevail at the next election.

Mr TURNBULL (Wentworth—Minister for the Environment and Water Resources) (4.32 pm)—The Sydney Harbour Federation Trust Amendment Bill 2007 facilitates the extension of the life of the Sydney Harbour Federation Trust from 19 September 2011 to 19 September 2032. Since the Sydney Harbour Federation Trust was first established in 2001, it has gained significant experience in transforming and managing seven important historic sites in Sydney Harbour and has also gained strong public support for this role. The extension of the life of the trust until 19 September 2032 supports a recent agreement between the Commonwealth and the New South Wales government to transfer title of the land situated at the former North
Head artillery school to the trust until 2032. As I stated in my second reading speech, the extension of the date by which the act is to be repealed will ensure that the trust will continue to manage this iconic site until it is transferred back to New South Wales. It will also enable the trust to continue its work of remediating and making available to the public for another 26 years these magnificent former Commonwealth sites. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Ordered that this bill be reported to the House without amendment.

Main Committee adjourned at 4.34 pm
QUESTIONS IN WRITING

Freedom of Information
(Question No. 3250)

Mr Fitzgibbon asked the Treasurer, in writing, on 28 March 2006:

(1) What is the total cost to the Government of his department’s defence of Freedom of Information applications made by Michael McKinnon since 2000.

(2) Will he provide his department’s policy and procedure documents which apply to Freedom of Information proceedings for which a conclusive certificate is in force.

Mr Costello—The answer to the honourable member’s question is as follows:

(1) The Treasury employs a full-time FOI Coordinator.

The Australian Government Solicitor and Counsel are briefed when required.

Unsuccessful legal proceedings taken by Mr McKinnon against the Treasury in both the Federal and High Courts have resulted in a proportion of Treasury’s legal costs being reimbursed as ordered by the High Court of Australia. Treasury received payment of $363,024.00 on 28 February 2007.

(2) Decisions in respect of Freedom of Information requests are taken consistently with the provisions of the Freedom of Information Act 1982, as well as relevant decisions of the Administrative Appeals Tribunal, the Federal Court of Australia and the High Court of Australia.

Telstra
(Question No. 4068)

Mr Kelvin Thomson asked the Minister representing the Minister for Communications, Information Technology and the Arts, in writing, on 4 September 2006:

(1) In 2005-06, in his first year as Telstra’s Chief Executive, was Mr Sol Trujillo paid 30 percent more than the previous Chief Executive of Telstra.

(2) In 2005-06, did Telstra’s Chief Operating Officer, Mr Greg Winn, receive a salary package of $3.84 million.

(3) In 2005-06, did the Managing Director of Telstra’s Business and Government Group, Mr David Thodey, receive a salary increase of $900,000.

(4) In 2005-06, did shares in Telstra lose approximately a quarter of their share value.

(5) What is the Government’s position on the indexing of salaries for senior company executives to company performance.

(6) Is the Government aware that in 2000, prior to his appointment as Chief Executive of Telstra, Mr Trujillo received a separation package of some $92 million from the American telecommunications company US West; if not, why not.

(7) What is the Government’s position on the role of increased payment as an initiative to increased productivity.

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

Telstra has provided the following information in relation to questions one to four:

(1) Yes – however Telstra has advised that Mr Trujillo’s package included one off payments of approx. $2.5m for sign-on bonus and overseas tax equalisation. Mr Trujillo is a telecommunications execu-
Defence: Trespass
(Question No. 5122)

Mr Kelvin Thomson asked the Minister for Defence, in writing, on 7 December 2006:
For each financial year from 1 July 2004, how many instances of trespass have been recorded by the Minister’s department, and for each instance of trespass, (a) what type of trespass occurred, (b) what action was taken against the offender and (c) what action was taken to prevent a future occurrence.

Dr Nelson—The answer to the honourable member’s question is as follows:
(a) The types of trespass recorded were: break and enter, unintentional and intentional entry to prohibited areas such as cutting or climbing fences.
(b) Action taken against offenders included: law enforcement escort from Defence premises and property, caution and criminal prosecution.
(c) Action taken to prevent future occurrences included: additional signage, addition patrols, increased security surveillance, and enhanced access control.

Transitional Care Services
(Question No. 5759)

Mr Murphy asked the Minister for Veterans’ Affairs, in writing, on 22 May 2007:
Further to his reply to Part (4) of question No. 4934 that his department has “worked with Inner West Neighbourhood Aid Inc in an attempt to identify alternative sources of funding for this project”, (a) other than the Veteran and Community grants, which alternate Department of Veterans’ Affairs (DVA) programs have been identified as potential sources of funding for the Beyond Home transitional care program and (b) has his office, or his department, received any further request for funding under additional DVA programs.

Mr Billson—The answer to the honourable member’s question is as follows:
(a) There are no Department of Veterans’ Affairs funding programs for the Beyond Home transition care program. As part of the original Inner West Neighbourhood Aid grant application, the organisation had committed to ensure the ongoing viability of the project including:
• seeking recurrent funding from the NSW Department of Ageing, Disability and Home Care or the Australian Government Department of Health and Ageing;
supporting clients using existing resources and infrastructure; and
linking the program to their existing home visiting service.

Original funding was therefore granted on the basis of the above conditions.
This strategy was written into the Grant Agreement.

In response to the organisation’s inquiry about alternate sources of funding, the Department provided a list of non-DVA grant programs.

(b) No.

Media Ownership
(Question No. 5762)

Mr Murphy asked the Minister representing the Minister for Communications, Information Technology and the Arts, in writing, on 22 May 2007:

(1) Further to the Minister’s reply to Part (3) of question No 5652 that “ACMA has been asked to provide advice on the technical factors that may affect a detailed switchover timetable” for digital TV, will that advice be made available to members of the public; if so, when; if not, why not.

(2) What are the full details of the technical factors that may affect a detailed switchover timetable for digital TV.

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

(1) Advice to the Minister is not usually publicly released as it may well contain information which it would be inappropriate to release, such as confidential commercial arrangements.

(2) The Government wishes to ensure that it is aware of all technical factors that may affect a detailed switchover timetable for digital TV which is why ACMA has been asked to advise on this matter.

Oil for Food Program
(Question No. 5896)

Mr McClelland asked the Minister for Foreign Affairs, in writing, on 31 May 2007:

(1) Can he confirm that on or about 22 November 2004, he endorsed a recommendation from Mr Blazey that the Australian Government “will not allow officials to be interviewed” by the United Nations panel investigating alleged corruption in the Oil for Food program; if so, why did he endorse the recommendation.

(2) Did the recommendation’s reference to “officials” include Government officials, or officials to the Australian Wheat Board and what distinction, if any, was made between those two categories of persons.

Mr Downer—The answer to the honourable member’s question is as follows:
All of this material was covered by the Cole Inquiry.

Avalon Airport
(Question No. 6006)

Mr Martin Ferguson asked the Minister for Defence, in writing, on 12 June 2007:
Further to his response to question No. 5558 concerning the lease of Avalon Airport to Foxerco Pty Ltd, (a) what was the base rental and additional payment by Foxerco Pty Ltd for each financial year since the initial lease of the airport, and
(b) does his department have domestic passenger numbers for Avalon Airport for each financial year since the initial lease of the airport, if so, what are those details; and if not, why are such records not kept.

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

(a) The following table is the breakdown of payments that have been made by Avalon Airport Australia Pty Ltd since the commencement of the lease.

<table>
<thead>
<tr>
<th>Period</th>
<th>Base Rent received (GST exclusive)</th>
<th>Additional payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996/97</td>
<td>$59,041.10</td>
<td></td>
</tr>
<tr>
<td>1997/98</td>
<td>$148,957.60</td>
<td>$13,273.40</td>
</tr>
<tr>
<td>1998/99</td>
<td>$149,374.97</td>
<td>$85,568.90</td>
</tr>
<tr>
<td>1999/2000</td>
<td>$151,454.84</td>
<td>$0.00</td>
</tr>
<tr>
<td>2000/01</td>
<td>$155,450.42</td>
<td>$0.00</td>
</tr>
<tr>
<td>2001/02</td>
<td>$160,519.92</td>
<td>$0.00</td>
</tr>
<tr>
<td>2002/03</td>
<td>$165,616.88</td>
<td>$0.00</td>
</tr>
<tr>
<td>2003/04</td>
<td>$170,071.19</td>
<td>$0.00</td>
</tr>
<tr>
<td>2004/05</td>
<td>$173,878.96</td>
<td>$0.00</td>
</tr>
<tr>
<td>2005/06</td>
<td>$178,096.33</td>
<td>$0.00</td>
</tr>
<tr>
<td>2006/07 (to 30 April 2007)</td>
<td>$151,783.85</td>
<td>Not Available</td>
</tr>
</tbody>
</table>

(b) No. There is no requirement in the lease for passenger numbers at Avalon Airport to be disclosed and the details are subject to commercial confidentiality.

Do Not Call Register
(Question No. 6013)

Mr Georganas asked the Minister representing the Minister for Communications, Information Technology and the Arts, in writing, on 13 June 2007:

(1) Which Government department(s) are exempt from registration under the Do Not Call Register Act 2006.

(2) How many calls have been made by, or on behalf or, the Minister’s department to individuals on the Do Not Call register in (a) Australia, (b) South Australia and (c) the electoral division of Hindmarsh since the enactment of the Do Not Call Register Act 2006, and are there restrictions on the time which such calls may be made; if so, what are the restrictions.

(3) Is DBM Consultants Pty Ltd employed by the Minister’s department to conduct telephone research in (a) Australia, (b) South Australia and (c) the electorate of Hindmarsh; if so, (i) what specific research has DBM Consultants been asked to conduct and (ii) for each of the areas identified, since the introduction of the Do Not Call Register Act 2006, how many people on the Do Not Call Register have been contacted.

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

(1) Certain calls made or authorised by certain organisations are exempt from the prohibition on making calls to numbers on the Register, under the Do Not Call Register Act 2006. Certain calls made by government bodies are exempt.

Government bodies include departments of the Commonwealth.
(2) There is no prohibition on government departments making certain calls to numbers listed on the Register. The Department of Communications, Information Technology and the Arts does not have a list of individuals on the Do Not Call Register.

The making of telemarketing and research calls is governed by the Telecommunications (Do Not Call Register) (Telemarketing and Research Calls) Industry Standard 2007 (the Industry Standard). These rules apply regardless of whether the calls are made to numbers register on the Do Not Call Register or not.

Under the Industry Standard, it is prohibited to make telemarketing calls before 9am and after 8pm on weekdays, and before 9am and after 5pm on Saturdays. Telemarketing calls are prohibited to be made on Sundays and national public holidays.

The Industry Standard prohibits the making of research calls before 9am and after 8.30pm on weekdays and before 9am and after 5pm on weekends. Research calls are prohibited to be made on national public holidays.

Tighter restrictions may apply under State and Territory legislation depending on the type of call.

(3) DBM Consultants Pty Ltd is not employed by the Department of Communications, Information Technology and the Arts.

Defence: C17 Aircraft
(Question No. 6018)

Mr Fitzgibbon asked the Minister for Defence in writing, on 13 June 2007:

(1) Has an appropriation been made for the proposed $268.2 million for the C-17 Infrastructure Project.
(2) Can C-17 aircraft currently use runways and associated infrastructure at Amberley, Edinburgh, Darwin, Pearce and Townsville without damaging the infrastructure.
(3) Are C-17 aircraft currently using runways and associated infrastructure at Amberley, Edinburgh, Darwin, Pearce and Townsville.

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

(1) Yes.
(2) Yes, although its maximum take-off weight will be slightly reduced when operating out of RAAF Edinburgh, Pearce and Townsville. These constraints will be remediated through the C-17 Heavy Air Lift Infrastructure project due for completion by mid-2011.

Defence uses the Aircraft Classification Number/Pavement Classification Number System to ensure the pavements are not damaged by inappropriate aircraft movements. Using this system, the C-17s can operate on the runway and some taxiways of the subject airbases at reduced weights without damage to the pavement.

(3) The C-17 has been operated at Amberley, Darwin, Pearce and Townsville. The C-17s are yet to operate through Edinburgh.

The C-17 Heavy Airlift Infrastructure project will deliver the necessary permanent facilities and airfield infrastructure to support C-17 operations at its home base, RAAF Base Amberley, and expanded infrastructure at deployment bases RAAF Bases Edinburgh, Darwin, Pearce and Townsville to allow the large aircraft to operate effectively.

Ermington Pre-Disposal Site
(Question No. 6110)

Mr Fitzgibbon asked the Minister for Defence, in writing, on 7 August 2007:
In respect of the Ermington Pre-Disposal Site Works (Portfolio Budget Statement 2007-08, pages 76-79): (a) what is the current status of the project; (b) what is the breakdown by line item of all funds expended to prepare the site for sale; (c) what is the current market value of the site; (d) when is the sale of the site expected to proceed; and (e) when will the financial benefit of the sale be reflected in the Budget papers.

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

(a) Stage 1 was sold in June 2004. Defence has commenced infrastructure works for Stage 2 of the project, with the remaining infrastructure drainage, access roads and foreshore landscaping scheduled for completion in January 2008.

(b) Funds expended as at 31 July 2007 were:

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filling works – Stages 1 and 2</td>
<td>Filling and stabilisation of the site above the 100-year flood level.</td>
<td>6.71</td>
</tr>
<tr>
<td>Infrastructure works – Stages 1 &amp; 2 *</td>
<td>Infrastructure works including drainage and access roads to prepare the property for sale on the open market</td>
<td>18.38</td>
</tr>
<tr>
<td>Property Management</td>
<td>Security, water, fencing &amp; weed control</td>
<td>0.02</td>
</tr>
<tr>
<td>Planning Management</td>
<td>Survey works, flora &amp; fauna consultant, and similar consultancies.</td>
<td>0.33</td>
</tr>
<tr>
<td>Contamination &amp; Remediation</td>
<td>Contamination and Archaeological assessments &amp; soil stockpile management</td>
<td>1.09</td>
</tr>
<tr>
<td>Marketing</td>
<td>Property marketing costs</td>
<td>0.15</td>
</tr>
<tr>
<td>Legal</td>
<td>Related legal services</td>
<td>0.96</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td></td>
<td><strong>27.64</strong></td>
</tr>
</tbody>
</table>

(c) The valuation remains commercially sensitive as the site is to be sold on the open market.

(d) Stage 2 is scheduled for sale in 2008-09.

(e) The current Forward Estimates include the proceeds from the sale of Stage 2 Ermington in 2008-09.

Aviation: Contracts
(Question No. 6111)

Mr Fitzgibbon asked the Minister for Defence, in writing, on 7 August 2007:

(1) Were contracts to transport Australian troops and heavy equipment to the Middle East let under competitive tendering arrangements.

(2) What is the relationship between Strategic Aviation and the Portuguese company Hifly.

(3) Were the aircraft that transported Australian troops to the Middle East owned by Hifly or by Strategic Aviation.

(4) Does Strategic Aviation own any aircraft.

(5) Which company holds the relevant licences and certificates to undertake the international flights that have been transporting Australian troops and heavy equipment.

(6) Were any Australian aircraft available to transport Australian troops.

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

(1) Yes.
(2) Strategic Aviation is a member of Defence’s Air Standing Offer panel. HiFly is a Portuguese-owned company supplying an aircraft to Strategic Aviation as a result of Strategic Aviation winning the Defence Middle East air sustainment contract.

(3) Neither. The aircraft used were leased.

(4) No.

(5) HiFly holds the relevant licences and certificates and operates under a Portuguese Air Operators Certificate, regulated by the European Joint Aviation Authorities, and a Foreign Air Operator’s Certificate issued by the Australian Civil Aviation Safety Authority.

(6) Yes. However, the tendering process resulted in the contract being awarded to Strategic Aviation for its bid using the HiFly aircraft.

Avalon Airport
(Question No. 6120)

Mr Martin Ferguson asked the Minister for Defence, in writing, on 7 August 2007:

Further to his responses to question No. 5697 and question No. 5558 (Hansard, 21 May 2007, page 122), noting that the annual base rent for Avalon Airport commenced at $150,000 in 1997, for each financial year since the commencement of the lease and excluding adjustments based on the Consumer Price Index and GST, (a) what additional payments have been made by the lessee for revenue growth at the airport and (b) what was the agreed (i) base and (ii) gross revenue.

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

(a) There have been two additional payments made by Avalon Airport Australia based on revenue growth at the airport. These were $13,273 in 1997-98 and $85,569 in 1998-99.

(b) (i) The agreed base revenue is $4.0 million, indexed annually to the Consumer Price Index.

(ii) The growth rent payable is ten per cent of the gross revenue Avalon Airport Australia receives in excess of the indexed base revenue.